as long as we have it in this country we must at least give it protection.

Mr. SMITH. Very well; let us vote on it.

The amendment was agreed to.

The next amendment of the committee was, on page 128, line 8, to strike out "20" before "per cent" and insert in lieu thereof "25," so as to read:

Loom harness, healds, and collets, made wholly or in chief value of cotton or other vegetable fiber, 25 cents per pound and 25 per cent ad valorem.

The amendment was agreed to.

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

The READING CLERK. On page 128, line 10, the Senator from Utah proposes to strike from the House text "50 cents per pound and."

Mr. SMOOT. I will state briefly that that applies to labels in which the name or the advertisement of whatever is made is woven into the cloth. In fact, they can weave a figure or any name right into the cloth, and those are used as labels, on very costly goods, generally, with the name of the maker and the article itself.

Mr. SIMMONS. That is a duty on labels for garments or other articles composed of cotton or other vegetable fiber——

Mr. SMOOT. Fifty cents per pound and 25 per cent ad valorem, as proposed by the committee originally. This is 60 per cent—a reduction.

Mr. SIMMONS. I am just in receipt of a telegram which I wish to read to the Senate. It is from Pitts & Kitts Manufacturing & Supply Co., of New York. I do not know anything about them. They say:

To-day's papers report Senate's committee recommendations tariff section 912 on labels, 60 per cent ad valorem. This represents 140 per cent increase over present schedules and 90 per cent over original Senate Finance Committee report. Rates absolutely unfair, confiscatory, and prohibitive.

PITTS & KITTS MANUFACTURING & SUPPLY CO.

I have not had time since I got that telegram to look into this matter, and I will ask the Senator from Utah to let the amendment go over. I want to look into the item, unless the Senator from South Carolina has already investigated it. That is a startling statement.

Mr. SMITH. I would like to state that our imports are about $36,000 and our domestic production $624,000. A good portion of the imports were by our Government for Army purposes, under the urge of the war, and this is an increase. The label covered by it is just a simple device, a figure woven into the cloth. The amount imported, outside of our war emergency, was practically negligible, and by this we increase it——

Mr. SIMMONS. This firm says 140 per cent.

Mr. SMOOT. I am perfectly willing that it shall go over.

Mr. SIMMONS. I would like to look into it.

Mr. SMOOT. Taking it as a whole—that is, all widths, and whether it be closely woven, or only a name without anything else—it is an increase. On certain lines it is not an increase, but the average equivalent ad valorem, taking them all together, is 49 per cent, and this is an increase from 49 over what the House gave.

Mr. SMITH. In the particular form in which it is stated here, eo nomine, the rate is 25 per cent, and now it is proposed to make it 60 per cent.

Mr. SIMMONS. No; it was 50 cents a pound and 25 per cent ad valorem.

Mr. SMOOT. The Senator means the rate in the present act.

Mr. SMITH. I mean in comparison with the present law.

Mr. SMOOT. These goods are just beginning to come here from Germany. This is one of the articles Germany always made, and they are made now in Germany. If the invoices which were shown to the committee are correct, the prices for which they can sell the goods will absolutely prohibit the making of very many of these goods in the United States. Whether those invoices are correct or not, I do not know. All I can say is that the examiners at the port of entry at New York say they are coming in at those prices to-day, and they are very much worried over the industry in the United States. It is a small matter. It does not amount to anything in a suit of clothes, and the manufacturers say that unless they get this rate they will be virtually put out of business. But the amendment may go over.

The VICE PRESIDENT. The amendment will be passed over.

The next amendment of the committee was, on page 128, line 13, to strike out "20" and insert in lieu thereof "30," so as to read:

Belting for machinery, composed wholly or in chief value of cotton or other vegetable fiber, or cotton or other vegetable fiber and india rubber, 30 per cent ad valorem.

The amendment was agreed to.

Mr. SMOOT. That is as far as we will ask the Senate to go to-night.

Mr. SMITH. I understand that the bill will lie over until to-morrow.

Mr. SMOOT. Until to-morrow.

EXECUTIVE SESSION.

Mr. McCUMBER. 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 and (at 5 o'clock and 55 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Tuesday, July 18, 1922, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate July 17 (legislative day of April 20), 1922.

APPRAISER OF MERCHANDISE.

George O'Brien to be appraiser of merchandise at Philadelphia, Pa.

POSTMASTERS.

COLORADO.

Will J. Wood, Crawford.

CONNECTICUT.

Louis E. Chaffee, Stafford Springs.

FLORIDA.

Add Joyce, Cedar Keys.
Gillian A. Sandifer, Lake Helen.
John W. Philip, Sarasota.

INDIANA.

Shad R. Young, Cicero.
Homer E. Wright, Crandall.
Thomas C. Dodd, Gosport.
Calvin Ulrey, North Manchester.

MASSACHUSETTS.

John P. Brown, Bass River.
Burton D. Webber, Fiskdale.

MICHIGAN.

Natalie G. Noble, Elk Rapids.
Victor H. Sisson, Freeport.
Ward R. Rice, Galesburg.
Otis J. Cliffe, Lakeview.

MINNESOTA.

Fritz Von Ohlen, Henning.
Kenneth S. Keller, Kasson.
Charles A. Allen, Milaca.
Peter G. Peterson, Villard.

SOUTH CAROLINA.

Alice Singletary, Bowman.

SOUTH DAKOTA.

Signora Hjermstad, Wallace.

SENATE.

TUESDAY, *July 18, 1922.*

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

The Senate met at 11 o'clock a. m., on the expiration of the recess.

DISTRIBUTION OF SPEECHES BY FEDERAL RESERVE BANK.

The PRESIDENT pro tempore. The Chair lays before the Senate a communication from the governor of the Federal Reserve Board, transmitting, pursuant to Senate Resolution 308, a letter from the Federal Reserve Bank of San Francisco, relative to the circulation of a speech delivered by Senator GLASS on the Federal reserve system. The communication and accompanying letter will lie on the table for the present.

PERSONAL PRIVILEGE—MUSCLE SHOALS PROJECT.

Mr. NORRIS. Mr. President, I rise to a question of personal privilege. On Saturday last the Senator from Arkansas [Mr. CARAWAY] made some remarks in regard to what happened in the Committee on Agriculture and Forestry, which I feel justify me in taking the floor as a matter of privilege.

In the first place, I want to absolve entirely the Senator from Arkansas from any intention of putting me in a false attitude. I think under the circumstances it was not to be wondered that any member of the committee might have a

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misunderstanding of what occurred, and some of the things which he said happened there I am not going to deny. The Senator from Arkansas is entirely mistaken on the one thing that causes me to say anything on the subject, because it has direct reference to myself. I was not present when the Senator spoke, but I saw the Senator shortly after he spoke on Saturday afternoon and he told me in substance what he had said.

It was stated by the Senator from Arkansas in his remarks that the chairman of the Committee on Agriculture and Forestry, which, of course, could refer to no one but myself, decided that the Senator from Vermont [Mr. PAGE] was entitled to vote on the question as to whether that Senator had a right to vote. In that respect the Senator from Arkansas was entirely mistaken. The chairman of the committee never made such a decision. I do not believe that such a decision would be right. When the Senator from Arkansas told me what he had understood, I said that would of course be erroneous, and I would not make such a decision. I do not believe that would be a proper decision to make. I never did, as a matter of fact, make such a decision.

The Senator from Arkansas stated to me at the same time that on the question as to whether Senator PAGE had a right to have his vote recorded, Senator PAGE had voted. I did not know that at the time I talked with him, but I told him at that time that if that were true it was wrong, of course. I looked up the record immediately after I had my conversation with the Senator from Arkansas and I found that in that respect the Senator from Arkansas was right; that the Senator from Vermont was recorded as voting on that proposition. I agree with the Senator from Arkansas that that was wrong. If that had ever been called to my attention I would have so ruled. It never was called to my attention. On the other hand, if that vote would have made a difference in the result I would have felt in honor bound immediately to call a meeting of the Committee on Agriculture and Forestry in order that we might rectify it.

I went back and had the clerk of the committee show me the roll calls and found that on the vote to determine whether Senator PAGE's vote should be counted, the result was 10 to 6 in favor of counting it. Therefore, eliminating the vote that I concede was wrong, Senator PAGE's vote, the result would have been 9 to 6, and hence no wrong was in fact done, although I concede that the vote ought not to have been counted.

The question came up in the committee when the vote was being taken on the Ford offer. When the name of Senator PAGE was reached, the Senator from New Hampshire [Mr. KEYES] announced that he was authorized to cast the vote of Senator PAGE, and he read a telegram which he deemed sufficient to give him that authority.

I ought to pause here to say that at a previous meeting it had been agreed by unanimous consent of the committee that at the meeting on Saturday the vote on the bids should be taken without further debate; and that no absent member of the committee could be voted unless he had given authority in writing to some member of the committee to vote him. Unfortunately, as to just what that unanimous-consent agreement was, there was a misunderstanding on Saturday, it appears, and while I can not see how there could be any misunderstanding, I concede to those who think otherwise a perfectly conscientious and honorable motive in reaching their conclusions.

Senator KEYES read the telegram from Senator PAGE, the telegram which I now have in my possession and which I now read to the Senate, as follows:

HYDE PARK, VT., *July 14, 1922.*

Hon. HENRY W. KEYES,
Senate Chamber, Washington, D. C.:

You are authorized to vote for me on Muscle Shoals proposal at meeting of Committee on Agriculture to-morrow morning.

C. S. PAGE.

The point was made when the telegram was read that under our unanimous-consent agreement it did not give Senator KEYES authority to cast that vote. Upon that point the chair held that it did give the proper authority and that Senator KEYES was authorized under the telegram and under our unanimous-consent agreement to cast the vote of Senator PAGE, and he did cast it when the roll was finally completed. But at that point the roll call was interrupted by the other motion which was made, when the chair held that the telegram was sufficient authority. An appeal was taken from the decision of the chair or the question was submitted by the chair to the committee—I think both things occurred—and the roll was called upon that question.

When the name of Senator PAGE was reached, I presume from the roll call, Senator KEYES voted him and the clerk so recorded him, and in that way Senator PAGE did vote on the question of his own right to vote which, as I have said, was in my judgment absolutely wrong, and which, if it had been a vote that would have changed the result, would have caused me to feel in honor compelled to call the committee together in order to rectify it. Upon that vote the result was 10 to 6, showing that at least one of the Ford adherents believed that under the telegram Senator KEYES had a right to cast the vote of Senator PAGE.

We had those two roll calls, one interrupting the other. When the roll was partly called on the question of the acceptance or rejection of Henry Ford's bid it was interrupted by the other roll call as to whether Senator KEYES had a right to cast the vote of Senator PAGE. So there were two rolls, one interlocking in the other. The chair did decide, and still adheres to it and still believes he was right, that Senator KEYES did have the authority to cast the vote of Senator PAGE. As to whether he had the right to cast his vote on that particular roll call there never was a point raised. It is easy to understand how Senators, these two things interlocking and coming together, would get them mixed, because as a matter of fact it was rather a tempestuous meeting and it often occurred that everybody was talking and nobody was listening.

So, Mr. President, I want to say most emphatically that as chairman of that meeting I did not decide and I never have made such a decision—it would have been contrary to every idea of mine as to what was right—that upon the vote to determine whether or not Senator KEYES had a right to vote Senator PAGE, Senator PAGE could vote. When that roll call was completed, which, as I said, resulted in agreeing that Senator KEYES did have the authority to vote for Senator PAGE, the roll call being 10 to 6, which would have been 9 to 6 if the vote had been properly recorded, then the other roll call was completed on the bid of Henry Ford, which roll call had been interrupted by this parliamentary proceeding. It was on that question or any other question pertaining to Muscle Shoals that the chair would have held that Senator KEYES had a right to cast the vote of Senator PAGE. Upon that roll call the result was 9 to 7 against the bid of Henry Ford.

Another point that the Senator from Arkansas made, and which I concede is correct, was that upon an appeal from the decision of the chairman of the committee and the roll call being had, the chair voted. That is true. The chair did vote. I contend now that the chair had a right to vote. It was not questioned then. I believe that anyone who will examine the logic of the situation or the decisions and precedents must reach that conclusion. A committee is in session and a point comes up and the chair decides the point of order of procedure and an appeal is taken from the decision of the chair. The clerk calls the roll and the chairman votes just the same as everybody else on the committee. Otherwise, Mr. President, the chairman would be deprived of a right which, under the Constitution of the United States, he has as a member of the committee, and that is to vote on every question coming before the committee where he has no personal or financial interest in the result.

If the other theory be right, it would mean that the control of the committee by the majority would be turned over to the minority in every case where that majority did not exceed more than one, because it would exclude the chairman from voting and would always leave the minority in control. So that, as a matter of fact, if it is followed out to its logical conclusion, if we had a committee composed of eight of the majority and seven of the minority and we deprived the chairman of the right to vote, the minority could absolutely control the committee and always would.

Mr. CARAWAY. Mr. President, may I interrupt the Senator?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield.

Mr. CARAWAY. The rule touching appeals from the decision of the chair never could arise upon the merits of legislation, and therefore the fault of the Senator's reasoning is there. It lies only upon rulings that the chair may have made as to questions of parliamentary procedure. In that there are not presumed to be any majorities or any minorities, because the parliamentary rules are for the government of both. The Senator seems to think we might deprive the chairman of his right to vote upon legislative matters pending. That never could be, because the question of an appeal is the only parliamentary ruling which the chairman as chairman may make. He participates as any other member of the committee on legislative matters, and from his participation therein no question could arise from which an appeal could lie.

Mr. NORRIS. If the Senator's theory is right, it would not be a difficult thing for anyone with ordinary knowledge of parliamentary law to get the decisions on a legislative question. Every Member of the Senate realizes that upon a main question there may be hundreds of subsidiary questions and often there are questions of procedure. It would be possible to present a most objectionable method in that way and carry it through in order to prevent the chairman from voting.

Mr. President, I have not been able adequately to look up the authorities but I have made a slight examination. This is the only place where I think such a question was ever raised. I have been on committees of the Senate for a good many years, but I have never yet heard the objection raised that the chairman is not entitled to vote. That objection was not made in this case in the committee; it was made the first time on the floor of the Senate. Hinds' Precedents, volume 4, page 930, section 4569, reads as follows:

On an appeal from a decision of the chairman in a committee the chair voted to sustain his ruling, thereby producing a tie, and so the decision was sustained.

Mr. President, on the main proposition—for instance, on the vote in regard to the Ford offer—if the chair had been overruled and it had been held that the junior Senator from New Hampshire [Mr. KEYES] had no authority to cast the vote of the junior Senator from Vermont [Mr. PAGE] and the vote had been excluded, there would, after all, have been no difference in the result of the vote; for the vote would merely have been 8 to 7, instead of 9 to 7.

Mr. President, as to what actually occurred, whether I am right or whether I am wrong, I do not have any desire to conceal the facts; I want it all known. I did not feel, however, that I could permit to go unchallenged the statement that I had made a certain decision when in fact I had not made it, although, as I said when I decided that the Senator from Vermont had a right to vote in the committee, since both of the roll calls interlocked with each other, it is not surprising at all that a Senator should be mistaken, as I am confident that the junior Senator from Arkansas [Mr. CARAWAY] was mistaken on that proposition.

That is the only thing which the Senator said to which I felt I had a right to take exception. Although I do not agree with other statements he has made, what he has said which corresponded with my idea of the record I have frankly admitted. I thought I was right, and I think so yet; but on that one point I desire to be emphatic; I can not be mistaken about it, because the very idea of doing such a thing would be abhorrent to me; I would not do it, and I can not be put in the attitude of doing it, although, as I have said, under all the circumstances which surrounded that meeting of the committee it is not surprising that any Senator should get such an idea.

However, the clerk of the committee has all the roll calls, and I have looked at all of them so as to be positive as to whether or not such a thing occurred; and there was no such roll call.

So far as I was concerned, the fact was absolutely unnoticed; I did not know that it had occurred, and that that vote had been recorded, as I have stated, at least until the Senator from Arkansas told me so on Saturday afternoon. Then I looked the matter up and found that the vote had been actually recorded. It ought not to have been recorded; but the fact that it was recorded did not change the result; it had no effect on the proceedings.

Mr. CARAWAY. Mr. President, I am always willing to concede that those who differ from me are honest; I am not raising that question; but I am certain that the Senator from Nebraska, the chairman of the Committee on Agriculture, does not know all that took place in the committee room on the occasion to which reference is now made. As he suggested, all Senators were talking at once, and, without any disrespect to him, I rather think that the chairman of the committee talked as much as any other of the 15 members present. I am going to say now, for I know that the Senator from Nebraska will always tell the truth, that what I say I do not want him to think is a reflection upon him. I know that I called attention to the matter when the vote was about to be taken to sustain the contention as to the validity of the proxy of the Senator from Vermont, but my suggestion evidently did not reach the chairman, and I am not surprised. There was much confusion.

What happened was this: I am informed that the absent Senator had sent a telegram to some member of the committee—I was told it was to the chairman of the committee—on Tuesday stating that he knew nothing about the matters in controversy or did not think——

Mr. NORRIS. Now, let me correct the Senator, if he will allow an interruption.

Mr. CARAWAY. I yield.

Mr. NORRIS. The Senator from Vermont sent no such telegram. I never had a telegram from that Senator.

Mr. CARAWAY. Did the Senator from Nebraska ever see such a telegram?

Mr. NORRIS. I did not.

Mr. CARAWAY. Does the Senator from Nebraska know whether or not such a telegram was sent?

Mr. NORRIS. I never saw it. I heard the same rumor the Senator from Arkansas has heard, but I never received a telegram, although I did send a telegram to the Senator from Vermont and suggested that he wire some Senator authority to vote him in reference to the Muscle Shoals proposition; but I never had an answer to my telegram, and I never saw any answer.

Mr. CARAWAY. I am going to say that I have heard it stated—and I think it is true, although I say now, as I have said before, that I never saw the telegram—that the Senator from Vermont disclaimed having sufficient information to vote intelligently upon the matters involved. Senators who were very vitally opposed to Ford's offer were not willing for a vote to be taken on Tuesday. I am not complaining about that. I think that every member of the committee ought to have had an opportunity to have his vote recorded.

It went over until Saturday, and then a telegram was produced by the Senator from New Hampshire [Mr. KEYES] and read to the committee, as it was read here. It was the understanding of every member of the committee with whom I have talked that the proxy should direct how the absent Senator wished his vote cast. There was insistence that there should be no agreement that an absent Senator should vote until the committee should have met on Saturday. I did not agree with that contention, because I realized it did not give Senators a chance to be notified, and I thought they ought to be notified; but, to show just what the unanimous consent really was, the Senator from Louisiana [Mr. RANSDELL] argued that the Senator from Vermont ought to have a right to vote under certain circumstances, and he called attention to the form of a proxy which he thought ought to be adopted. He said that he himself had recently authorized the Senator from North Carolina [Mr. SIMMONS] to vote him for the acquisition of the Dismal Swamp and Cape Cod Canals. It was my understanding, and it was the understanding of every member of the committee with whom I have talked—and there were several—that if any Senator were absent he should send his proxy to some other member of the committee directing how his vote should be cast. I know the question of whether he might telephone his instructions was discussed, and it was decided that he should not do that, but that, in such an important matter, he should direct in writing or by telegram how his vote was to be cast. That question arose. I myself first suggested when the telegram from Senator PAGE was read that it did not correspond with the agreement entered into on Tuesday.

The chair—and I concede him what he concedes to me that he is absolutely honest in his recollection of the matter—thought differently. He thought that that telegram was in compliance with the agreement we entered into on Tuesday with reference to absent Senators, and so held. An appeal was taken from the chair's holding that that proxy was in compliance with the agreement, and on the vote on the appeal from the ruling of the chair the chair himself voted that his ruling was correct, and the proxy of the Senator from Vermont was voted that the proxy was valid.

Mr. NORRIS. Mr. President, will the Senator permit an interruption there?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Nebraska?

Mr. CARAWAY. Yes, sir.

Mr. NORRIS. If the Senator will eliminate the vote of the Senator from Vermont, which I concede ought to be eliminated, and also eliminate my vote, still authority was left to cast the vote; there was still a majority in favor of it.

Mr. CARAWAY. That may be true, Mr. President, but the question of whether it is correct or not is not determined by whether it was a success or a failure. I am complaining now in rather good humor, although all of us had just as well be frank about it and admit that everyone of us was angry on Saturday. The chair was just as angry as I was, and I was as angry as the chair. It may not have changed the result, but I am going to say, because I am now absolutely without any feeling concerning it, that for the chairman I have the very highest regard, and I am satisfied he did what he thought was

right; but I think every ruling he made was wrong, except one, and everybody else with whom I have talked went away with the same opinion.

The chairman has correctly stated the situation. He has said that everybody talked at once, and that is true. It was impossible to get any kind of a conception of what was going on, because members of the committee could not get the attention of the chair and the chair could not get the attention of the committee. The parliamentary situation was as I have described it. I am not criticizing the chairman for his rulings. He frankly says now that the voting of the proxy of the Senator from Vermont—that the proxy was a good proxy; or, in other words, that a proxy might vote to sustain itself—would not have been counted if called to his attention. I tried to call it to the chair's attention, but he did not hear me. It struck me as absolutely abhorrent that, a man's right to vote being challenged, he himself had a right to determine that he had a right to vote. As I suggested the other day, it would be as consistent to put the accused on the jury and let him vote upon the question of whether he was guilty or innocent as to say that a man who is trying to vote by proxy shall have his proxy voted to determine that his proxy is a legal and correct proxy. That is what I said about it Saturday, and that is what I am reiterating about it to-day.

I am not falling out with the chairman. He told me—and I know he does not object to the conversation being repeated because he repeated a part of it himself—on Saturday, standing right there in his place, that he did not think Senator PAGE's proxy had been voted, and he said, if it had been, it was wrong, but he knew that no such thing could have happened. Now, he finds that it did happen, because the roll call shows it, and I am sure that if there had not been so much confusion—I will put it in that way—the chair would not have made two or three of the rulings which he did make. I do not know that any of the rulings changed the result. I thought at the time they did. I have not examined the roll calls since, but it was my impression that the rulings of the chair changed the result of the voting. Evidently in that my memory has not served me well. I thought that at the most it would have been a tie vote. However, that is a matter that the roll call itself will disclose, and I have not had any opportunity to examine it.

I want to say, as I said in the beginning, that I am not criticizing the chairman. I think that he made his rulings under rather tempestuous circumstances.

SOUTHERN PACIFIC-CENTRAL PACIFIC SYSTEM.

Mr. SHORTRIDGE. Mr. President, I ask the indulgence of the Senate and the attention of Senators for a moment only.

On May 29, 1922, the Supreme Court of the United States handed down its decision in the case of United States of America, appellant, against Southern Pacific Co., Central Pacific Railway Co., Union Trust Co. of New York, and others. The opinion of the court was delivered by Mr. Justice Day. Neither Mr. Justice McReynolds nor Mr. Justice Brandeis took any part in the consideration or decision of the case. Mr. Justice McKenna dissented, filing his reasons for so doing.

The decision, which reverses the decree of the District Court of the United States for the District of Utah, has far-reaching consequences. It very naturally has interested the people from the Atlantic to the Pacific seaboards, particularly, perhaps, those of the intermediate and the far Western States.

I hold in my hand two telegrams addressed to me by Mr. Wallace M. Alexander, one signed by him as president of the San Francisco Chamber of Commerce and the other signed by him as chairman of the State-wide Committee Against Dismemberment of the Southern Pacific-Central Pacific System. I shall not consume the time of the Senate in reading them, but, in order that Senators and others may know their contents, I respectfully ask that they may be printed in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

SAN FRANCISCO, CALIF., *July 15, 1922.*

Hon. SAMUEL M. SHORTRIDGE,
United States Senate, Senate Office Building, Washington, D. C.:

The Chamber of Commerce of San Francisco greatly appreciates having presented as matter of record to the Senate the following resolutions adopted by the chamber, and putting that body strongly on record against the dismemberment of the Southern Pacific-Central Pacific System. In presenting this matter, I assure you that you will be performing a service for the shippers and general public of the State, who have very generally indorsed the stand of the San Francisco Chamber of Commerce.

Resolutions of the San Francisco Chamber of Commerce:

"Whereas by decree of the United States Supreme Court under the Sherman antitrust law, it has been ordered that the Central Pacific-Southern Pacific Railroads be placed under separate ownership; and

"Whereas the San Francisco Chamber of Commerce has been on record for a period of years protesting against any change in the unified operation of these roads, recognizing the disaster and calamity to the public interest if these two roads be divorced; and

"Whereas this chamber recognizes the value to California and the Pacific coast territory of the possession of a strong, powerful, unified, and comprehensive transportation system which serves symmetrically and proportionately tributary territory to San Francisco; and

"Whereas, while respecting to the fullest degree the authority and decision of the United States Supreme Court, we believe that the Interstate Commerce Commission, under the transportation act of 1920, has full power consistent with the decision of the Supreme Court and in the public interest to authorize the operation of these two roads as a unit: Therefore be it

"*Resolved*, That the San Francisco Chamber of Commerce request the Attorney General of the United States to acquaint himself fully with the facts showing the disaster to service and to the interests of the Pacific coast from any segregation of such parts of said railway system, and that he have these matters in mind in carrying out the details of the enforcement of the Supreme Court decision; and that the chamber request the Interstate Commerce Commission to hold necessary hearings to the end that the Southern Pacific and the Central Pacific be continued in operation as a unit, and that said railway system be so considered in whatever grouping of roads shall be deemed necessary to conduct the transportation system of the country in the public interest; that this chamber secure the expressions of opinion of the shippers, not only in its membership but throughout this territory, and that a strong state-wide committee be appointed, and that cooperation be given to all public and shipping organizations, to the end that the necessary facts of the disaster and calamity involved in the dismemberment of these roads be brought to the attention of the Federal authorities."

WALLACE M. ALEXANDER,
President San Francisco Chamber of Commerce.

SAN FRANCISCO, CALIF., *July 15, 1922.*

Hon. SAMUEL M. SHORTRIDGE,
Senate Office Building, Washington, D. C.:

In view of the efforts being made by certain inspired interests in Washington to becloud the issue regarding the recent decision ordering the unmerger of the Southern Pacific-Central Pacific system, and that the attitude of California shippers, as represented by the state-wide committee against dismemberment, of which I am chairman, and also the attitude of the San Francisco Chamber of Commerce in this matter may be made clearer, I would greatly appreciate having the following statement made a matter of record before the Senate:

STATEMENT BY WALLACE M. ALEXANDER, CHAIRMAN OF THE STATE-WIDE COMMITTEE AGAINST SOUTHERN PACIFIC-CENTRAL PACIFIC DISMEMBERMENT.

"My attention is called to press dispatches from Washington asserting that 'on behalf of producers and shippers of the Pacific coast' the Department of Justice has been asked to take cognizance of certain alleged activities of the Southern Pacific system.

"Of these alleged Southern Pacific activities I am not informed, but of the shippers and growers of the Pacific coast and their views I necessarily know a great deal, because the state-wide committee, of which I am chairman, represents to-day the expressed views and sentiments of a very high percentage of all organized shippers and growers in this State, and the record of these great organizations is to date unanimously in favor of action by the Interstate Commerce Commission that will continue the unified operation of this system as a unit. The supposed protest can not represent, for instance, the state-wide committee of about 100 large shippers, of which I have the honor to be chairman; it can not represent the Chambers of Commerce of San Francisco, Los Angeles, Sacramento, Fresno, San Jose, Oakland, Berkeley, Bakersfield, San Diego, and a hundred or so other cities of California, since these also have gone on record of their own volition supporting the state-wide committee in its lawful appeal to the Interstate Commerce Commission to maintain the unified operation of this great system, because, in their judgment, the people of the State will be hurt by its dismemberment; nor can this alleged protest represent the agricultural interests, such as the California Vegetable Union, the Canning & Peach Growers' Association, the California Pear Growers' Association, the California Cooperative Canners, the California Walnut Growers' Association, the California Almond Growers' Association, all of which, with others, are on record supporting the action of the state-wide committee, as are the California Development Association, with a state-wide membership of 35 chambers of commerce and more than 1,500 individual shippers, the Los Angeles Jobbers' Association, the California Manufacturers' Association, the Northern California Counties Association, the United Chambers of Commerce of the Sacramento Valley, the California Fruit Distributers' Association, and a great many individual wholesale and retail shippers.

"Any intimation or suggestion that the supposed organization in Washington stands in any way for the views and judgments of California and Pacific coast shippers and producers is, in the face of the above evidence, an outrageous perversion of the truth. Leading shippers, intimately connected with growers and manufacturers' associations for years, are unable to tell me who, if anyone, these people represent. The correspondent of the Portland Oregonian telegraphed his paper that he had inquired at the Washington offices of this supposed organization to find out who sponsors the flood of press releases being sent out from there. He reported in the Sunday Oregonian, of July 2, as follows:

"'The person in charge of the office, one of the most successful publicity men in Washington, apologized for not being able to disclose any of the personnel of the association which he pretended to represent. He said he expected to be able to give some information of that character within the next few days.'

"Here we have the amazing spectacle of an organization in Washington appealing to the Department of Justice in the name of the California and Pacific coast shippers, when its Washington representative can not or will not give the name of a single man or organization it purports to represent. I challenge this organization to publish its officers and membership. I challenge it to show what organizations or men, if any, have gone on record in its support as against the many thousands of shippers, growers, and merchants who have come into the open on their own initiative and at the request of the state-wide committee against dismemberment; and I respectfully urge my fellow citizens throughout California and the Pacific coast to continue placing themselves on record against the dismemberment of the Southern Pacific-Central Pacific system, to the end that there shall be no possible

misunderstanding of our position as shippers, growers, merchants, and citizens. In doing this we hold no brief for any railroad, and represent only the public interest."

WALLACE M. ALEXANDER,
Chairman State-wide Committee Against Dismemberment of the Southern Pacific-Central Pacific System.

PETITIONS.

Mr. CAPPER presented resolutions of the Chambers of Commerce of Ellsworth, Clyde, Wamego, and Salina, and the Plainville Commercial Club, all in the State of Kansas, favoring enforcement of the United States Supreme Court decree ordering divorcement of the Central Pacific Railway from the Southern Pacific Co., etc., which were referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEE ON PUBLIC LANDS AND SURVEYS.

Mr. BURSUM, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 7967) granting certain lands to Escambia County, Fla., for a public park, reported it with an amendment and submitted a report (No. 829) thereon.

He also, from the same committee, to which was referred the bill (S. 3702) providing for the acquirement by the United States of privately owned lands situated within certain townships in the Lincoln National Forest, in the State of New Mexico, by exchanging therefor lands on the public domain also within such State, reported it with amendments and submitted a report (No. 830) thereon.

BILLS INTRODUCED.

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

By Mr. McLEAN:

A bill (S. 3840) to amend section 5147 of the Revised Statutes; to the Committee on Banking and Currency.

By Mr. NORRIS:

A bill (S. 3841) granting a pension to Maggie E. Campbell; to the Committee on Pensions.

By Mr. SPENCER:

A bill (S. 3842) granting a pension to Essie Buckley Killgore (with accompanying papers); to the Committee on Pensions.

By Mr. LENROOT:

A bill (S. 3843) for the relief of the owners of the steamship *Kin-Dave;* to the Committee on Claims.

TARIFF BILL AMENDMENTS.

Mr. DIAL and Mr. SHIELDS each submitted an amendment intended to be proposed by them to House bill 7456, the tariff bill, which were ordered to lie on the table and to be printed.

AMENDMENT TO RIVER AND HARBOR BILL.

Mr. SHIELDS submitted an amendment providing that such portion of available funds deemed advisable by the Secretary of War, heretofore appropriated and allotted for improvement of the Tennessee River above Chattanooga and from Chattanooga to Riverton, may be expended on a survey of the river recommended in House Document No. 319, Sixty-seventh Congress, second session, intended to be proposed by him to House bill 10766, the river and harbor authorization bill, which was ordered to lie on the table and to be printed.

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. DIAL. I offer an amendment to the pending bill, which I ask to have printed and lie on the table.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SMOOT. Mr. President, I ask now that we return to paragraph 907, on page 126. I send to the desk an amendment to paragraph 907, and ask that it be read.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. On page 126, it is proposed to strike out lines 12 to 15, both inclusive, and to insert in lieu thereof the following:

PAR. 907. Cloth in chief value of cotton containing silk or artificial silk shall be classified for duty as cotton cloth under paragraphs 903, 904, 905a, and 905b, and in addition thereto there shall be paid on all such cloth 5 per cent ad valorem: *Provided*, That none of the foregoing shall pay a rate of duty of more than 45 per cent ad valorem.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment offered by the Senator from Utah in lieu of the amendment of the committee.

Mr. SMITH. Mr. President, I understand that this is to bring this paragraph in line with and under the same rate of duty that the Senate has already provided shall obtain in the paragraphs referred to.

Mr. SMOOT. That is the case, Mr. President. I will say to the Senator that the only reason why we put paragraph 904 in this amendment is so that the same definition as to the term "cotton cloth" shall apply in this that applies in all other parts of the schedule. It is only a matter of safety. It may be done, but we do not want any question at all about it.

Mr. SMITH. Mr. President, before the vote is taken I desire to say that under the paragraphs referred to here we have raised the duty to 45 per cent where there is specified the count of the yarn. Under this provision the count of the yarn is not specified, and there is a lower count of yarn obtaining in this paragraph; and I take it that we are putting it under the higher rate by virtue of the fact that a component part of it, per cent not stated, is silk. I presume that is the reason why, in spite of the fact that the cotton element might be of a less count of yarn than the other paragraphs that have the higher rate of duty, yet, by virtue of the fact that it was combined with silk, putting it into a class distinct to itself, the committee thought it should bear this rate of duty.

Mr. SMOOT. No; the Senator will notice that we take in paragraph 903, and this is to be classified for duty as cotton cloth under paragraph 903. It makes no difference what the count of the yarn is; it shall be as provided for in paragraph 903, the low counts as well as the high, but in no case shall it be higher than 45 per cent—the same provision that we have in paragraph 905a.

Mr. SMITH. Let me understand this clearly. Where we say "thread or yarn," and the yarn is in the cloth, it would apply to this paragraph, would it?

Mr. SMOOT. In the case of the lower counts in paragraph 903 it would apply to this paragraph; and if they put silk in it, then there would be 5 per cent additional duty, provided it fell under 45 per cent.

Mr. SMITH. I see. The Senator means to say that in case the count of the yarn did not justify, as it does in some of the paragraphs, the 45 per cent, then it would take the rate that that count of yarn would come under?

Mr. SMOOT. Yes; plus 5 per cent if there was silk in it, and that, of course, in many cases of the lower-count yarns would not amount to 45 per cent; but we put the maximum at 45, which would be on the finer yarns, just the same as we did in paragraph 905a.

Mr. SMITH. I am ready for a vote, Mr. President.

Mr. LENROOT. Mr. President, I want to say just a word to congratulate the committee upon presenting this amendment, because on certain varieties it is a very substantial reduction from the original amendment; and I think it is a logical provision as it now stands, which it was not as originally proposed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Utah in lieu of the amendment of the committee.

The amendment was agreed to.

Mr. SMOOT. Now, Mr. President, I desire to refer to paragraph 912, the amendment that was passed over last night, on line 10, page 128; and I desire to modify the amendment in accordance with the wording which I send to the desk. I will say that this refers to labels for garments. The Senator from North Carolina referred to it last night.

The PRESIDENT pro tempore. The Secretary will state the committee amendment as now modified.

The READING CLERK. On page 128, line 10, it is proposed to modify the committee amendment as follows: Strike out "50 cents per pound and 20," and insert in lieu thereof "50."

The PRESIDENT pro tempore. The question is upon agreeing to the amendment of the committee as modified.

Mr. SIMMONS. Mr. President, I did not expect the Senator to call up this amendment just at this second. I am endeavoring to get some further information about the matter.

Mr. SMOOT. If the Senator wants it to go over, I will ask that it go over.

Mr. SIMMONS. I should like to have that done. I am trying to get some information about it.

Mr. SMOOT. I will ask, then, that the amendment go over for future consideration.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

Mr. SMITH. Mr. President, before it goes over, I understand that the proposition of the Senator from Utah is that we make it a straight 50 per cent ad valorem.

Mr. SMOOT. That is correct.

Mr. SIMMONS. That might be higher than the rate we have.

Mr. SMOOT. Sixty per cent.

Mr. SMITH. Mr. President, I have here a table which I will ask to have inserted in the RECORD at this point.

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

Labels for garments and other articles.

Calendar years.	Rates of duty.	Values.	Duties collected.	Actual and computed ad valorem rate.
				Per cent.
1914 [1]	25 per cent	$23,378	$5,844	25.00
1915 [2]	do	15,292	3,823	25.00
1916 [2]	do	2,787	697	25.00
1917 [2]	do	8,736	2,184	25.00
1918 [2]	do	8,278	2,070	25.00
1918 [3]	do	5,477	1,369	25.00
1919 [4]	do	5,831	1,458	25.00
1920 [4]	do	35,466	8,867	25.00
1921 [4]		38,304	[5] 10,020	26.16
Annual average [6]		17,399	4,404	25.13

[1] Oct. 4, 1913, to June 30, 1914, inclusive.
[2] Fiscal year ending June 30.
[3] July 1, 1918, to Dec. 31, 1918, inclusive.
[4] Calendar year.
[5] Twenty-five per cent plus 7 cents per pound for cotton having a staple of 1⅜ inches or more in length.
[6] Annual average, 8½ year period.

Domestic production in 1919, $624,000.

The PRESIDENT pro tempore. The Senator from North Carolina has asked that the provision may be passed over.

Mr. SMITH. I know, but I wanted to inform the Senator from North Carolina that the value of our importations has been practically negligible. In 1914 it was only $33,000; in 1915, $15,000; in 1916, $2,000; in 1917, $8,000; in the fiscal year 1918, $8,000; in the last six months of the calendar year 1918, $5,000; in the calendar year 1919, $5,000; in 1920, $35,000; in 1921, $38,000. The annual average was $17,000, against a domestic production of $624,000, with an average ad valorem rate, actual and computed, of 25.13 per cent. I can not see what justification there would be for raising the rate arbitrarily and flatly 100 per cent.

The PRESIDENT pro tempore. The Chair understands, then, that the Senator from South Carolina objects to passing over this amendment.

Mr. McCUMBER. Mr. President——

Mr. SIMMONS. Mr. President, in view of the fact that the Senator from South Carolina has been discussing the matter, I will withdraw the objection and let it go on now. I had objected simply because I wanted to get some information as to what the domestic product was selling for.

Mr. SMITH. All right; we will let it go over.

The PRESIDENT pro tempore. The proposed amendment is passed over.

Mr. McCUMBER. Mr. President, I simply wanted to ask the Senator if he considered that a fair method of arriving at an average, when he takes most of his figures from war years, in which, of course, almost nothing came in?

Mr. SMOOT. Mr. President, I will ask the Senator now to let the amendment go over.

Mr. SMITH. Certainly.

Mr. SMOOT. I merely want to say for the record that when it is up for consideration we shall want to show that in one month of 1922 there have been more imports of these goods than there have been in two or three years combined in the past; and if there is one thing that needs protection, if the imports are correct beginning with February of this year, it is this very article; but it has gone over now.

The PRESIDENT pro tempore. The Secretary will state the next amendment of the committee.

The READING CLERK. In paragraph 913, page 128, line 16, it is proposed to strike out "35" and insert in lieu thereof "60."

Mr. SMOOT. I am compelled to ask that this paragraph be passed over on account of the absence of one Senator who is very anxious to be present when it is considered.

The PRESIDENT pro tempore. The paragraph will be passed over.

Mr. SMOOT. I make the same request in regard to paragraph 914. Two Senators who are deeply interested in that paragraph are not present, and on the request of those Senators I ask that it may go over.

The PRESIDENT pro tempore. Without objection, paragraph 914 will be passed over.

Mr. POMERENE. Does the Senator expect to take up paragraph 914 during the session to-day?

Mr. SMOOT. No; I do not expect to take it up until tomorrow. In paragraph 915, the hosiery paragraph, I move to strike out all after the word "hand" and the comma in line 8——

The PRESIDENT pro tempore. The Chair calls the attention of the Senator from Utah to the fact that there is an amendment in that paragraph which has not been agreed to preceding the line to which he refers.

Mr. SMOOT. I do not think there is any objection to that amendment.

The PRESIDENT pro tempore. The Secretary will report the amendment.

The READING CLERK. On page 129, line 5, after the word "half hose" and the comma, insert the word "selvaged" and a comma.

Mr. SMITH. I do not know that there will be any objection to including that word. It is simply an addition to a part of these goods, which practically would mean nothing.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment.

The amendment was agreed to.

Mr. SIMMONS. Mr. President, if I understand the Senator from Utah, I understand that after the word "hand," on line 8, he moves to strike out the balance of that paragraph.

Mr. SMOOT. Yes; and to offer an amendment from that point down.

Mr. SIMMONS. What will be the nature of the amendment?

Mr. SMOOT. "Fifty per cent ad valorem, if such hose or half hose contains cotton wholly or in chief value of 1⅜ inches staple or longer, 10 cents per pound and 50 per cent ad valorem."

Mr. SIMMONS. If the Senator will pardon me, I want a little information. The rates in that paragraph as now written start with 70 cents per dozen pairs, then 80 cents per dozen pairs, 90 cents per dozen pairs, $1.20 per dozen pairs, and so on. The Senator is seeking to change that to an ad valorem, and I assume he has made the calculations. Can the Senator tell me what reduction that would be? The method of taxing is entirely different, and I can not without taking time ascertain the difference, but I assume the Senator can tell us.

Mr. SMOOT. In some of the cases it is a reduction of a great deal over one-half. For instance, take the first class, valued at not more than $1 per dozen pairs, 70 cents per dozen pairs. That is 70 cents on the high bracket. If they were 50 cents, it would be 140 per cent, and valued at more than $1 and not more than $1.50 it would be 80 per cent.

Mr. POMERENE. In order that I may be able to follow the Senator, do I understand that the amendment will be a reduction of practically 50 per cent on the rates in the committee amendment as proposed?

Mr. SMOOT. No; I would not say all the way through, but practically that.

Mr. SIMMONS. The Senator means that the reduction made by his amendment from the rates originally proposed by the committee would be something like 50 per cent?

Mr. SMOOT. Practically that. In some cases not that, of course, and in other cases more than that.

Mr. POMERENE. What would be the maximum and minimum?

Mr. SMOOT. When hosiery was valued at 50 cents a dozen it would be 140 per cent. That is the outside limit I could think of under the House provision. When it gets down to hose of $5, of course then it would be about eighty-odd per cent.

Mr. POMERENE. Then the higher rates would be continued on all of the low-grade goods, according to the statement the Senator has just made.

Mr. SMOOT. The rates on the low-grade goods were higher in the bill as reported from the House, but now we will have a 50 per cent rate on all hosiery, no matter what the value of it may be.

Mr. SMITH. This would be very easily computed, because I have some facts I want to submit. After naming the kind of goods, hose and half hose, and so forth, where does the Senator propose to insert his amendment?

Mr. SMOOT. After the word "hand," on line 8.

Mr. SMITH. That is what I thought. The Senator proposes to strike out all the balance, the 50 per cent and the 10 cents.

Mr. SMOOT. In case it is used in the yarn. Will the Senator allow me to present the amendment and have it read into the RECORD?

Mr. SMITH. Certainly.

Mr. SMOOT. I offer the following amendment.

The PRESIDENT pro tempore. The Secretary will state the amendment offered by the Senator from Utah.

The READING CLERK. It is proposed, in paragraph 915, page 129, line 8, beginning with the word "valued," after the comma, to strike out the remainder of the paragraph, down to and including the words "ad valorem," on line 18, as follows:

valued at not more than $1 per dozen pairs, 35 cents per dozen pairs; valued at more than $1 and not more than $1.50 per dozen pairs, 45 cents per dozen pairs; valued at more than $1.50 and not more than

$2 per dozen pairs, 65 cents per dozen pairs; valued at more than $2 and not more than $3 per dozen pairs, $1.20 per dozen pairs; valued at more than $3 and not more than $5 per dozen pairs, $2 per dozen pairs; and, in addition thereto, on all of the foregoing, 12½ per cent ad valorem; valued at more than $5 per dozen pairs, 35 per cent ad valorem.

And to insert in lieu thereof the following words:

50 per cent ad valorem, if such hose or half-hose contains cotton wholly or in chief value of 1⅜ inches staple or longer 10 cents per pound and 50 per cent ad valorem.

So as to make the paragraph read:

PAR. 915. Hose and half-hose, selvedged, fashioned, seamless, or mock-seamed, finished or unfinished, composed of cotton or other vegetable fiber, made wholly or in part on knitting machines, or knit by hand, 50 per cent ad valorem if such hose or half-hose contains, etc.

Mr. SMOOT. There is very little long-staple cotton used in hosiery. It is mostly all made of the ordinary cotton; but there is some hosiery which requires a certain finish, and in cases where they want a particular strength the long-staple cotton is used. The Senate will notice that we have provided that, in addition thereto, there shall be 10 cents a pound imposed if such hose or half-hose contains cotton wholly or in chief value of 1⅜-inch staple and longer.

Mr. SMITH. I am informed that that would involve a destructive analysis; that is, that you would have to destroy the cotton and give the fiber a microscopic test to see whether it did contain that kind of cotton or not.

Mr. SMOOT. There is so little of it used that perhaps we could even take that out altogether as to hosiery, but it is not safe to do it, as there are yarns used in hosiery made of the long-staple cotton.

Mr. SMITH. When it comes to the administration of this provision it would be practically impossible to tell which did contain and which did not contain the long staple, and then to whom would the benefit of the doubt go?

Mr. LENROOT. Will the Senator from Utah yield?

Mr. SMOOT. I yield.

Mr. LENROOT. I would like to say that there is a similar provision in the present law, and there is no difficulty in its administration. The figures of imports show the hosiery which contains long-staple cotton and that which does not. That which contains the long-staple cotton is a very substantial amount.

Mr. SMOOT. I will say to the Senator that our investigators in a foreign country always know when the long-staple cotton is used in those articles. What the Senator says is true, that if it were necessary in the case of every shipment to determine the fact, it could only be determined by a microscopic investigation of the hosiery itself.

Mr. SMITH. My information is to the effect that even under the present administration of the law there is more guesswork than an actual knowledge of the contents of the goods.

Mr. SMOOT. That is not what our examiners at the port of New York say. I did not want to give any compensatory duty on long-staple cotton unless it actually went into the yarn making the hose, and when it does of course it ought to be compensated for, and that is what we have provided. We have guarded it, I think, just as carefully as we can.

Mr. SMITH. I want to say in this connection that in the light of the facts furnished me by the Commerce Reports and the investigation of the Tariff Commission, I do not hesitate to say that even the present rate of duty is more than a protective duty. The figures will disclose the fact that our importations have gradually decreased. But I am going to read to the Senate what our Department of Commerce has to say in reference to this matter. I have a sheet here from the Commerce Reports which reads:

In the shrinkage of United States exports of cotton knit goods from a total value of $54,500,000 in the peak year 1920 to $10,250,000 in 1921 it is apparent that this export trade is now readjusted on a basis of complete liquidation. Ordinarily somewhat over two-thirds of this trade is in hosiery exported to a great number of markets throughout the world. In recent years the United Kingdom, France, Argentina, Cuba, and Australia have been the leading buyers of American knit goods.

March exports of cotton hosiery exceeded 375,000 dozen pairs, a total considerably more than double the shipments of the same month a year ago, and 50 per cent greater than those of January or February this year. The value of March hosiery exports was in excess of $816,000, by far the largest monthly value for more than a year. The principal markets to which these goods have recently been going are Argentina, United Kingdom, and Canada. The Australian market, which has been very large, seems of late to have curtailed purchases greatly.

Although not apparent in the export figures, large manufacturers and exporters report that they have recently been receiving substantial orders for cotton hosiery from several of the world's chief consuming countries, namely, Belgium, France, Great Britain, Netherlands, and Mexico.

The department gives a table, and says:

From the following table exports of cotton hosiery for the years 1920 and 1921 and for the first quarter of 1922, by principal countries of destination, may be ascertained:

Countries of destination.	1920		1921		First quarter, 1922.	
	Dozen pairs.	Value.	Dozen pairs.	Value.	Dozen pairs.	Value.
Belgium	151,062	$447,968	14,276	$28,820	2,600	$3,037
Denmark	293,943	1,013,612	36,362	132,279	1,280	4,139
France	905,817	2,685,521	16,121	52,771	4,576	19,762
Greece	197,412	660,286	30,284	77,753	342	409
Italy	243,112	754,765	9,980	28,650	2	3
Netherlands	198,386	689,386	17,914	49,434	1,087	4,222
Norway	168,469	524,636	1,926	8,294	136	708
Sweden	314,331	1,168,687	5,580	19,669	.....	.....
United Kingdom	2,251,711	8,242,580	564,476	1,792,203	206,714	494,591
Other Europe	[1] 450,630	1,284,345	[2] 144,668	268,655	4,497	9,196
Canada	309,343	864,372	272,365	443,143	158,133	204,282
Mexico	132,609	483,887	181,083	481,708	29,265	78,262
Panama	63,727	224,136	29,645	55,101	10,850	19,939
Other Central America	164,867	478,064	68,493	127,339	25,073	43,457
Cuba	1,320,746	4,633,222	175,827	349,314	74,650	101,420
Other West Indies	290,390	723,964	124,765	195,657	42,278	63,030
Argentina	501,857	2,213,633	340,845	969,988	168,152	491,692
Brazil	60,723	307,119	3,153	15,432	187	849
Chile	317,803	978,512	30,322	85,161	4,657	11,940
Colombia	209,933	595,451	12,874	24,868	7,350	14,518
Peru	239,093	646,876	30,923	64,247	7,830	11,654
Uruguay	196,628	604,924	22,129	72,696	22,267	46,366
Venezuela	115,175	347,213	28,401	44,513	11,809	16,572
Other South America	107,796	296,253	30,769	54,564	12,492	17,960
British India	154,039	665,912	7,887	23,067	1,369	3,124
China	10,104	50,354	1,525	5,164	230	822
Philippines	149,856	416,909	22,785	74,548	7,321	16,501
Australia	1,283,170	3,539,562	140,440	334,367	23,177	38,977
New Zealand	71,448	261,371	12,239	39,532	907	3,710
Other Asia and Oceania	222,882	619,238	47,882	117,669	3,258	7,514
British South Africa	237,232	758,576	40,644	104,922	8,844	17,536
Other countries	[3] 241,361	698,331	41,675	90,670	14,003	29,266
Total	11,575,655	37,879,665	2,508,258	6,232,198	855,256	1,775,458

[1] Includes Turkey in Europe, 230,454 dozen pairs.
[2] Includes Poland and Danzig, 65,774 dozen pairs.
[3] Includes Egypt, 169,284 dozen pairs.

This table bears out the facts I have just presented. I continue reading:

Trend in underwear exports—

Which is comprised in this knit-goods proposition.

Mr. SMOOT. That is the next paragraph.

Mr. SMITH. I know it is, but I will take occasion now to show what the Department of Commerce thinks of this knit-goods proposition, including hoisery. I continue reading:

Knit underwear exports in 1921 were valued at $3,600,000, a substantial decrease from the 1920 total of $14,000,000. However, February and March shipments of this year have exceeded in value those of the corresponding months a year ago by nearly 100 per cent, the March totals alone approximating 300 per cent of the March shipments last year.

Despite this recent tendency to increase, the total value of these exports for the nine months ending March, 1922, was slightly under $3,000,000, while for the corresponding period a year ago it approximated $8,000,000. For the calendar years 1920 and 1921 and the first quarter of 1922 exports of American cotton knit underwear had the following values.

It is very interesting to analyze this table carefully. I ask that the table may be inserted in the RECORD without reading.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The table is as follows:

United States exports of cotton and knit underwear.

Countries of destination.	1920	1921	First quarter, 1922.
Esthonia	.....	[1] $66,100	$1,768
Netherlands	$394,741	224,150	15,066
Poland and Danzig	82,832	231,161	.....
England	1,906,037	706,846	211,010
Scotland	228,513	51,804	9,914
Ireland	247,265	92,076	7,283
Other Europe	1,955,178	86,999	6,261
Canada	449,449	458,629	114,499
Mexico	138,277	96,913	16,429
Other North America	107,786	67,256	32,676
Panama	162,486	65,856	7,779
Other Central America	314,988	41,570	18,633
Cuba	1,601,448	139,871	23,931
Other West Indies	480,816	91,438	24,421
Argentina	1,363,401	406,547	324,781
Uruguay	532,523	152,611	102,174
Other South America	1,470,647	147,794	24,573
Asia	[2] 589,765	52,785	11,680
East Indies	120,584	12,618	731
Australia	1,096,668	236,736	68,150
Philippine Islands	403,228	55,219	13,450
Other Oceania	86,111	33,299	4,654
British South Africa	256,804	73,709	44,132
Other Africa	78,292	10,443	162
Total	14,067,839	3,602,493	1,084,157

[1] July 1 to Dec. 31 only. [2] Includes Russia in Asia, $282,549.

Mr. SMITH. I continue reading from the Commerce Reports, as follows:

IMPORTS OF COTTON HOSIERY.

A marked expansion in the imports of cotton knit goods, particularly stockings, has been anticipated, due to the large pre-war hosiery imports from Germany. Other foreign sources of hosiery were negligible. In an average pre-war year about 2,227,000 dozen pairs of stockings, hose, and half-hose, valued at approximately $2,785,000, entered the United States from all countries, while the total for the calendar year 1921 was but 756,000 dozen pair, valued at $1,358,000, figures which fail to substantiate current market impression that present-day imports of German hosiery are abnormally large.

Mr. SIMMONS. Is that the declaration of the Tariff Commission?

Mr. SMITH. This is from the Commerce Reports issued by the Department of Commerce.

In the first quarter of this year imports of cotton hosiery have amounted to 420,000 dozen pairs, valued at $447,000, totals considerably larger than those a year ago, yet still far below pre-war imports.

In view of this calm, dispassionate, unbiased statement on the part of our Department of Commerce, which is charged with giving us trade information, and further, in view of the fact that we export such a vast volume and import such a comparatively small quantity, and the American production for home consumption is so enormous, I can not see any reason why we should raise the rate on this character of goods.

As I said last evening, the Republican Party is committed to the doctrine of protection. The tables I have submitted show that the present rate not only gives ample protection but really borders, in the general trend of these goods, on prohibition. Now, on what ground do they propose to raise the rate of duty above that existing when we are informed that the bugaboo of German importation has not materialized?

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

Mr. SMITH. Certainly.

Mr. LENROOT. I would like to know if I understand the amendment. If I understand the amendment correctly, the rate will not be raised over the rates contained in the Underwood law on all hose valued at over $1.20 per dozen pairs.

Mr. SMOOT. It is the same rate as in the old law.

Mr. SMITH. I was calling attention to the fact that the Senator from Wisconsin had stated that the goods which come in, containing a dutiable percentage of the 1⅜-inch staple, were in considerable quantity.

Mr. LENROOT. Upon that article the present rate is 50 per cent plus 7 cents a pound.

Mr. SMITH. I was calling attention to the fact that that duty imposing 10 cents as a compensatory duty upon long-staple cotton is, according to my information, very difficult of administration, and it is largely guesswork. I have no objection to a vote on the paragraph under the amendment proposed by the Senator from Utah.

I ask permission to have inserted in the RECORD in connection with my remarks two tables from the Tariff Information Survey on cotton knit goods, relating to cotton hosiery and showing the total imports for consumption and the revenue.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The tables are as follows:

TABLE 5.—*Cotton hosiery—Total imports for consumption—Revenue.*

Fiscal year.	Rate of duty.	Quantity.	Value.	Duty collected.	Value per unit of quantity.	Actual and computed ad valorem rate.
		Dozen pairs.				*Per cent.*
1891		2,627,098	[1] $5,648,878	[1] $3,250,237	$2.15	57.54
1892		4,893,840	5,176,537	3,567,445	1.06	68.92
1893		5,365,029	5,752,710	3,953,614	1.07	68.73
1894		2,476,936	3,670,858	2,513,161	1.06	68.46
1895		5,921,503	6,135,777	3,113,740	1.04	50.75
1896		5,215,281	5,623,737	2,808,169	1.08	49.93
1897		5,402,180	5,491,061	2,744,425	1.02	49.98
1898		3,100,832	3,583,331	2,258,662	1.16	63.03
1899		3,328,209	3,895,911	2,489,785	1.17	63.91
1900		3,488,106	4,207,755	2,658,213	1.21	63.17
1901		3,519,723	4,799,106	2,885,185	1.36	60.12
1902		3,519,925	4,786,413	2,882,266	1.36	60.22
1903		3,814,058	5,247,383	3,149,861	1.38	60.03
1904		4,119,784	5,430,914	3,264,088	1.32	60.10
1905		4,232,031	5,431,063	3,287,522	1.28	60.53
1906		4,690,759	6,119,196	3,675,230	1.30	60.06
1907		5,128,730	7,035,398	4,138,742	1.37	58.83
1908		4,829,125	6,855,080	3,994,827	1.42	58.28
1909		5,068,004	6,390,923	3,860,419	1.26	60.40
1910		4,477,783	5,825,100	4,141,689	1.30	71.10
1911		2,933,129	3,824,970	2,803,950	1.30	73.31
1912		2,349,663	2,912,430	2,116,086	1.24	72.66
1913		2,028,988	2,553,928	1,792,592	1.26	70.19

[1] Includes hoisery (quantity not given) valued at $2,158,398.22, on which $862,626.89 duty was assessed.

TABLE 5.—*Cotton hosiery—Total imports for consumption—Revenue—Continued.*

Fiscal year.	Rate of duty.	Quantity.	Value.	Duty collected.	Value per unit of quantity.	Actual and computed ad valorem rate.
		Dozen pairs.				*Per cent.*
1914		2,194,371	$2,949,678	$1,407,112	$1.34	47.70
1915		1,364,757	1,705,347	747,151	1.25	43.81
1916		218,760	368,765	175,284	1.69	47.53
1917		63,084	147,281	71,581	2.32	48.60
1918		117,056	142,136	69,521	1.21	42.58
1919		60,686	120,282	53,472	1.98	44.46
1920		75,283	193,802	91,789	2.57	47.36
Annual average		3,220,840	4,067,525	2,465,227	1.26	60.61

TABLE 6.—*Cotton hosiery—"Cut"—Imports for consumption—Revenue.*

[Par. 259.]

Fiscal year.	Rate of duty.	Quantity.	Value.	Duty collected.	Value per unit of quantity.	Actual and computed ad valorem rate.
		Doz. pairs.				*Per cent.*
1891 [1]	35 per cent.	49,757	$37,622	$13,168	$0.750	35.00
1892	...do	144,298	82,259	28,790	.570	35.00
1893	...do	104,602	58,068	20,324	.560	35.00
1894	...do	69,184	37,113	12,990	.540	35.00
1895	...do	4,847	2,560	896	.530	35.00
1895	30 per cent.	96,012	39,844	11,953	.410	30.00
1896	...do	33,774	18,495	5,549	.550	30.00
1897	...do	13,927	6,179	1,854	.440	30.00
1898	...do	20,736	16,254	4,876	.784	30.00
1899	...do	21,055	13,038	3,911	.619	30.00
1900	...do	8,619	5,109	1,533	.593	30.00
1901	...do	6,966	3,039	911	.436	30.00
1902	...do	23,191	11,485	3,445	.495	30.00
1903	...do	22,938	10,126	3,037	.441	30.00
1904	...do	22,213	7,925	2,377	.357	30.00
1905	...do	14,159	7,134	2,140	.504	30.00
1906	...do	31,436	15,619	4,685	.497	30.00
1907	...do	27,140	16,001	4,800	.59	30.00
1908	...do	25,789	18,090	5,427	.711	30.00
1909	...do	23,933	16,947	5,084	.708	30.00
1910	...do	134,890	78,382	23,514	.581	30.00
1911	...do	229,016	128,506	38,552	.561	30.00
1912	...do	318,743	174,788	52,436	.548	30.00
1913	...do	350,658	178,264	53,479	.508	30.00
1914	...do	13,212	8,495	2,548	.643	30.00
1914	20 per cent.	334,296	170,402	34,080	.510	20.00
1915	...do	244,092	124,231	24,846	.508	20.00
1916	...do	9,944	4,881	976	.490	20.00
1917	...do	4,922	2,731	546	.554	20.00
1918	...do	6,903	3,752	750	.543	20.00
1919	...do	18,192	12,723	2,544	.699	20.00
1920	...do	1,248	1,693	338	1.360	20.00

[1] From Oct. 6, 1890, to June 30, 1891.

Mr. POMERENE. Mr. President, I would like to ask the Senator a question. Some reference was made a moment ago by the Senator from Wisconsin to the rate under the Underwood law. These duties seem to vary from a certain percentage ad valorem plus 7 cents a pound under the Underwood bill. The Senator has proposed to change that to a flat 50 per cent ad valorem rate?

Mr. SMOOT. Yes.

Mr. POMERENE. I wanted to ask in that connection two questions. Is the 50 per cent higher or lower than the rates contained in the House bill as it came over to the Senate, and, again, are they higher or lower than the average rates contained in the Underwood law, and, if so, how much?

Mr. SMOOT. They are lower than the rates reported from the House.

Mr. POMERENE. Approximately how much?

Mr. SMOOT. Approximately one-third, I will say. I am quite safe in saying one-third.

Mr. POMERENE. Keeping in mind the two plans of valuation?

Mr. SMOOT. Yes; keeping that in mind, of course. I want to say to the Senator as to the existing law that whenever the hose is valued at more than $1.20 the rate provided here is exactly the same as in the existing law.

Mr. POMERENE. Per dozen?

Mr. SMOOT. Yes. The ad valorem rate is exactly the same as existing law. I want the record to show that the rate on hose valued at more than $1 per dozen under the Payne-Aldrich law was 70 cents per dozen and 50 per cent ad valorem, and the equivalent ad valorem was 91 per cent. That was the equivalent ad valorem on that class of goods under the Payne-Aldrich law. The amendment just offered is 50 per cent. In

the year 1910 under that extreme rate, so called, there were imported into the United States 3,252,621 dozen pairs of hose.

I want to be perfectly frank with the Senate and say that I do not believe the 50 per cent rate is going to take care of certain hose, particularly children's hose, shipped into the United States, if the wage rate in the industry is maintained as it is to-day. I expect that the wage will have to be decreased. I do not know whether it is true or not, but I am told that the manufacturers are paying as high as $105 a week for knitters. There has been a strike once or twice and they have maintained the wage. I do not know how the manufacturers are going to make this class of goods with that wage paid and live. I frankly admit it. I told the manufacturers here the other day that I did not see how they were going to make that class of goods and pay that wage. Then they replied, "We can not do anything other than pay it, or close up our factories." That is the situation. All I am afraid of is that under existing conditions the rate of 50 per cent is going to interfere greatly with one class of hosiery manufactured in the United States.

Mr. POMERENE. I have not analyzed the cost and I am not prepared to express myself on that subject, but I do know that there has been a wave of protest against these very high rates on hosiery coming from retail dealers and people generally throughout the country who have studied the question. It is not as a result of propaganda alone, but because some of these people have gone very scientifically into an analysis of the costs themselves.

Mr. SMOOT. I will admit to the Senator that the way the bill was reported to the House, where the value of hose was 50 cents a dozen foreign valuation and up to $1 a dozen, and they gave 70 cents duty per dozen pairs, that meant 140 per cent rate of duty. That I admitted before, but now there is no hose of any kind here with a rate of 50 per cent, unless it contains the long-staple cotton, and then we only give the compensatory duty wherever that is used.

Mr. POMERENE. I am very glad the Senator from Utah and the committee have seen fit to offer the amendment to the Finance Committee amendment. I think it is a very good move.

Mr. SIMMONS. Mr. President, I, like the Senator from Ohio, am appreciative of this very substantial reduction which the committee has made. The Senate committee rate is very much higher than the House rate; in one instance it is nearly double.

Mr. SMOOT. But that is on the American valuation plan.

Mr. SIMMONS. I am not discussing that phase of it. I am just saying that the rate as written in the bill by the Senate committee is higher than the House rate. I do not know anything about the difference that may result between the American valuation and the foreign valuation. Probably if we take that into consideration, if the difference is as much as contended by Senators on the other side of the Chamber, they might be something like equal.

My own judgment, from information I have received and statistics I have with reference to knit goods and gloves and hosiery, is that the difference to-day between the American valuation and the foreign valuation is nothing like that upon which the Senate committee based their rate. The Senate committee based their rate, in going from the American valuation to the foreign valuation, upon the selling price of the foreign products as of the 1st of August, 1921. Admitting that the data which they then had as to rates of duty were accurate, they are wholly out of line as to the present time, because there have been very radical advances, heavy advances in the foreign article, and decreases in the American article, reducing the differentiation at both ends of the line.

But the proposed rate is a substantial reduction. The Senator said it is something like a 50 per cent reduction, and I am inclined to think he is not far from right. I am glad the light is dawning upon the committee and that they are seeing that the rates which they proposed and against which we have so vigorously protested in the interest of the consumers of the country and in the interest of fair dealing and justice were not warranted. I am glad they have come to that realization and have acted upon it in this paragraph.

The PRESIDENT pro tempore. The question is upon agreeing to the committee amendment as modified.

The amendment as modified was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 129, line 21, the committee proposed to strike out "23" and to insert "45," and now proposes to modify the amendment by striking out "45" and inserting "30," so as to read:

Hose and half-hose, finished or unfinished, made or cut from knitted fabric composed of cotton or other vegetable fiber, and not specially provided for, 30 per cent ad valorem.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee as modified.

The amendment as modified was agreed to.

Mr. SMOOT. Mr. President, I have here a telegram from Hon. Henry F. Lippitt, which he is desirous that I read into the RECORD, and I shall do so at this time. It is as follows:

PAWTUCKET, R. I., *July 17, 1922.*

Senator REED SMOOT,
Washington, D. C.:

Am informed that in reply to question of Senator LENROOT you stated to-day that paragraph 905a was proposed by me. The hearings on cotton schedule show that this paragraph was first proposed by Arthur H. Lowe, as chairman of Consolidated Tariff Committee of Cotton Manufacturers, consisting of both northern and southern representatives, and was subsequently advocated by me. The reason only Mr. Lowe and myself appeared for the general industry was because your committee specifically requested that testimony should be limited to as few witnesses as possible. For the sake of accuracy think this correction should appear in the RECORD. HENRY F. LIPPITT.

Of course the Senator from Wisconsin [Mr. LENROOT] knows that I called attention to the fact that there had been a material change in the paragraph as recommended by Mr. Lippitt and also as recommended by Mr. Lowe. We discussed the question of the effect of the inclusion of one thread, but, that clause being entirely eliminated, the whole result of the proposed amendment was changed. The newspaper reporters, however, can not always follow these details, it being a complicated question, and I am not complaining that they made the mistake; but Mr. Lippitt desired his telegram to appear in the RECORD, and I have read it in order that the matter may be made clear.

Mr. LENROOT. Mr. President, just a word in connection with what the Senator from Utah has said in reference to the statement I made. I was reading the hearings of the testimony of Mr. Lippitt where this particular amendment was placed in the record, proposed as a substitute for paragraph 905. It is true that I originally stated that the paragraph as reported by the committee was word for word as suggested by Mr. Lippitt. The Senator from Utah, however, later called my attention to the fact that there was one phrase that was omitted, and later in the day I made the correction.

Mr. SMOOT. There is no doubt about that, but the newspapers did not carry the correction, that was all, and I have merely read Mr. Lippitt's telegram for the record.

The PRESIDENT pro tempore. The Secretary will state the next committee amendment.

The ASSISTANT SECRETARY. On page 130, paragraph 916, beginning with the word "valued," in line 2, the Committee on Finance propose to strike out down to and including the words "ad valorem," at the end of line 13, as follows:

valued at not more than $1.50 per dozen, 40 cents per dozen and 12½ per cent ad valorem; valued at more than $1.50 and not more than $3 per dozen, 70 cents per dozen and 12½ per cent ad valorem; valued at more than $3 and not more than $5 per dozen, $1.20 per dozen and 20 per cent ad valorem; valued at more than $5 and not more than $7 per dozen, $1.40 per dozen and 25 per cent ad valorem; valued at more than $7 and not more than $12 per dozen, $2.25 per dozen and 25 per cent ad valorem; valued at more than $12 and not more than $20 per dozen, $4 per dozen and 28 per cent ad valorem; valued at more than $20 per dozen, 40 per cent ad valorem.

And in lieu thereof to insert "50 per cent ad valorem," so as to make the paragraph read:

PAR. 916. Underwear and all other wearing apparel of every description, finished or unfinished, composed of cotton or other vegetable fiber, made wholly or in part on knitting machines, or knit by hand, and not specially provided for, 50 per cent ad valorem.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

Mr. SIMMONS. Mr. President, I think it will go without saying that to those who take the same view of the object and purpose of tariff taxation that I do the rates proposed in the House bill as proposed to be amended by the Senate committee are wholly unwarranted. These knit goods, underwear and other wearing apparel, which are composed of cotton or other fiber, constitute such a large part of the cotton goods which are consumed in this country that the importance of the product to the taxpayer and to the people generally is so apparent that it need not be stated or discussed.

The rates proposed by the committee in this instance have probably reached the peak of the rates of this bill. I doubt very much whether any other paragraph in the bill carries higher rates than the paragraph we have just disposed of and the paragraph we have now taken up for consideration. I want, for the purpose of having it go in the RECORD, Mr. President, to read the remainder of the paragraph showing the rates which the Finance Committee originally proposed as compared with the rate they are now graciously, very much to my delight, offering to substitute.

After mentioning the goods—

Underwear and all other wearing apparel of every description, finished or unfinished, composed of cotton or other vegetable fiber, made wholly or in part on knitting machines, or knit by hand, and not specially provided for—

Then follow the rates as the committee proposed them originally—

valued at not more than $1.50 per dozen, 40 cents per dozen and 12½ per cent ad valorem; valued at more than $1.50 and not more than $3 per dozen, 70 cents per dozen and 12½ per cent ad valorem; valued at more than $3 and not more than $5 per dozen, $1.20 per dozen and 20 per cent ad valorem; valued at more than $5 and not more than $7 per dozen, $1.40 per dozen and 25 per cent ad valorem; valued at more than $7 and not more than $12 per dozen, $2.25 per dozen and 25 per cent ad valorem; valued at more than $12 and not more than $20 per dozen, $4 per dozen and 28 per cent ad valorem; valued at more than $20 per dozen, 40 per cent ad valorem.

I do not know what would be the ad valorem equivalent of those rates. I imagine—and I should like to ask the Senator from Utah if I am correct—that it would be over a hundred per cent.

Mr. SMOOT. The rates on what particular goods?

Mr. SIMMONS. The ad valorem equivalent of the various rates on knit underwear and other goods provided for in the paragraph as originally written in the bill by the Committee on Finance.

Mr. SMOOT. Taking goods valued, say, at a dollar, the specific duty of 40 cents per dozen would be equivalent to 40 per cent, and adding 12½ per cent would give a total equivalent ad valorem of 52½ per cent in that bracket.

If the goods were valued at $2, the specific duty of 70 cents per dozen would be equivalent to 35 per cent, and 12½ per cent added would be 47½ per cent.

On goods costing $3 the specific duty of $1.20 would be equivalent to 40 per cent, and the 20 per cent ad valorem additional would give a total equivalent ad valorem of 60 per cent. But the committee has proposed to amend the paragraph by making the rate 50 per cent clear through.

Mr. SIMMONS. I understand that, but I was asking the Senator what would be the average ad valorem equivalent on all the items in the paragraph.

Mr. SMOOT. The equivalent ad valorem as provided for by the House bill?

Mr. SIMMONS. Yes; the average equivalent ad valorem.

Mr. SMOOT. It would of course depend upon the valuation of the goods imported, but I should think it would be above 50 per cent.

Mr. SIMMONS. And the Senator is now proposing to reduce it to 50 per cent.

Mr. SMOOT. To 50 per cent. I will say to the Senator that in the Payne-Aldrich law——

Mr. SIMMONS. The Senator must be mistaken in saying the ad valorem equivalent of the rates now written in the bill will average but slightly more than 50 per cent, because some of them bear in addition to the specific rate per dozen as high as 28 per cent ad valorem additional.

Mr. SMOOT. The 28 per cent ad valorem applies on goods valued at more than $12 but not more than $20.

Mr. SIMMONS. Yes; and in addition there is a specific duty of $4 a dozen.

Mr. SMOOT. On goods valued at $12, $4 a dozen would be equivalent to 33⅓ per cent, and the additional 28 per cent would make a total ad valorem duty of 61⅓ per cent.

Mr. McCUMBER. Mr. President, may I correct the Senator from Utah? The Senator is basing those ad valorems upon the foreign valuation. As a matter of fact, in the House bill they were based on the American valuation. The equivalent ad valorem on the House rates based on the American valuation will run as high as 70 or 80 per cent.

Mr. SIMMONS. Yes; but what would it be, estimated upon the foreign valuation?

Mr. SMOOT. I think a little over 50 per cent.

Mr. McCUMBER. Under the amendment now proposed by the committee the rate will be 50 per cent.

Mr. SMOOT. It will be 50 per cent under the rate now proposed.

Mr. SIMMONS. I am not speaking about the amendment now proposed, but I am speaking of the paragraph as the committee reported it to the Senate. I am trying to find out, I will say to the Senator from North Dakota, what is the amount of the reduction that is proposed now by the new amendment which has just been offered. An amendment has just been offered to fix a flat 50 per cent ad valorem rate, and I am trying to find out what the reduction involved in that change amounts to as compared to the rates in the bill as it was reported to the Senate by the Finance Committee.

Mr. McCUMBER. The expert says that the rate now proposed is about 10 per cent less than the original rates; that the original rates were about 60 per cent, and it is now proposed to reduce them to 50 per cent.

I wish to call attention to the fact that under the Payne-Aldrich law the rates ranged from 57 to 64 per cent. So the rates now proposed by the committee are a very considerable reduction below the rates carried in the act of 1909.

Mr. POMERENE. Mr. President, I notice that the duty on this class of goods under the Underwood bill—and there are some few exceptions to what I am stating now—was practically 30 per cent. The total production in 1919 was $143,687,000; the total imports for that year were $296,734; the exports during 1919 of cotton knit underwear were $8,602,293; the exports of other cotton knit goods for that year were $1,508,995.

Mr. SIMMONS. Mr. President, where is the Senator reading from?

Mr. POMERENE. Page 892 of the Tariff Summary. For the year 1920 the exports of cotton knit underwear were $14,067,839, and of other cotton knit goods $2,510,558. For nine months of 1921 the exports of cotton knit underwear were $2,535,434, and of other cotton knit goods $340,024. We have had all of this export business, and very modest imports, as I have indicated.

Mr. SMOOT. Mr. President, if the Senator had the imports up to date, they would show quite a different state of affairs.

Mr. POMERENE. I do not have them. I assume that there has been some increase, but what I am trying to get at now is this: Certainly 1920 and perhaps 1921 more nearly approached normal conditions than the present time. I say that in view of the pendency of the present bill. If we had these large exports and these comparatively small imports during that more or less normal period under the Underwood rates of 30 per cent, I do not quite see the reason for increasing this rate to 50 per cent. I have been informed, too, that latterly there have been substantial increases; but I dare say——

Mr. SMOOT. Mr. President, for the first five months of this year there has been imported over twenty times the amount that was imported in the year 1921.

Mr. LENROOT. Mr. President, will the Senator give the amount?

Mr. SMOOT. Three million eighty-four thousand six hundred and three dollars.

Mr. LENROOT. For five months?

Mr. SMOOT. That is five months, less the $160,342. In other words, for the first five months of 1922 there has been imported into the United States twenty times all that was imported in the year 1921.

Mr. POMERENE. Mr. President, I have been shown here the copy of the Monthly Summary of Foreign Commerce for May, 1922, and this gives the imports of knit goods, all others except gloves and stockings, as $84,849. That is for the 11 months ending May 30.

Mr. SMOOT. That is $3,084,603.

Mr. POMERENE. No; I am advised by the expert sitting by me here that the item to which the Senator refers, and which reads "all other wearing apparel," does not include underwear at all.

Mr. SMOOT. It says "knit goods," and these are knit goods, and it then says "gloves and stockings and all others." That is the wearing apparel.

Mr. POMERENE. I have no personal knowledge of the matter; but the record here shows that the imports of knit goods amounted to $84,849, and the expert here advises me that that includes the underwear, and that the other item is something else.

The exports of knit goods—I read now from page 40 of the Monthly Summary of Foreign Commerce—for 11 months ending May 30, 1922, were $3,604,694, and in the case of the other knitted wear—sweaters, shawls, and other knit goods—the exports were $298,745 for the same 11 months.

Mr. SIMMONS. Mr. President, I call the attention of the Senator to the fact that in line 25 of page 129, in this paragraph, the underwear and other wearing apparel referred to is limited to that "made wholly or in part on knitting machines, or knit by hand," so that he is correct about it.

Mr. POMERENE. Mr. President, if these figures are correct—and they seem to me to be—I confess that I do not see the reason for increasing this duty from 30 per cent ad valorem to 50 per cent ad valorem, particularly as I am advised that during recent months there has been considerable increase in the wages in Germany and to some extent a reduction in wages in this country. It has been pointed out here repeatedly that the raw material comes from this country. I deplore these larger increases of duties, particularly at this time and for this reason:

We are having very, very serious wage troubles now. Some of them may be justified; but when it comes to the matter of a reduction of wage scales, whether in mining or in the railroads, one of the objections to these decreases now is based

upon the fact that there has not been a corresponding reduction in the cost of living. I have not analyzed that problem, and I am not expressing any opinion about it; but when the Congress of the United States is passing a tariff law here which adds materially to the cost of many articles of food, to the cost of many articles of wearing apparel, the cost of many of the articles of necessity which enter into all of the households of the country, it seems to me that it adds to the feeling of unrest which we have everywhere.

I am not disposed to do anything here, and do not want anything done, that is going to injure any line of activity; but I know, as Senators all know if they will be frank with one another, that a tariff bill never comes up here, no matter what the rates are, but that somebody comes in here and says: "Oh, we must have higher rates, because we can not do business under the pending rates," and so forth. That is nothing new. We hear it on every side.

If I may illustrate, some months ago I had a conversation with a very distinguished manufacturer from my own State. He was insisting upon the American-valuation plan as his only security against closing his factories because of the importations of his product that were coming from other countries. I was interested a little later in a statement which he had made in the first conversation, in which he said that Italian-made goods were coming into this country and selling at 90 per cent off list price; but he was very careful in his letter not to tell me what the list price was or what his own price was, and insisted that as the result of these sales he must close down his plant. Within three or four months after that conversation the local papers announced that he was running his plant at nearly full capacity, and had just given an increase of 10 per cent in wages to his men. I suspect, if we were to go into the details of many of these articles of manufacture, that we would find substantially the same condition.

I know that the Finance Committee have had very great difficulty in ascertaining what the cost of manufacture is, because this cost has been changing from time to time, due in part to changing economic conditions abroad, due in part to the difference in the cost of exchange. I understand that fully; but it does seem to me that we ought to be equally careful lest we place too great burdens upon those who must buy as well as upon those who may perhaps be producing and selling.

I am glad to know that this reduction has been submitted by the committee, but it does seem to me that the rate of duty proposed by the revised amendment is still entirely too high.

Mr. McCUMBER. Mr. President, I think it opportune at this time to put in the RECORD a statement of the conditions of cost of living as compared with wage costs in the United States, because it meets the inquiry made by the Senator from Ohio [Mr. POMERENE].

As a matter of fact, there is no excuse in many instances, in my judgment, for the present high price of many commodities. They are simply held up to the full price that the sellers can obtain, and the profits, I think, are very heavy along certain lines; but, notwithstanding all this, the cost of living has gone down very materially below that of the cost of labor, and the wholesale costs of commodities have gone down very much more than the average retail costs of the same commodities.

I ask permission to introduce into the RECORD a statement on this matter that I obtained from the Department of Labor but a few days ago.

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

Index numbers of wholesale prices of commodities, by groups, and of union wage rates per hour of labor in the United States.

(1913=100.)

Commodities.	1914	1915	1916	1917	1918	1919	1920	1921	
								Year.	December.
Wholesale prices:									
Farm products	103	104	123	190	218	231	218	124	120
Foods	102	105	121	167	188	207	220	144	136
Cloths and clothing	98	98	127	175	228	253	295	180	180
Fuel and lighting	93	88	126	169	170	181	241	199	199
Metals and metal products	85	99	162	231	187	162	192	129	113
Building materials	92	94	120	157	172	201	284	165	158
Chemicals and drugs	101	134	181	202	215	169	200	136	127
House furnishings	100	100	106	125	153	184	254	195	178
Miscellaneous	95	95	121	148	156	175	196	128	121
All commodities	98	101	127	177	194	206	226	147	140
Union wages	102	103	107	114	133	155	199	205	.....

Mr. McCUMBER. It will be seen from this table that they take 1913 as the basis. That is 100. The wholesale price of farm products in 1914 was 103, or 3 per cent above 1913. In 1921, for the year, it was 124, or 24 per cent higher than in 1913. Taking the month of December, 1921, it was 120, or 20 per cent higher than in 1913.

Mr. POMERENE. Is the Senator speaking of wholesale prices now?

Mr. McCUMBER. I am speaking of wholesale prices of farm products. That is all we can go by, because it is almost impossible to get the average retail prices.

Now, I will give the statistics as to foods, starting with 1913 at 100. In 1914 it was 102; in December, 1921, it was 136.

Clothes and clothing, 100 in 1913; it dropped to 98 in 1914 and went up to 180 in December, 1921.

Fuel and lighting, which was the highest, 100 in 1913, 93 in 1914, and 199 in 1921.

Metals and metal products were 85 in 1914—all being 100 in 1913—and 113 in December, 1921. There was less rise in that than in any other article.

In building material it was 92 in 1914 and 158 in December, 1921. Chemicals and drugs were 101 in 1914 and 127 in December, 1921. House furnishings were 100 in 1914 and 178 in December, 1921. All other, miscellaneous, 95 in 1914 and 121 in December, 1921. Taking all commodities together, they were 98 in 1914 and 140 in December, 1921. The union wage scale was 100 in 1913, 102 in 1914, and 205 in 1921.

Mr. POMERENE. Let me ask the Senator, again, when he is speaking of the rise in the price of house furnishings and clothing, is he speaking of wholesale prices?

Mr. McCUMBER. Wholesale prices. I have stated that the retail prices have not gone down to the same extent that wholesale prices have. I had a statement a short time ago upon retail prices which I have not with me to-day and, therefore, will not take any chances in misquoting. They have gone down quite considerably, but nothing in comparison with the wholesale prices.

Mr. POMERENE. I think I agree with the Senator from North Dakota in the statement that the wholesale prices have gone down relatively very much lower than the retail prices, and that is regrettable; but I am satisfied from conversations I have had with leading retail merchants in Ohio, as well as from correspondence I have had with them, that there has been a very determined effort to bring down the retail prices. They have had their embarrassments as well, because many of the goods they have on their shelves they have had to pay for at excessively high wholesale prices. That is a problem which every business man has to deal with. I had not expected to talk upon this subject to-day, but I may later. One of the most strenuous objections they make is that while many of them are exerting themselves to reduce these prices, which is what the Senator from North Dakota and I both want, they come here and say to me and to others that with these increased tariff rates there is coming an excuse to add to the wholesale price, to the manufacturer's cost, and necessarily to the retailer's cost, and they fear that there is going to be just what there was a year or two ago, another buyers' strike; and if so, what are they to do, looking at it from their own selfish standpoint? It is going to mean financial embarrassment to them, and with a buyers' strike comes the inability of the breadwinner to buy the articles of clothing and of food which he would like to have for his family, but which he feels he can not buy because of the increase in prices. That is the difficulty about it, and, bringing my thought down so as to apply it to the pending amendment, we have here confessedly an increase from 30 per cent ad valorem, under the Underwood Act, to 50 per cent under the pending bill. In other words, you are almost doubling this duty; and when I turn to the records I find that our imports of these knit goods are relatively small, compared with the exports from our country, and the fact that we are exporting any substantial amounts would indicate that we are selling in competition in the foreign markets, and we are doing all of that under the Underwood tariff of 30 per cent ad valorem, or thereabouts. For that reason why should we be increasing this duty to 50 per cent, or nearly doubling it?

I do not believe it is going to redound to the good of the manufacturers, and certainly it is not going to aid the struggling masses, who are now having difficulty in paying their grocery bills and their clothing bills.

Mr. McCUMBER. Mr. President, I want to answer a suggestion just made by the Senator from Ohio, and I want to answer it because he and other Senators have referred to the same thing, that is, that since we are exporting a certain line of goods such imports should be credited against our exports,

even though the class of articles imported are not exported at all.

We seldom import and export the same thing or a comparable thing. We manufacture certain lines of articles. Many of these paragraphs have a large number of brackets. The imports of the articles included in 10 or 12 of those brackets may be heavy, and in the case of the article covered by the next one, it may be that there are no imports at all, or they may be very unimportant, if there are any whatever. We may be exporting to Cuba, where we have a differential, or we may be exporting to other countries, in South America, for instance, a very considerable amount of those things which are not imported. Certainly we could not import and export the same thing. We could not get a sufficient profit to pay the duty and then reexport, and I think in most cases the Senator will not find any comparison between the imported article and the exported article if he will examine carefully into the statistics of the goods which are coming in and those which we export. In some instances there may be some, but as a rule we export different articles, although they come under the general schedule.

Mr. POMERENE. Mr. President, I very candidly admit that my good friend from North Dakota may be in part right in that statement, but I think also he is part wrong in what he is trying to do. It may be that at the port of New York we could import. It may be that at the port of San Francisco we could export these very articles. When the Senator says that we export under certain brackets and import under certain other brackets, I assume that is true, but the Senator comes here and insists upon a duty of 50 per cent upon all these articles, whether they come in or are exported in the one bracket or the other bracket. That is the vice of this bill in part.

Mr. McCUMBER. Just let me say there, there are sometimes peculiar reasons why we are not importing certain articles at a certain time, and yet, if we place no duty upon them whatever, the conditions might almost instantly change and change very suddenly the whole course of commerce. Therefore we have to guard against, not that possibility, but that probability.

Mr. POMERENE. Of course, circumstances alter conditions. I can conceive that if there were to be a revolution in Germany—and I hope there will not be—it might necessitate some additional changes in our financial legislation, or, if it did not necessitate changes, at least it might render them advisable. We all understand that. But I hope the distinguished chairman and his associates on the Finance Committee can see their way clear to leave this rate at least where it was under the Underwood law, as applied to these knit fabrics.

Mr. McCUMBER. If we wanted to surrender our market in the future, of course I would favor such a proposition. I differ with the Senator in his thought that there is no danger of the future, because we have not suffered materially in the last two years. If the Senator were in the channel of the river above Niagara Falls, he would not wait until he got into the rapids before he would pull for the shore. It would be no answer for him to say: "I am gliding along smoothly now. I do not feel any particular danger." He might continue until he got to the brink, and even a third of the way down, and he might say, "I am not suffering even yet. I will wait until I get to the bottom." The Senator would not do that, and when I see the capability of production in a given line, and recall what they could do, I think it is safe to look ahead and guard against probabilities, although we need not go to the extent of guarding against mere possibilities.

Mr. POMERENE. Mr. President, the only difficulty with the Senator's illustration is that if I were in the river above Niagara Falls I would know, as a matter of fact, that there were falls there; but when he fancies that there is a fall or catastrophe ahead of us in our manufacturing industry he must reflect that Congress is going to be in session, and that Congress can meet that situation when we have a Niagara Falls in our industrial life, and we will meet it.

Mr. McCUMBER. The country might not be able to meet it, however, after it got over the brink, even though we had a succeeding Congress.

Now, I want to answer another suggestion made by the Senator upon the retail prices. I stated in opening the discussion upon the tariff bill that we could not expect the retailers to reduce very materially their prices until at least they had gotten rid of the old stock of goods on which they had paid very heavy additional costs over previous years. Now, I think they have had about time enough to get rid of most of it, and they ought to begin to make a showing in their reductions. I appreciate, with new conditions, in which clerks are limited to so many hours per day and under which they must open their stores at 9 or a quarter after 9 and then be careful that they do not keep a woman clerk longer than eight hours or longer than so many hours per week, that their overhead costs are very much more than they were previous to the enactment of those hour-saving laws, and we must allow them full credit for the overhead charges. But I am inclined to think that they are still charging all the trade will bear.

The Senator said they will make the tariff an excuse for raising their prices. They will not, because they will not raise them. I will tell you why they will not raise them. It will not be because they will not have the inclination, because they have raised them already as much as the trade will bear, and that is the real thing, after all, which governs. Whenever the public ceases to buy along a certain line because the prices are too high, they immediately begin a rapid reduction. The Senator will remember in 1920, during the first half of the year, how the prices, wholesale and retail, mounted higher and higher, and in a month began a very big slump because we had reached the end of the purchasing power of the pocketbook and the people would not pay the prices. Whenever the people will not pay the price they will have to sell at a less amount, both at wholesale and at retail.

The Senator is not blind to the fact that many people are claiming that they will raise their prices on account of the tariff, when he knows and I know that the tariff, instead of being raised, has been lowered. The Senator heard a very short time ago a statement by a large clothing establishment to the effect that they would have to raise the average price of suits $4.50, if I remember rightly, because of the tariff; and yet the Senator knows that the present tariff law upon the scoured wool is 45 cents per pound and the present bill proposes 33 cents a pound, or 12 cents a pound on the scoured content less than the present law.

I am not surprised that some of the Ohio retail stores who have not studied the wool schedule may have been misled by the declarations of—what shall I call the kind of man who makes a statement of that character in the face of those facts? I can not use the language in the Senate, Mr. President, but we all know what it is. He knew when he penned those words that the proposed tariff rate on wool was less than the present-law rate upon wool on the scoured contents. Yet a great many retailers, without considering that fact, will say, "The wholesale clothier will raise his prices and we will have to raise ours." I am not surprised that they are disturbed, and that will be the case as to a great many other articles. But, Mr. President, prices are going to come down.

Some of the manufacturers of knit goods, stockings, hosiery, and so forth, stated to us that they wanted at least 90 per cent where we gave them 50 per cent. Upon what do they base their claim? As stated by the Senator from Utah, they said, "We are paying $105 a week for a knitter, almost $450 a month," and they ask the American people and have the effrontery to ask Congress to give them a rate that would protect them with those absurd wages and compel the American people to foot the bill. Now, wages are going to come down. They have got to come down. The cost of production must come down, and if it does not come down, then, for the protection of the American people, let Germany furnish us with the hosiery. No such protection can be given, but when we say, "We will give you a protection of 50 per cent," I do not think it is excessive. The Senator from Ohio, I know, does think so because of the somewhat limited importations under the present law, but, as the Senator from Utah suggests, on the higher-priced class, we are down to about present rates, and I think that protection will be needed in the future.

Mr. LENROOT. Mr. President, it seems to me the rate proposed by the committee is higher than justified by the imports which are being received. It seems to me that it would average higher than the rates originally proposed by the committee, while heretofore the rates proposed by the committee have been reduced. I have made a very hasty computation on the 50 per cent ad valorem rate applied to all these articles as compared with the specific rate provided in the bill. Unless I have made a mistake in the calculation upon articles valued at $1.50 a dozen the rate now provided would be 50 per cent ad valorem, while the rate originally reported would be 40 per cent ad valorem.

Mr. SMOOT. I will say to the Senator that the way those goods are imported, not only hosiery but all other goods, they always come in just——

Mr. LENROOT. This does not include hosiery.

Mr. SMOOT. I say including hosiery. Those goods come in just over the low bracket. They never come in just under the high bracket. The goods are always billed that way.

Therefore the Senator can not take the high price in the bracket and get the equivalent ad valorem because that is not the practice in importing goods of any kind or character.

Mr. LENROOT. Let us take a cost of $2 per dozen, falling in the bracket between $1.50 and $3.

Mr. SMOOT. They would come in at $1.50 where the rate would be 70 cents a dozen. That is 46 per cent, and 12½ per cent added would be 58½ per cent.

Mr. LENROOT. But the Senator says they do not come in under that price.

Mr. SMOOT. Yes; they would come right there, just above the low bracket.

Mr. LENROOT. No; certainly an import does not come in at $1.50. It would come in at $1.49.

Mr. SMOOT. It would come in at that figure wherever it came in at all. Take $1.60. That would be in round numbers 43 per cent, and 12½ per cent added would be 55½ per cent.

Mr. LENROOT. But the Senator just said they do not come in that way, and I agree with him. They come in the other way wherever they take the low rate.

Mr. SMOOT. Then you would have to say that they come in under $2.99, and that would be not more than $5, which would carry a rate of $1.20 a dozen and 20 per cent ad valorem. If the Senator will figure it out, he will find that to be correct. It is the rate which is the lowest on the last bracket of $20, because they are luxuries, and we do not care anything about those. That would be in round numbers 60 per cent or 59 per cent.

Mr. LENROOT. No; $2.99 would take 70 cents.

Mr. SMOOT. No; $2.99 would be 20 per cent.

Mr. LENROOT. It would be 22 per cent.

Mr. SMOOT. No; the Senator is wrong. Two dollars and ninty-nine cents would take a rate of $1.20 a dozen.

Mr. LENROOT. No; $2.99 would carry 70 cents a dozen rate.

Mr. SMOOT. If the Senator puts it that way, of course.

Mr. LENROOT. That is what we are doing. Let the Senator figure it himself. It is very much less than 50 per cent.

Mr. SMOOT. Yes; provided they would take the higher bracket.

Mr. LENROOT. Of course they will. Here is a rate that might be $3.10 where they can get a difference of 50 cents a dozen by making it $2.99, and of course it will come in at $2.99. The Senator will find that going through the whole paragraph. I think he will find that this actually works out as an increase over the House rate and not a decrease at all.

Mr. POMERENE. Mr. President, the Senator means by that the proposed rate of 50 per cent ad valorem?

Mr. LENROOT. Yes.

Mr. SMOOT. The Senator must take into consideration that the ad valorem rates are on the American valuation, and on the hosiery with the American valuation the whole rate would be away above what the Senate committee has proposed.

Mr. LENROOT. No; but the Senate committee reported this same ad valorem on the foreign valuation. That is the point I am making. I am taking the original action of the Senate committee; and I insist that 50 per cent ad valorem will constitute a higher rate than those originally proposed by the Senate committee. That is the point.

Mr. KING. If the Senator will pardon me, I think as to a number of these items, the 50 per cent ad valorem rate is higher than the rates in the House bill. For instance, on the item "valued at more than $5 and not more than $7 per dozen," the equivalent ad valorem would be 45 per cent; and on the item "valued at more than $7 and not more than $12 per dozen," the equivalent ad valorem would be 43 per cent.

Mr. LENROOT. Yes; that is the way it runs.

Mr. KING. On line 11 it would be 48 per cent. Then, of course, on line 13 there is a flat increase of 10 per cent.

Mr. SMOOT. Those are luxuries and we do not care anything about that.

Mr. LENROOT. The 40 per cent upon the highest bracket is actually a less rate ad valorem than is imposed upon the lower brackets? Is not that true?

Mr. SMOOT. There is no question about that, so far as the equivalent ad valorem is concerned.

Mr. LENROOT. Mr. President, with reference to imports, the Senator from Utah——

Mr. SMOOT. In looking over the statistics as to imports, I see that the figures include the items which are found in paragraph 918 as well as those found in paragraph 916.

Mr. LENROOT. Exactly. That makes, of course, a very great difference. I am very sorry that, though both the Senator from Utah and I have endeavored to get the actual figures of imports under paragraph 916, we have been unable to do so; but there are nothing like the quantity of imports under paragraph 916 that the Senator, perfectly innocently, of course, asserted did come in under that paragraph. As a matter of fact, during the year 1921 the 30 per cent rate was practically prohibitive under this paragraph, for the total imports for the full year 1921 under the paragraph amounted in value only to $189,000.

Mr. POMERENE. Mr. President——

Mr. LENROOT. Let me finish this statement. At the same time our exports of goods under the same paragraph amounted to $10,232,000. Now I yield to the Senator from Ohio.

Mr. POMERENE. The Senator from Wisconsin stated a moment ago, if I understood him correctly, that the Senator from Utah was mistaken in the assertion as to the amount of imports?

Mr. SMOOT. Under paragraph 916.

Mr. POMERENE. Yes. Now, is the Senator able to inform us just what those imports are?

Mr. LENROOT. No; I could not get them. Both the Senator from Utah and I tried to do so, but the commerce reports do not separate imports under paragraphs 916 and 918.

Mr. POMERENE. Have either of the Senators been able to get the information as to whether or not there were substantial imports?

Mr. SMOOT. There were $3,000,000 worth, as I stated, which came in under both paragraphs; but I can not get the figures applying to the separate paragraphs.

Mr. POMERENE. Those figures include articles other than knit wear.

Mr. SMOOT. Yes; they include wearing apparel of both kinds. I can not say what the division was.

Mr. POMERENE. I am quite sure—because I had the expert at my elbow at the time—as to the amount of the imports of knit goods, and I think the figures as I gave them were accurate.

Mr. SMOOT. I will say to the Senator that I tried to ascertain from the Treasury Department, but could not do so, because they have not separated the figures.

Mr. LENROOT. The Senator made the statement that the imports were twenty times greater. Combining the imports for 1921 under paragraphs 916 and 918, as I roughly figure it, they ran to a little over $1,000,000, when now combined they are a little over $3,000,000.

Mr. SMOOT. Combining both paragraphs?

Mr. LENROOT. Combining both paragraphs.

Mr. SMOOT. But we can not tell how much fell within each of the paragraphs.

Mr. LENROOT. So that I think under the showing that has been made some increase is justified; but an increase of 66⅔ per cent can not be justified, in my judgment. Upon the showing that has been made of exports under this paragraph an increase of 40 per cent would be ample to protect the American industry. The exports, as I have stated, were around $10,000,000, while the imports were but $189,000. The imports under paragraph 918 were, in 1921, in the neighborhood of $1,000,000, while our exports under that paragraph during the same period were over $5,000,000.

So I am going to propose, Mr. President, an amendment reducing this duty from 50 per cent to 40 per cent.

Mr. SMOOT. Mr. President, in hastily figuring on the basis of $1, $2, $4, $6, $9.50, and $16—that is, taking the figure midway between the higher and the lower values within each bracket—I will say to the Senator the result is as follows: On the article valued at $1, the rate is 52½ per cent; on the $2 article it is 47½ per cent; on the $4 article it is 50 per cent; on the $6 article it is 48 per cent; on the $9.50 article it is 49.7 per cent; on the $16 article it is 53 per cent; and on articles valued at over $20 it is 40 per cent.

Mr. LENROOT. I will simply say, in response to that, that I agree with the statement which the Senator from Utah has just made, that imports as they actually come in always come in, so far as possible, just under the next higher bracket. Therefore I think it is fair to figure, so far as the average is concerned, what the ad valorem would be for imports just under the next higher bracket. That I am quite sure, Mr. President, will figure out less than 50 per cent.

I wish to say a word with reference to the statement of the Senator from North Dakota [Mr. McCUMBER], the chairman of the Committee on Finance, with regard to the possibilities of the future, that this bill ought to take care of those possibilities in the specific rates which are imposed. That was discussed during the early part of the debate, but I have not heard anything of it lately. I supposed that it had been ac-

cepted, in so far as mere possibilities in the future are concerned; that the committee had taken care of that by the provision for flexible rates. I presume that was the purpose of that provision. If that was not its purpose, why was it reported by the committee at all? I insist, Mr. President, that where a showing can not be made for the increase of a specific rate or a showing can not be made for a rate as high as is proposed by the committee, it is not fair, it is not right to appeal to the fears for the future, based upon possibilities, when the committee itself has reported a provision, which I shall support and which is intended to take care of those possibilities, enabling the rate to be increased if it shall be found too low in a given case. So I insist that the argument of the Senator from North Dakota ought not to be considered at all in connection with the specific paragraphs.

Mr. President, I want to support and I do support throughout this bill rates which, to my mind, are amply protective, and I have been resolving doubts in favor of the committee and the bill, but there has been no showing made here why the rates originally proposed by the committee should be increased, and they will be increased if the ad valorem rate shall be made 50 per cent. Therefore, Mr. President, I move, if it be in order——

Mr. SMOOT. The Senator wants, then, to disagree to the committee amendment, which would leave the rate 40 per cent?

Mr. LENROOT. Yes; that would be all right.

Mr. SIMMONS. Mr. President, the Senator from Wisconsin is absolutely right. The proposed amendment of the committee will not reduce the rates in this paragraph as we were led to believe and probably most of us did believe it would when the amendment was first stated. It will materially increase the rates in some of the brackets. I have asked the expert who has been assisting the Senator from South Carolina [Mr. SMITH] in the management of this schedule to make a calculation as to the different brackets in this paragraph, and I find that in the first bracket, embracing goods valued at not more than $1.50 a dozen, on which a rate of 40 cents per dozen and 12½ per cent ad valorem is proposed, the rate under the bill as it passed the House would be 39½ per cent, so that the rate proposed by the committee would be an increase of about 11 per cent.

In the next bracket the lower-priced commodities would be taxed at a rate of 60 per cent and the higher priced at a rate of 36 per cent; in the next bracket the rate would be 60 per cent on one portion of the fabrics covered by the bracket as compared with 44 per cent on the other portion; in the next bracket the rate would be 53 per cent on the minimum-priced underwear and 45 per cent on the maximum-priced underwear in that bracket; in the next bracket the rate would be 60 per cent on the minimum-priced underwear and 43 per cent on the maximum; in the next bracket the rate would be 61 per cent on the minimum priced and 48 per cent on the higher priced; and in the last bracket on the highest-priced product the rate in the bill as now written would be only 40 per cent.

So it is clear, I think, that the proposed amendment rather increases instead of decreases the rates. How much it increases them would be a matter of nice calculation, but I should say from 5 to 10 per cent.

There is another fact to which I desire to call the attention of the Senator from Utah. I am advised that certainly the Payne-Aldrich bill and the Underwood bill placed a higher duty upon hosiery than upon underwear. The equivalent ad valorem on hosiery in the Payne-Aldrich law was 71.66 per cent.

Mr. SMOOT. That is the average?

Mr. SIMMONS. Yes; while on underwear under the Payne-Aldrich law the average rate was 59 per cent. So under the Underwood law the rates on hosiery were 30, 40, and 50 per cent, while on underwear the rate was 30 per cent flat.

In this bill it is proposed to place exactly the same duty upon underwear that is placed upon hosiery, in violation of the rule which has heretofore obtained with reference to the relativity of rates on those two commodities. In other words, if we observe the same differentiation that seems to have been recognized in the Payne-Aldrich law and in the Underwood law, and I am told in other tariff bills, if the rate on hosiery is 50 per cent the rate on underwear ought not to exceed 40 per cent.

I am going to ask the Senator to take that into consideration if it is his purpose to consider further the rate proposed. Since it has been shown that the Senator was mistaken in the opinion which I understood him to express when we first took up this paragraph, that this 50 per cent flat rate would be a reduction, I assume that the Senator will either reduce that rate or that he will hold up this paragraph for further consideration.

Mr. SMOOT. I will say to the Senator that the way I figured that it was a reduction was by taking the low price in each bracket, not by taking the high price. By taking the high price in each bracket the equivalent ad valorem would be less; there is not any doubt about that; but taking the average of all, or taking $1, $2, $4, $6, $9.50, $16, and over $20, the average of all of those is a little over 50 per cent, just the average between the prices of the brackets; but, as I said to the Senator from Wisconsin, they do not generally come in that way.

Mr. SIMMONS. The same thing was true with reference to hosiery, but you did fix a rate with reference to hosiery that was a reduction; that is, I mean to say, on an average.

Mr. SMOOT. Oh, certainly; but the House had a rate on hosiery that I think was beyond all reason.

Mr. SIMMONS. I am merely making a suggestion that we ought not to place, and we never before have placed, I think, in any tariff bill—certainly in none that I had anything to do with—as high a duty on underwear as we did on hosiery.

Mr. SMOOT. There is no provision in this for a compensatory duty for long-staple cotton.

Mr. LENROOT. Mr. President, I will say to the Senator that in the amendment I propose to offer I propose to give a compensatory duty for long-staple cotton.

Mr. SIMMONS. What is the amendment that the Senator proposes to offer?

Mr. LENROOT. The amendment that I shall offer is to strike out all after "50 per cent" and insert:

40 per cent ad valorem; if such underwear or wearing apparel contains cotton wholly or in chief value of 1⅝-inch staple or longer, 10 cents per pound and 40 per cent ad valorem.

Mr. SIMMONS. I think that would be a very much more equitable arrangement than this one.

Mr. KING. Mr. President, may I inquire of the Senator whether that is to take the place in its entirety of paragraph 916?

Mr. LENROOT. That is to take the place of the rate now offered by the committee—50 per cent.

Mr. KING. Mr. President, I have not heard the committee's amendment; but, as I understand, the committee's amendment would take the place entirely of paragraph 916.

Mr. LENROOT. Yes.

Mr. KING. And make a flat rate?

Mr. LENROOT. So far as all these rates are concerned, it would make a flat 50 per cent rate.

Mr. KING. And the Senator now proposes to make a flat rate of 40 per cent upon all the items in the paragraph?

Mr. LENROOT. With a compensatory duty. I offer the amendment, Mr. President.

Mr. KING. Mr. President, I should like to inquire, for information, in view of the limited imports, approximately $84,000——

Mr. LENROOT. One hundred and eighty-nine thousand dollars, I think.

Mr. KING. For what year?

Mr. LENROOT. Nineteen hundred and twenty-one.

Mr. KING. The Summary of Foreign Commerce of the United States for May, 1922, shows for the 11 months ending May, 1922, imports of $84,849, and my information is that the exports of the same character of goods and for the same period aggregate approximately $4,000,000—indeed, a little more than $4,000,000.

Mr. President, I am quite unable to understand upon what theory such a high duty as 50 per cent or even 40 per cent is justified with respect to the articles and commodities embraced within this paragraph. All Senators must have been interested in, indeed instructed by, the admirable address delivered yesterday by the Senator from South Carolina [Mr. SMITH], in which he called attention to the manifold advantages which the American manufacturer of cotton goods possesses over the foreign manufacturer, and indicated that all of these goods might with propriety be manufactured in the United States. Most of these goods that have been imported, comprised within this $84,000 in 11 months, came from England. The greater part of the cotton utilized in the production of these goods was produced in the United States and carried overseas, with the freight and the insurance and the costs necessarily added. We produce these goods of a comparable character in the United States from cotton produced in the United States. Why we should grant a bounty, a duty, a tax, whatever you want to call it, of 50 per cent in the light of these circumstances, is something that I can not comprehend.

Mr. President, it seems to me that the rate offered by the Senator from Wisconsin is entirely too high; and if I had any thought that a lower amendment would receive any support I should move to strike out the numerals "40" in his amendment and insert in lieu thereof the numerals "25." However, I shall not offer that amendment, at least for the present.

The PRESIDING OFFICER (Mr. LADD in the chair). The question is on the amendment offered by the Senator from Wisconsin to the amendment proposed by the Senator from Utah.

Mr. LENROOT. Mr. President, I want to say in connection with my amendment, so that it may be understood, that the amendment I now offer is for a duty of 40 per cent, and if the articles are made of long-staple cotton it adds 10 cents a pound compensatory duty.

I ask for the yeas and nays upon my amendment.

The yeas and nays were ordered.

Mr. SMITH. Mr. President, before this vote is taken I want to call the attention of the Senate to the fact that the greater percentage, in fact practically the entire production, of this kind of goods is made out of a less count of cotton thread than those that carry an equal duty in the body of the bill. The fact of the matter is that this knitting cotton can be made out of the lower grades of our cotton. It has a loose weave. It does not have to stand the test of tight weave; and for that reason not only do you have a lower grade of cotton but it is the cheapest possible process of manufacture. In all the little villages and hamlets you can set up a knitting factory.

Mr. SMOOT. This is wearing apparel.

Mr. KING. This is paragraph 916.

Mr. SIMMONS. Underwear.

Mr. SMOOT. Underwear and other wearing apparel.

Mr. SMITH. But it says "made wholly or in part on knitting machines, or knit by hand." It comprises the whole category of the ordinary goods that ordinary people use, and yet we impose a duty upon that. We preempt the markets of the world; these goods are made out of the lower grades of cotton, made in part by the cheapest form of manufacturing machinery; and yet we are placing this burden upon the American people for no reason in the world that can be given save to pay an additional bonus to the manufacturers.

We have gone over schedules here where the plea was made that they were especially fine goods and needed special treatment, and for that reason we have put on a special duty; but here, where we have the goods used by the common people, the rank and file of the American people, their knit goods and their underwear, we now propose to put on a duty here that is equivalent to the duty that is carried upon specialties and novelties.

I shall not go further into this subject but I sincerely hope that, at least, the amendment proposed by the Senator from Wisconsin [Mr. LENROOT] will prevail.

Mr. SMOOT. Mr. President, I ask that the pending amendment be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The READING CLERK. The Senator from Utah proposes to strike out, on page 130, line 2, commencing with the word "valued," down to and including the words "ad valorem," in line 13, and to insert "50 per cent ad valorem." The Senator from Wisconsin proposes, in lieu of the amendment proposed by the Senator from Utah, to strike out all commencing with the word "valued," in line 2, down to and including the words "ad valorem," in line 13, and to insert:

Forty per cent ad valorem; if such underwear or wearing apparel contains cotton wholly or in chief value of 1⅜ inches staple or longer, 10 cents per pound and 40 per cent ad valorem.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin to the amendment of the Senator from Utah. On this question the yeas and nays have been ordered.

Mr. WILLIS. Mr. President, I am not clear in the matter, and I will ask the Chair to state if the question now is on the amendment offered by the Senator from Wisconsin to the amendment offered on behalf of the committee by the Senator from Utah.

The PRESIDING OFFICER. It is. The yeas and nays having been ordered, the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. JONES of New Mexico (when his name was called). I transfer my general pair with the Senator from Maine [Mr. FERNALD] to the Senator from Rhode Island [Mr. GERRY] and vote "yea."

Mr. NEW (when his name was called). I transfer my pair with the junior Senator from Tennessee [Mr. MCKELLAR] to the junior Senator from Washington [Mr. POINDEXTER] and vote "nay."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN], which I transfer to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. ROBINSON (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. SUTHERLAND] to the Senator from Missouri [Mr. REED] and vote "yea."

Mr. TRAMMELL (when his name was called). I transfer my pair with the Senator from Rhode Island [Mr. COLT] to the Senator from South Carolina [Mr. DIAL] and vote "yea."

Mr. WALSH of Montana. I transfer my pair with the Senator from New Jersey [Mr. FRELINGHUYSEN] to the Senator from Montana [Mr. MYERS] and vote "yea."

The roll call was concluded.

Mr. UNDERWOOD. I desire to announce that the junior Senator from Georgia [Mr. WATSON] is absent on account of illness; that the senior Senator from Nevada [Mr. PITTMAN] is absent on account of illness in his family; and that the junior Senator from Massachusetts [Mr. WALSH] is absent on official business.

Mr. CAMERON. I have a pair with the junior Senator from Georgia [Mr. WATSON]. I transfer that pair to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from New York [Mr. CALDER] with the Senator from Georgia [Mr. HARRIS];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON]; and

The Senator from Indiana [Mr. WATSON] with the Senator from Mississippi [Mr. WILLIAMS].

Mr. HALE. I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Maryland [Mr. WELLER] and vote "nay."

Mr. GLASS. I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM] which I transfer to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. JONES of Washington (after having voted in the affirmative). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent, and I have promised to pair with him for the day. I am informed, however, that if present he would vote as I have voted on this amendment, so I allow my vote to stand.

The result was announced—yeas 26, nays 29—as follows:

YEAS—26.

Ashurst	Hitchcock	Pomerene	Sterling
Borah	Jones, N. Mex.	Ransdell	Trammell
Capper	Jones, Wash.	Robinson	Underwood
Caraway	Kellogg	Sheppard	Walsh, Mont.
Fletcher	King	Simmons	Willis
Glass	Lenroot	Smith	
Heflin	Overman	Stanley	

NAYS—29.

Ball	Johnson	Moses	Rawson
Cameron	Kendrick	Nelson	Shortridge
Curtis	Keyes	New	Smoot
Ernst	Ladd	Newberry	Spencer
France	Lodge	Nicholson	Wadsworth
Gooding	McCumber	Oddie	
Hale	McLean	Pepper	
Harreld	McNary	Phipps	

NOT VOTING—41.

Brandegee	Edge	Myers	Swanson
Broussard	Elkins	Norbeck	Townsend
Bursum	Fernald	Norris	Walsh, Mass.
Calder	Frelinghuysen	Owen	Warren
Colt	Gerry	Page	Watson, Ga.
Crow	Harris	Pittman	Watson, Ind.
Culberson	Harrison	Poindexter	Weller
Cummins	La Follette	Reed	Williams
Dial	McCormick	Shields	
Dillingham	McKellar	Stanfield	
du Pont	McKinley	Sutherland	

So Mr. LENROOT's amendment to Mr. SMOOT's amendment was rejected.

The PRESIDING OFFICER. The question recurs on the amendment proposed by the Senator from Utah [Mr. SMOOT].

Mr. LENROOT. Mr. President, there are a good many Senators in the Chamber now and I want to take this opportunity of saying just a word. Here was an amendment proposed which, if finally agreed to, will have the effect of increasing, on the whole, the rate originally proposed by the committee on an article the imports of which are absolutely negligible. While the Senator from Utah, in perfect good faith and innocently, stated that the imports for the 11 months ending with May of this year were over $3,000,000—and I supposed that was a fact, as he did—I find upon a subsequent examination of the committee report that the imports are only $84,000, and that the present rate of 30 per cent is practically prohibitive. Yet the Senate has just voted for a 50 per cent rate.

It is not for me to make any comment upon the action of Senators, but I do make this statement: I doubt if 10 per cent of the Senators who have just voted upon this increase, upon

this side or upon the other side, had any knowledge or information or apparent care as to how they were voting.

Mr. President, we are engaged in an important work here, and I am glad to say that during the past week or two the debate has really been confined to the bill. It does seem to me that it is the duty of Senators to form some independent judgment upon these rates. They are blindly following or blindly opposing the committee. The committee might make a 500 per cent increase and Senators would come in and vote in the affirmative with the committee.

Is it any wonder that this bill is being criticized the country over, when Republican Senators take the attitude with reference to it which they have taken, when Republican Senators do not take the pains to try to inform themselves as to the correctness of the rates?

I am not impugning the motives of any Senator; I am not criticizing; I am merely stating facts which they will all admit. Senators justify themselves by saying that the committee has examined into these questions, and that they are following the committee. I suppose that is their right and that it is their privilege; but I do say that if we want to make a tariff bill which will command the confidence of the country, and which Republicans can defend, Republican Senators ought to exercise some responsibility with reference to their individual votes.

One more word. Last week there was a very considerable break on this side in the beginning of the consideration of the cotton schedule, and the committee was defeated in a number of instances. Immediately word went around the Republican side of this Chamber that there would be retaliation if that were continued; that if these cotton rates were disturbed, and if the committee was not blindly followed with reference to them, the agricultural schedule would suffer when the bill came into the Senate. Whether or not those threats have had any effect, it is not for me to say; but the way these amendments are being voted upon is not to the credit of the Republican side. I am making no criticism whatever of members of the committee. They are defending their rates as best they can, and I do not question their good faith; but when showings are made, as they have been made in this case, where the committee itself will not justify the increased rates, I do say that Republican Senators at least ought to have some independent judgment of their own about it, and most of them have none.

That is all I care to say at this time.

Mr. McLEAN. Mr. President, it is true that the importations of this particular article—knit underwear—are not very large; but importations are coming in, and when the Committee on Finance fixed this rate it had information more accurate with regard to the rate required than the Committee on Finance of any other Congress has had in the history of this country. We had experts at work, as Senators know, and they compared the foreign selling price of this article with the American selling price, and upon their report some of these goods were entitled to an ad valorem rate of 73 per cent. The committee cut it to 50 per cent.

I do not know what information the Senator from Wisconsin has on this subject. He may know what rate would equalize the difference in the production costs here and abroad, and he may not know. Nobody on the other side of the Chamber knows what rate is required. Your committee followed the report of the experts. I say followed; we had the report of our experts indicating that a rate of 73 per cent was required on some of these articles, and, I repeat, we cut it to 50.

Mr. LENROOT. I would like to ask the Senator this question: If the 30 per cent rate keeps the importations out, does the Senator think that 73 per cent, or a higher rate, is necessary to keep them out?

Mr. McLEAN. I said that the importations at present were not large, but I understand they are increasing. I have in my possession reports of offers of these goods in this country, and if the prices quoted are correct, 50 per cent will not begin to cover the difference between the cost of production here and the cost of production abroad.

We know that there is a wide difference between the wages paid here and those paid in Germany and in France. Permit me to say that the articles upon which the experts based their reports to the Finance Committee were imports coming from France, where, as I have stated, a rate of 73 per cent ad valorem was necessary.

I say this in reply to the Senator from Wisconsin. He may know what rate is required. If he does, I wish he would give the Senate the benefit of his knowledge. We took the most reliable information we could get, and our rate falls far short of the rate required.

Mr. LENROOT. Mr. President, I simply say, in reply to the Senator from Connecticut, that the 30 per cent rate was practically keeping imports out down to May of this year; but resolving every doubt in favor of the American manufacturer, my amendment proposed to increase the rate to 40 per cent.

Now, Mr. President, I am going to offer one other amendment. The proposition to reduce the rate to 40 per cent was defeated. I now move to strike out "50" and insert "45," and upon that I ask for the yeas and nays.

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

Mr. CAMERON (when his name was called). Making the same announcement as before, I vote "nay."

Mr. GLASS (when his name was called). Making the same announcement as on the previous vote as to my pair and its transfer, I vote "yea."

Mr. HALE (when his name was called). Making the same announcement as before, I vote "nay."

Mr. JONES of New Mexico (when his name was called). Making the same announcement as to my pair and its transfer, I vote "yea."

Mr. JONES of Washington (when his name was called). Making the same announcement with reference to my pair, I vote "yea."

Mr. NEW (when his name was called). Repeating the announcement made on the previous vote as to the transfer of my pair, I vote "nay."

Mr. ROBINSON (when his name was called). Announcing the same pair and transfer as on the previous vote, I vote "yea."

Mr. TRAMMELL (when his name was called). Announcing the same transfer of my pair as on the last vote, I vote "yea."

Mr. WALSH of Montana (when his name was called). I transfer my pair as heretofore announced and vote "yea."

The roll call was concluded.

Mr. UNDERWOOD. I wish to announce that the Senator from Massachusetts [Mr. WALSH] is detained on official business.

Mr. TRAMMELL (after having voted in the affirmative). The Senator from South Carolina [Mr. DIAL], to whom I transferred my pair, having entered the Chamber and voted, I transfer my pair with the Senator from Rhode Island [Mr. COLT] to the junior Senator from Massachusetts [Mr. WALSH] and allow my vote to stand.

Mr. OVERMAN. Making the same announcement as to my pair and transfer as on the previous vote, I vote "yea."

Mr. DIAL. I have a pair for the day with the Senator from Michigan [Mr. TOWNSEND]. I understand, however, that if he were present the Senator from Michigan would vote as I intend to vote. Therefore I vote "yea."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from New York [Mr. CALDER] with the Senator from Georgia [Mr. HARRIS];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Illinois [Mr. McKINLEY] with the Senator from Arkansas [Mr. CARAWAY]; and

The Senator from Indiana [Mr. WATSON] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 28, nays 27, as follows:

YEAS—28.

Ashurst	Jones, N. Mex.	Overman	Smith
Borah	Jones, Wash.	Pomerene	Stanley
Capper	Kellogg	Ransdell	Sterling
Dial	King	Rawson	Trammell
Fletcher	Lenroot	Robinson	Underwood
Glass	Nelson	Sheppard	Walsh, Mont.
Hitchcock	Norbeck	Simmons	Willis

NAYS—27.

Ball	Harreld	McLean	Pepper
Cameron	Johnson	McNary	Phipps
Curtis	Kendrick	Moses	Shortridge
Ernst	Keyes	New	Smoot
France	Ladd	Newberry	Spencer
Gooding	Lodge	Nicholson	Wadsworth
Hale	McCumber	Oddie	

NOT VOTING—41.

Brandegee	Culberson	Frelinghuysen	McKellar
Broussard	Cummins	Gerry	McKinley
Bursum	Dillingham	Harris	Myers
Calder	du Pont	Harrison	Norris
Caraway	Edge	Heflin	Owen
Colt	Elkins	La Follette	Page
Crow	Fernald	McCormick	Pittman

Poindexter	Sutherland	Warren	Williams
Reed	Swanson	Watson, Ga.	
Shields	Townsend	Watson, Ind.	
Stanfield	Walsh, Mass.	Weller	

So Mr. LENROOT's amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, I do not know whether the amendment offered by the Senator from Wisconsin included the compensatory duty for long staple cotton.

Mr. LENROOT. It did not, but I am willing the same provision be made as to compensatory duty as was proposed on the 40 per cent amendment which was defeated.

Mr. SMOOT. I think that ought to be done, and I ask that that language be added.

Mr. LENROOT. I offer the further amendment. Let the record show that it was offered as to the 45 per cent in the same form as to the 40 per cent, so that it will include the compensatory duty.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMOOT. Will the Secretary read the amendment as now worded?

The READING CLERK. On page 130, in line 2, strike out all beginning with the word "valued" and insert the following:

Forty-five per cent ad valorem; if such underwear or wearing apparel contains cotton wholly or in chief value of 1⅛ inches staple or longer, 10 cents per pound and 40 per cent ad valorem.

Mr. SMOOT. The original amendment was to reduce the rate to 40 per cent from 50. It should now be 10 cents a pound and 45 per cent ad valorem, so as to conform with the 45 per cent rate which has just been voted upon by the Senate.

The PRESIDING OFFICER. Without objection, the change will be made, and as modified the amendment is agreed to. The Secretary will report the next amendment.

The READING CLERK. On page 130, line 20, the committee proposes to strike out "25" and insert "30" before "per cent," and in line 21 to strike out "30" and insert "40" before "per cent," so as to make the paragraph read:

PAR. 917. Handkerchiefs and mufflers, composed wholly or in chief value of cotton, finished or unfinished, not hemmed, shall pay duty as cloth; hemmed or hemstitched, shall pay, in addition thereto, 10 per cent ad valorem: *Provided*, That none of the foregoing, when containing yarns the average number of which does not exceed No. 40, shall pay less than 30 per cent ad valorem; nor when exceeding No. 40, less than 40 per cent ad valorem.

The amendment was agreed to.

The next amendment of the committee was, in paragraph 918, page 130, in line 25, to strike out "33⅓" and insert "45," so as to read:

Clothing and articles of wearing apparel of every description, manufactured wholly or in part, composed wholly or in chief value of cotton, and not specially provided for, 45 per cent ad valorem.

Mr. McCUMBER. I understand the Senator from Utah has asked that this paragraph may go over.

Mr. SMOOT. Yes; the Senator from Florida [Mr. FLETCHER] is going to address the Senate on the merchant marine.

Mr. FLETCHER. I understand the paragraph goes over. I propose now to discuss another subject.

The PRESIDING OFFICER. The paragraph will go over.

THE MERCHANT MARINE.

Mr. FLETCHER. Mr. President, on the 28th of February, 1922, there was introduced Senate bill 3217, and about the same time House bill 10644 in practically identical terms. The Senate bill (S. 3217) was referred to the Committee on Commerce, and the House bill (H. R. 10644) was referred to the Committee on the Merchant Marine and Fisheries.

Joint hearings were arranged, and these were conducted from April 4 to May 28 daily, except Sundays, and occasional parts of days. In all during that time probably there were not more than five days when the joint meetings were not held. Of course it was utterly impossible for Members to attend the hearings, because both Houses were in session, other committees were meeting, and there was other pressing work to do at the same time. There seemed to be a desire to obtain speedy action and the matter was treated as urgent.

No report has been made to the Senate, but as a result of these hearings another bill was introduced in the House and has been reported on, to wit, H. R. 12021, the majority report having been filed June 16 and the minority report June 28. This bill differs from and improves the original bills in some respects, but it retains the principal provisions, some of them somewhat modified, and is open to many of the objections to which the first bills were subject.

The question is a national one, involving definite principles of far-reaching importance. The provisions for subventions, indirect subsidies, and direct subsidies are presented upon a scale never before contemplated; and I feel, particularly just at this time, it would be a serious mistake and most unfortunate for the country to enact them into law. The subject is of such great importance to the whole country that I venture now to offer something of an analysis of the material provisions of the bill and submit some observations thereon, and to some extent on the whole situation respecting our merchant marine.

1. Under section 1 "all persons who are citizens of the United States" will enjoy the favorable terms of sale of all vessels owned by the board. The completion of the payment of the purchase price and interest in each instance may be deferred as long as 15 years, and the interest on the unpaid purchase price may be 4 per cent per annum, payable annually.

Mr. Homer Ferguson stated—page 333 of hearings—that the useful life of a steel cargo ship, well constructed and skillfully operated, is about 10 to 14 years. In view of this statement it would seem that the exercise of reasonable care would require that the time limit mentioned in this section should not exceed 10 years. The rate of interest might be made as low as 3 per cent. The first payment in cash might better be placed at 25 per cent of the purchase price. Surely these favorable terms ought to induce the purchaser and lead to the sale of the ships if there is any demand whatever for them. This involves no outlay by the Government and would facilitate the sale of the ships and promote the accomplishment of one of the purposes of the bill to a very liberal extent.

2. Under section 3 a loan fund up to $125,000,000 is established, created by "revenues from sales and operations" heretofore received and placed in such fund, and shall include hereafter all receipts of the board except appropriations made by law and all profits of the board from the operation of vessels, which fund is to be used in making loans to aid persons, citizens of the United States, in the construction by them in private shipyards of the United States of vessels or in the equipping by them of vessels already built. These loans may be made for as long a time as 15 years and the rate of interest may be 2 per cent, payable annually. The loans may be made for as much as two-thirds of the cost of the vessels to be constructed or two-thirds of the cost of the equipment in each case. All payments on principal or interest on such loans shall be covered into the loan fund.

It can be readily seen that by the favorable terms as to time, amount, and interest of such loans the Government is making a generous contribution toward encouraging the construction and equipment of ships in American yards.

Out of sales and settlements derived from the extensive assets of the board this fund should easily reach the maximum proposed.

No interest, industry, or enterprise is afforded by governmental action such a favorable rate of interest or allowed it otherwise.

Hereafter all receipts of the board, outside of appropriations, will go directly into that fund without any action or checking by Congress. It means this very considerable fund of one-eighth of a billion dollars will be handled by the board at its discretion for the purposes named.

3. Under section 201, respecting the income tax of vessel owners, it is provided that the owner of a vessel of 1,500 gross tons or more registered or enrolled and licensed under the laws of the United States, whether engaged in foreign or coastwise trade, shall, for the taxable year of 1921 and for each of the eight taxable years following, be allowed as a deduction in computing net income, in addition to the other deductions allowed, an amount arrived at in a rather complicated way, but intended, it is believed, to mean equal to the income derived from the operations of the vessel in foreign trade, provided an amount equal to double the saving in tax is invested in the building of new vessels of a type and kind approved by the Shipping Board in American yards, to be placed under the American flag.

This means, by way of illustration, the United Fruit Co. will be allowed all the income derived from the operation of its vessels in foreign trade, even though they do both a coastwise and foreign trade business, as a deduction in computing their net income. Not merely the net income from such operations but the total gross income will be deducted. The only limitation is that they shall invest double the amount of tax thus saved in building in American yards, and this is no restriction in fact, because they are constantly building vessels for their own use. They are obliged to replace and maintain, if not add to, their already handsome fleet. This would mean a very great saving in income taxes to them. It undoubtedly would induce them to build their vessels in American yards rather than in Liverpool, but it would much more than compensate them for the difference in the cost of such vessels.

The section further permits them, if they do not wish to build a vessel during the tax year, to set aside the amount in a trust fund to be used for that purpose "within a reasonable time." The amount allowable as a deduction is not paid to the Secretary of the Treasury as trustee, nor to any designated trustee, but is apparently just to be "set aside" on their books. They will, of course, use the fund in building, so then they add it to their deductions from taxes, and by this means they will be able to keep up their fleet, construct their new ships out of the earnings from operations, and escape all taxes.

This applies to the Steel Corporation, the Standard and other oil companies, and all vessels employed wholly or partially in foreign trade.

This section also exempts from taxation any gain derived from the sale of any vessel launched prior to January 1, 1914, for the same period of time if the owner invests the proceeds of such sale in the building of new vessels, approved by the board, in American shipyards.

There are the same provisions with reference to setting aside the amount in a trust fund as in the case of the income.

I doubt if there are many vessels launched prior to January 1, 1914, that when sold hereafter will produce or show a profit or gain, but evidently there are instances where it is believed this provision will be of value to the shipowner.

Section 203 will permit of very liberal deductions from income taxes for depreciation.

This section will be freely availed of when it comes to computing income taxes by vessel owners.

It will give trouble to the Treasury Department, because it will keep open and subject to reexamination such returns until March 15, 1927.

If the chairman of the board, instead of furnishing arguments to Congressmen and spending money on a publicity campaign to persuade the voters of the country to favor this bill, would spend his time and devote his energies to persuading American shipowners that they ought to patronize our own shipyards, and American merchants that they ought to give their business to American ships, and American bankers, that they ought to encourage American shipping, that would be much more helpful in establishing an American merchant marine. That would be a real, lasting, and effective assistance upon which to build and grow.

I am prompted to suggest this by the following clippings from the news items of the day:

[From the Public Ledger.]

ORDER SHIPS BUILT ABROAD—LIVERPOOL FIRM TO BUILD THREE FOR BOSTON CONCERN.

(Special cable dispatch.)

LONDON, June 25.—Three electric motor-driven refrigerator ships have been ordered by the United Fruit Co., of Boston, from Liverpool shipbuilders, it was announced to-day.

The operative power will consist of Diesel engines, and each ship will be about 4,000 gross tons, making them the largest ships in American fruit trade to make use of this new type of engine.

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[From the Manufacturers' News of Chicago.]

CHICAGO.—The arrival June 12 of the Cunard Line steamship *Mauretania* at Cherbourg with Morris & Co. products from Chicago again demonstrated the practicability of a fast overseas freight service from Chicago to Europe in seven days. On June 4 the shipment left Chicago over the Erie Railroad at 4.30 a. m. and after a fast run to New York was loaded aboard the *Mauretania* early Tuesday morning. The ship sailed at 1.30 p. m. same day. Cablegrams announce the arrival of the ship after a world's record-breaking ocean voyage, 5 days 8 hours and 10 minutes to Cherbourg, France, making a total running time from Chicago of 7 days 9 hours and 40 minutes.

Two weeks before the White Star Liner *Majestic* carried a shipment from Chicago to Southampton in 7 days 11 hours and 56 minutes in connection with a fast New York Central train.

Another refrigerator trainload of provisions from Chicago, over the Erie Railroad, was loaded Saturday on to the fast Cunard liner *Caronia*, for Hamburg, Germany, and on the White Star Liner *Majestic*, which also sailed Saturday noon.

Section 304: Not very much is said about this section in reports on the bill, and it has not received very full consideration in the discussion. Yet it is a most important and far-reaching provision.

Under it any person making expenditures for the transportation of property in an American vessel in foreign trade shall be allowed 5 per cent of the amount of such expenditure as a credit against the amount of his income tax. This credit is not allowed persons transporting property in their own vessels or in vessels of corporations with which they are affiliated to the extent of more than 50 per cent of stock. It will be somewhat difficult to enforce the observance of the limitations, but they greatly improve the bill as now presented over the proposal as first submitted and considered in the joint hearings.

It will be observed that this 5 per cent is not simply allowed as a deduction in computing the income tax of the party concerned, but is to become a credit on the amount of that tax as fixed after all allowable deductions are made.

It will be a credit on the net income of any party paying freight money to any American vessel engaged in foreign trade.

In other words, if A has a net income of $40,000 on which he must now pay taxes, and he pays out in ocean freight $200,000 a year, he will have a credit on his net income of $10,000, and he will pay income taxes on $30,000 instead of $40,000.

To illustrate, if Morris & Co. ship a refrigerator trainload of provisions out of Chicago to Europe every two weeks, the freight money must be very considerable for a year. They will subtract 5 per cent of that from the amount of their net income now taxable and pay taxes only on the remainder.

Great importing houses will enjoy the same privilege. Hundreds of large concerns will thus pay to the Government on their incomes many thousands of dollars less than they would otherwise pay. Thousands of small shippers enjoying this right will also be able to save, at Government expense and at the expense of all other taxpayers, perhaps only a comparatively small amount each, but aggregating millions of dollars.

Keep in mind this 5 per cent of freight money is a credit on net income, not a deduction allowed in computing the income.

If we estimate that American shippers pay $400,000,000 annually to carry their goods and that one-half of that would go to American ships, 5 per cent of that one-half would amount to $10,000,000, which sum annually would go into the Treasury but for this section and by reason of it is retained by the shippers alone.

Section 206 will double the tonnage duties, tonnage taxes, or light money, except in the case of vessels of less than 1,500 gross tons and sailing vessels of less than 1,000 tons.

These dues and taxes will go into the direct subsidy fund under section 402 and be paid to vessels under section 404.

The effect will be to add to the burden placed on foreign commerce.

Sections 301–304 are intended to insure that one-half, or thereabouts, of immigrants admitted to the United States in any fiscal year shall be transported in American vessels. The provision shall not take effect as to vessels of any foreign country until the President proclaims that such provision and regulations made thereunder are not in conflict with any treaty with such country.

It is very doubtful whether the purpose of this provision will not meet with the same fate as section 34 of the merchant marine act of 1920 and the revenue act of 1913 regarding discriminating duties. Most of our treaties will be found, most likely, to contain clauses respecting equality of treatment of vessels of foreign countries which will be held in conflict with this provision, which, if we have not tied our hands, would be the one provision in the bill unusually helpful to our shipping.

This is very clearly and forcibly shown by the statement of Mr. Rossbottom (p. 356 et seq. of hearings).

That provision might give to American transport companies a gross income from that source alone of $8,800,000 a year. It would give profitable occupation to not less than 25 good-sized passenger ships on the north Atlantic (p. 358 hearings).

Whether this provision will avail us or can be made effective is uncertain, to say the least, because of the existence of commercial treaties of long standing.

The navigation clauses in our commercial treaties may, unless such treaties are denounced or modified, interfere with such freedom of action as we feel we should exercise in aid of our shipping. I do not know what those provisions are, but the usual clauses are to this effect:

(1) GENERAL FREEDOM OF NAVIGATION.

There shall be between the territories of the two contracting parties reciprocal freedom of commerce and navigation.

The subjects or citizens of the two contracting parties (a) shall have liberty freely to come with their ships and cargoes to all places and ports in the territories of the other to which subjects or citizens of that State are or may be permitted to come, and (b) shall enjoy the same rights, privileges, liberties, favors, immunities, and exemptions in matters of commerce and navigation as are or may be enjoyed by subjects or citizens of that State. * * *

(2) STATIONING, LOADING, ETC., OF VESSELS.

In all that regards the stationing, loading, and unloading of vessels in the ports, docks, roadsteads, and harbors of the territories of the contracting parties, no privilege or facility shall be granted by either party to national vessels which are not equally granted to vessels of the other country, the intention of the contracting parties being that in this respect also the vessels of the two countries shall be treated on the footing of perfect equality.

It is usual to give full national treatment in the above respect, but sometimes the most-favored-nation treatment only is given.

(3) DUTIES OF TONNAGE, HARBOR, ETC.

No duties of tonnage, harbor, pilotage, lighthouse, quarantine, or other analogous duties or charges of whatever nature, or under whatever denomination levied, in the name or for the profit of the Government, public functionaries, private individuals, corporations, or establishments of any kind, shall be imposed in the ports of the territories of either of the contracting parties upon the vessel of the other country which shall not equally and under the same conditions be imposed in the like cases on national vessels in general. Such equality of treatment shall apply to the respective vessels from whatever port or place they may arrive and whatever may be their destination.

(4) FLAG DISCRIMINATION.

Each of the contracting parties shall permit the importation or exportation on the vessels of the other of all merchandise which may be legally imported or exported, and such vessels and their cargoes shall enjoy the same privileges and shall not be subjected to any other or higher duties or charges than national vessels and their cargoes.

We come now to the direct subsidy provisions:

Sections 401–419, title 4, deal with direct subsidy under the head of "Compensation to vessels of the United States."

Section 402 is intended to establish in the Treasury a fund to be known as the "Merchant marine fund," to be composed of the following sums paid into the Treasury, to wit:

(a) All tonnage duties, tonnage taxes, or light money paid under section 206.

(b) Ten per cent of the amount of all customs duties paid under law now in force or hereafter enacted.

(c) The amount which the Post Office Department would otherwise pay to any vessel for the transportation of mails.

(d) All excess earnings paid by the owner of any vessel under section 417, being one-half of net earnings in excess of 10 per cent of invested capital.

In estimating what this fund will in all probability amount to for distribution as direct subsidy to vessels in accordance with the plan and on the basis set forth under this title, I think we need not place any definite figure as to paragraph (d).

It will be so easy for vessel owners to absorb income by high salaries to officials, by improvements, repairs, and manipulation of accounts that it would be unwarranted to count on any accretion to this fund under that clause. I have no doubt a very considerable addition could be made to the fund under this clause, but I question that it will be.

Clause (c) should yield approaching $5,000,000 a year. (Page 22 of the hearings.)

The Government through the Post Office Department, instead of paying for transporting the mails, individual vessels actually performing the service, will pay the amount upon certificate of the Postmaster General monthly to the Secretary of the Treasury, who will place it to the credit of this fund, to be subsequently disbursed by the Shipping Board in pursuance of contracts it will make.

This clause ought to bring to the fund approximately $5,000,000.

We can get a fairly reliable estimate as to what clause (a) should yield. Of course it will depend on the volume of shipping, and sooner or later we can consider that conditions will become nearer normal.

The statements at the hearings indicate that this clause should bring to the subsidy fund as much as $4,000,000 annually.

The most important of the sources of supply for this fund is embraced in clause (b).

The Finance Committee of the Senate estimates that the pending tariff bill will yield to the Treasury $350,000,000 a year revenue from tariff duties. If this is true, the duties paid at the customhouses will considerably exceed that sum, assuming that the cost of collecting is to be added to it. Ten per cent of that sum would be $35,000,000. This amount will be taken out of the general fund derived from customs duties, and will be placed in this special "merchant marine fund," and subsequently pass to vessel owners through the Shipping Board.

Without considering clause (c), because that amount would be paid by the Government for transportation of the mails in any event, and eliminating clause (d) as being too doubtful of results to base any calculations upon, these provisions for direct subsidy to be paid out of the Treasury to vessel owners would amount to, annually—

Clause (a)	$4,000,000
Clause (b)	35,000,000

The benefits to vessel owners under the provisions for indirect subsidy, exclusive of the immigration provisions and sales provisions, would, as we have seen, amount to—

Loan fund, 3 per cent	$3,750,000
Exemption from taxes	15,000,000
Credits for amount paid for transportation	10,000,000
Taking over transport service (p. 18 of hearing)	5,000,000

Total direct and indirect aid, annually, $72,750,000, besides other possible and contingent benefits.

The direct subsidy is based on tonnage, speed, and distance. An ordinary cargo vessel of 10,000 tons would receive $16,500 each year, while the *Leviathan* would be entitled to, or might receive, $1,700,000.

The Shipping Board is given authority to deny all aid or to double the amount indicated in any case, according to its sole discretion.

To illustrate what the specific and general aids supplied by the Government to shipping interests under this measure would be, let us suppose that three or more persons organize a corporation for the purpose of engaging in the business of overseas shipping, and it purchases from the Shipping Board one steel vessel of 10,000 dead-weight tons at $30 per ton. Such a corporation would get—

First. The vessel at about one-half of what it would cost to build her anywhere.

Second. Terms such that a good portion of its capital investment would be supplied by the Government at a rate of interest less than one-half of what it would cost it in financial circles.

Third. The gross income from the operation of the vessel is to be deducted in computing the net income of the corporation. Thus, all the earnings of the vessel are exempt from taxation, provided the amount of the deduction is invested or is set aside to be invested within a reasonable time in the building in private yards in the United States of new vessels of a type to be approved by the Shipping Board, to be registered or documented under the laws of the United States. If the corporation desired to build or recondition a ship, it could obtain a loan up to two-thirds of the cost at the rate of 2 per cent per annum.

Fourth. In case the corporation sells the vessel it will pay no income tax on any gain derived from the sale.

Fifth. Cash subsidy of $16,500 for 10 years from the date of the contract with the Shipping Board. Total, $165,000, which the Shipping Board will have the power to increase to double that amount. It will be observed that this runs from the date of the contract, not from the date of the approval of this act. The contract may be made 10 years from now.

Sixth. If the corporation should purchase a vessel adapted to the carrying of passengers, while the price would be presumably greater, the subsidy would be increased, depending on her speed, and she would have other benefits, such as transporting immigrants and mails (to be considered in fixing the subsidy), under the bill.

Seventh. The encouragement and promotion of business, and assistance arising indirectly by the exemption of 5 per cent of freight money to American shippers, customs duties, and other provisions in the bill.

The question arises, Are all the people willing to make these contributions to this private corporation, organized to engage in shipping primarily for its own benefit?

Is this the price they must pay in order to get rid of their ships?

When the contract expires the useful life of the ship will be exhausted; she will be obsolete and worn out, and that will probably be the end of the ship and her owner.

They say we already have a merchant marine, and it is simply a question of maintaining it. What they mean is we already have ships; but that is not a merchant marine. They seem to regard that as a curse; at least, a serious and objectionable burden. It is, of course, essential to have ships if we hope to have a merchant marine; but while they cry out for a merchant marine, they complain of this war-time infliction—ships.

The chairman asserts on every occasion the fact that the agency he heads is incapable of directing efficiently and successfully a shipping business. He fairly boasts of losing $50,000,000 a year in attempting to operate the ships, when he has the power to operate as many or as few as he wants, when and where he wants, all furnished him free, and yet he wants more power and greater privileges. He asks to take over the Army and Navy transports that have saved the Government money and are economically and splendidly operated. He wants them taken from the control of honest, capable management and turned over to his board, which shouts its utter incapacity and failure as an argument for subsidy.

Although the bureau he heads has been the notorious resort of political place hunters, and has been used to a disgusting and scandalous extent as a political machine with an inexcusable overhead, swollen by taking on inexperienced and a superabundance of employees at excessively high salaries, thus inevitably bringing the organization into disrepute to such an extent that he himself says it is difficult to get men of the class and standing needed to become connected with it because

the association would be injurious to their reputations, notwithstanding all this the chairman urges Congress to extend and enlarge the powers and authority of this organization to an extent unheard of heretofore as to any department or bureau, giving this board the power of life and death over any shipping company or vessel owner, the privilege of rewarding favorites to an unlimited extent, and of ruining those not liked, building up ports and routes or destroying them as the board might determine, with no obligation to account for its acts to Congress or to the courts, vesting an organization already in disrepute and already notoriously partisan, already in politics at Government expense, already such a failure that it brazenly boasts of it, with arbitrary and unlimited control over billions of dollars' worth of property, the fortunes of people running into millions, the fates of ports and established business, the power to destroy but not to create, if it desired, the last vestige of an American merchant marine!

The chairman says we already have a merchant marine, and that it is already subsidized.

We have the troublesome ships regarded as a war-time injury, and they are so abused it is a wonder they do not muster the nerve to measure intelligence with their masters, and, like the *Naukauna*, slip their moorings and go down through the channel, without a soul on board, out to sea and commit suicide.

If what we have been doing amounts to a subsidy, then I submit our experience proves that it is utterly futile and hopeless to attempt to establish an American merchant marine by or through subsidies.

The chairman himself says that subsidy must be ample or we had better have none at all. I again submit that no subsidy we can devise can be more ample than having the Government build and equip and turn over 1,500 vessels to private operators and tell them to "put them in service, proceed to operate them, get business for them, spare no expense, and we will pay you a commission on the gross receipts and stand all the losses."

Can you conceive of more liberal governmental support than that? The result has been, it is claimed, a Government loss of over $4,000,000 a month. Certainly the withdrawal of all but 420 ships from service and an utter failure to get the merchant marine established. Suppose we admit that our flag will go off the seas unless something is done; obviously subsidy is not the way out. Equally plain it is that we need a different management and a different plan and different methods and practices in the operation. It is a question not of laws but of administration.

They say Government operation can never succeed—we have tried it. We have done nothing of the kind. The Shipping Board plan has been to turn the Government ships over to private operators, selected by them, many of whom were operating their own ships alongside the Government ships, with what result might easily have been foretold. On this point Mr. Philip Manson stated at the hearings:

> A good deal of the time of this committee has been wasted in listening to testimony presuming to show the need of an American merchant marine. This testimony has been positively harmful to a proper consideration of the bill because it confuses the issues by making it appear that the question for the committee to decide is whether the need for an American merchant marine is great enough to justify the payment of subsidies, the committee being repeatedly told that subsidies will ipso facto create an American merchant marine. No one questions the vital need of an American merchant marine. The reasonable question for the committee to decide is, Will subsidies create a merchant marine? I will prove to you that subsidies will not create a merchant marine, and I will also prove that subsidies will, on the contrary, seriously retard the proper development of a permanent American merchant marine. I ask you to carefully note the following: During the last three and a half years this Government has given to American shipping interests a subsidy so vast that even the most brazen subsidists would not have dared to ask for it. There were turned over to American shipping interests, free of all costs to them, a fleet of over 1,500 vessels, including some of the finest passenger liners afloat. Not only have American shipping interests had the free use of this fleet of ships, which has cost the American people over $4,000,000,000—I say over $4,000,000,000 because to the amount actually appropriated must be added the interest which the Government must pay on this money—but the shipping interests to whom these ships were turned over for operation received in addition from the Government hundreds of millions of dollars in cash to cover alleged losses in the operation of these ships, notwithstanding that during much of the period during which they have had these ships high freight rates prevailed and large profits should have easily been earned. Not only has this vast subsidy to American shipping interests during the last three and a half years failed to create a permanent American merchant marine but it has fastened upon American shipping a curse of incompetence and graft which it will take many years to eradicate. In the light of these indisputable facts, how dare anyone say that a permanent American merchant marine can be created through subsidies, no matter how extensive those subsidies may be? I say to you that the only thing subsidies will do will be to transfer from the Public Treasury to the pockets of a few favored steamship men, some of whom have appeared before the committee, large sums of taxpayers' money, and, what is worse, it will perpetuate the graft and incompetence which is now the real reason for our failure to have a merchant marine worthy of this Nation. That subsidies are not necessary to create an American merchant marine and that American ships, if honestly and efficiently operated, can compete with the shipping of the world is proved by the fact that notwithstanding the present low state of shipping many American steamship companies are to-day operating American ships without subsidies in the foreign trade in competition with the shipping of other countries.

Mr. POMERENE. Mr. President——

The PRESIDING OFFICER (Mr. HEFLIN in the chair). Does the Senator from Florida yield to the Senator from Ohio?

Mr. FLETCHER. I yield.

Mr. POMERENE. Some time ago some manufacturer in Ohio wrote me telling me that the United States Shipping Board gave rates on certain classes of merchandise from German ports on United States Shipping Board ships to South American ports which were less, on the same kind of merchandise, than were the rates established by the United States Shipping Board from New York to the same South American ports. When I took that subject up with the Shipping Board, I received what seemed to me a half-hearted denial that there was anything of that kind prevailing now, but I regarded it as a virtual admission that that practice had obtained at least for awhile. I can understand how our ships might be operated at a gain or a loss, but I have never been able to understand why the Shipping Board, under any circumstances, should give a lesser freight rate on the same goods from German ports to South America than were given to American manufacturers from New York to South America. That would be subsidizing German manufacturers. I wonder what investigation, if any, the Senator from Florida has made into that subject, and what, if any, knowledge he has bearing upon it.

Mr. FLETCHER. I have no information regarding it. There was no inquiry in the hearings, as I recall, respecting the question of rates, except in the most general way. I know nothing of the circumstances mentioned by the Senator, and I do not think there was any mention of such a case in the hearings. There may be some explanation of it. The question of rates is a very complicated one. There was an effort made at one time to arrange with the old Hamburg-American Line people, they having terminals, docks, and warehouses on the other side, so that the Shipping Board might do business in connection with their old facilities, and there may have been some arrangement of that kind made under those circumstances.

Mr. POMERENE. Mr. President, I understood in an indirect way that the excuse given for it was that these ships leaving German ports had to have freight, they had to compete in the German ports with German-owned vessels, or other foreign-owned vessels. They had to do that in order to get the necessary cargo and to pay their expenses. It may be that, if we simply considered the shipping proposition alone and by itself, some excuse might have been given for that; but when they were taking the German-made goods into South American ports at a less freight rate than they were giving the American manufacturers on American-made goods I could not understand it. I do not think any defense can be made of that kind of a policy.

Mr. FLETCHER. That would scarcely seem like preserving American commerce and certainly not expanding it. But I have no information to suggest regarding the subject.

General Dawes, after spending a year looking into governmental affairs, says:

> One thing that has been demonstrated fully has been that the Federal Government can be run more efficiently and economically than a private business, provided that serious efforts and sincere cooperation are forthcoming.

Suppose we try real Government operation a while and see if it is true that there is so much graft, corruption, dishonesty, chicanery, trickery, knavery, political intrigue, and absence of intelligence in the Government's officials and employees that we must throw up our hands in despair.

I have not reached that point yet, and if the present Shipping Board insists on that view and declines to make a genuine, energetic effort to succeed, I suggest our first move should be to reorganize the board. I do not believe the board will refuse to carry out the will of Congress when it is clearly expressed. If this bill is rejected, the spirit of the act of 1920 remains and Government operation should take place.

The first thing needed in any case is to cut to the bone the grossly extravagant overhead. There is no sense in a pay roll in connection with Fleet Corporation operations alone of $5,880,874. Nor is there any sort of justification for employing 2,719 people in the operating division, when the Fleet Corporation is only operating, and that recently, directly 13 ships, the United States Line, under Mr. Rossbottom, and merely supervises the operators of the other ships, when all construction has

ceased and we are operating through agencies only 420 ships. There is no necessity for 8,000 employees here in Washington. It is absurd, too, to hold that the overhead will continue substantially at this wicked figure so long as we operate any ships. The chairman states the overhead will be practically the same whether we operate 400 or 40 ships. It is unreasonable to put on the Government an annual general administrative expense of $15,306,000 in this bureau. Of this total expense allocated to vessel operations is $9,337,000, a huge, grossly extravagant sum (p. 984 of hearings).

This brings me to inquire what becomes of the claim that if this bill is passed the Government will be saved the present loss of fifty millions a year.

No one is foolish enough to suppose the fleet will be immediately sold. The chairman hopes that within about 30 months—2½ years—he can sell the pick of the boats—say, 400 to 700. What will you do with the 1,100 others? If you operate them, or any of them, your overhead keeps up. Do you propose to sell only the best boats, less than one-half, and sink the others? Mr. Lasker testified at the hearing:

> You can not give a ship away to-day. * * * We can not sell ships to-day at all.

At any rate, you will begin extending the aids, benefits, compensations, subventions, or subsidies, call it what you will, provided in this bill as soon as it passes, and you will continue present losses for at least two years, adding one to the other on the shoulders of the taxpayers, and really the time when they would be separated or cease would be most remote and indefinite.

I wish I could see a different picture. The vision of a merchant marine coming out of this bill is a deceptive mirage. It is a false light. It means wreckage. The end will be what the Shipping Board apparently would enjoy as they sit in their offices and draw their salaries, relieved of the burden of these ships, beholding the American merchant marine on their walls, "painted ships on a painted ocean."

I do not mean to be understood as favoring permanent Government ownership or operation of merchant ships, but until we get routes opened up, trade developed where it is only waiting transportation, and our carriers established in overseas business the Government should directly operate the ships it owns that are fit and serviceable, disposing of the others, and later on, when conditions become more normal, it will be found feasible to sell and transfer the boats, routes, lines, and good will to Americans who will continue the services.

I am weary of such statements as "successful Government operation, directly or indirectly, is an impossibility," and to the effect that all the losses shouted about are due to "Government operation"—when the fact is that, except in the case of the Panama Steamship Line and the United States Line, no merchant ships have been or are being operated by the Government.

Mr. Rossbottom testified to the successful operation of the Government-owned and Government-operated Panama Line during a period of more than 20 years. He also stated that the United States Line, now under his management and operated directly by the Fleet Corporation, despite the depression now obtaining in shipping, and notwithstanding it is operating a mongrel fleet, composed in part of unsuitable old German ships, and is in competition with the most efficient private steamship lines in the world, of all nationalities, operating the finest ships afloat, is being operated profitably and successfully.

It appears that the sinister purpose to show a failure of Government operation of any ships owned by the Government is manifested against the United States Line. Instead of taking out the 20-year-old expensive boats and substituting other modern ones, they are continued, and this honest and faithful and capable public servant, who is loaned to the Shipping Board by the Panama Steamship Co. to put life into this United States Line, is hampered and hindered in his undertaking. The success Mr. Rossbottom is achieving is due to no real encouragement or support, material or moral, on the part of the Shipping Board, and his success follows the discreditable failure of this line under private operation, although those operators were acclaimed as 100 per cent American and had millions of dollars' worth of the finest passenger lines belonging to the board turned over to them without a dollar of investment by these operators of their own funds.

In addition to these two, and only two instances of Government operation, we have, to wit, the Panama Steamship Line and the United States Line, it was testified by Mr. Manson, who put in the record a detailed statement proving his assertion, that the Australian Government's operation of its merchant marine has been an extraordinary success.

So the only experience we have, the only proof in evidence, contradicts squarely the oft-repeated assertion that the losses proclaimed arose from Government operation and that Government operation is an impossibility.

All we need is more Rossbottoms and a desire and sincere determination to succeed.

Since so much has been said about "economic wreck," "colossal waste," "shocking failure," by way of slurring the Democratic administration under which the ships were built and operation was begun, and in justice to the stanch Republicans who were in charge of the work as well as in justice to the former Shipping Board, which, by reason of resignations, interims between appointments, and refusal to confirm appointments, a good portion of the time consisted of one or two men, such Republicans, I mean, as General Goethals, Charles Piez, Charles M. Schwab, who looked after construction, and J. H. Rossiter, who directed operations when all this waste, wreck, and failure occurred, I desire to insert in the RECORD a summary of some of the work done and accomplished before the present board took charge.

I will let this statement by the present Shipping Board go at the close of these remarks and speak for itself. (See Appendix E.) It gives an idea of what was accomplished from 1916 to 1921. It deals with the Shipping Board fleet, which, we are told by those advocating this bill, is "that costly heritage from the Wilson administration." Think of it! The finest fleet owned or controlled by any maritime power in the world, or by any organization, denominated "a costly heritage"! These people claim to want an adequate American merchant marine—American owned and American operated—for the benefit of American commerce and American industry, and yet the first essential to such a merchant marine is ships, which they complain of as a "costly heritage." If we could only get rid of the ships, the Shipping Board would be relieved of annoyance and the friends of this measure would be happy. Their main purpose would be accomplished.

I must confess to being glad we have the ships, and I value them as a distinct asset, which I would not like to see dissipated and wasted. I want to see them taken care of and properly employed. They constitute the first essential requirement to a merchant marine, and instead of giving them away or sinking them or paying people to relieve us of them, I would put them in service and operate them as our needs demand and our interests call for until such time as they are wanted by those who will keep them under our flag, who will take pride in their country's status on the seas, who understand the business they would engage in, and who will see that they render the service the people of this country are entitled to have and must have.

"The Nation is cumbered by a great fleet of merchant vessels," they say. It is like saying to a man wanting to open a bank he is cumbered by capital, or to a merchant who would like to engage in foreign trade he is cumbered by goods or other assets.

THE WOOD SHIPS.

One of the favorite slurs cast unsparingly on the first Shipping Board has been in connection with the wood ship. The alleged folly and waste has been charged to the extent of saying they are worse than worthless. I never have believed the case was as bad as represented by those who wanted to find fault. There are those who can see a fly on a barn door 100 feet away, but can never see the door. It is not conceivable to me that there is no longer any use for the wood ship. Ever since a basketwork boat, calked with bitumen, was used in which to hide Moses by his mother, the "ark of bullrushes," boats other than of metal have been employed. Before the refilling of the Mediterranean by the Atlantic waters boats were used on the Levantine Lake. Upon the Euphrates and Tigris, when these rivers, in 7000 B. C., fell by separate mouths into the Persian Gulf, there were boats and ships not of steel or iron.

Carthage, about 800 B. C., founded by Tyre, was the greatest of Phœnician cities, probably having a population of a million, because she was the greatest maritime power in the world up to that time, and wooden ships were operated from there to Liberia and along the African coast.

Wooden ships carried discoverers and pioneers throughout the world. The three boats that brought the first colonists to Jamestown in 1607 were of wood, and only 100, 80, and 40 tons, respectively. The famous clippers were wooden sailers. To-day the wood ship is still in use throughout the world. Some of those built by the Shipping Board are now in profitable

employment. It is absurd to say these 385 vessels are worthless. I have here a statement which appeared in the Washington Post of June 27 last, which reads as follows:

NEED NOT SELL 285 VESSELS—SHIP BOARD DEFEATS MANDAMUS PLEA TO FORCE BID ACCEPTANCE.

United States Attorney Peyton Gordon and First Assistant Vernon E. West were successful yesterday in preventing the Ship Construction Co. of New York from obtaining a writ of mandamus to compel the Shipping Board to accept a bid of $2,100 each for 285 wooden ships, Justice Stafford dismissing the petition of the construction company.

The company contended that the bid was the highest made, and that when the time came for the bidder to take title to the ships the board decided not to sell. Chairman Lasker held that the board had the right to refuse to sell or sell as it saw fit. The company noted an appeal.

It is refreshing to have a responsible and successful shipbuilder, owner, and operator who has been in the business in this country all his life and whose progenitors for generations back were likewise so engaged give us the facts regarding these vessels. He has purchased 5 of them complete and is operating them. He has also recently purchased 31 unfinished ones and will operate them. He has successfully operated 240 wooden vessels and knows the wood ship well. I refer to Capt. Fields S. Pendleton, of New York and Maine, and I ask to insert extracts from his statement beginning on page 1995 of the hearings and ending on page 2003. To my mind this statement is both specific and convincing as to the character of these wooden vessels and shows they are not useless or valueless. (See Appendix A.)

Mr. FLETCHER. Mr. President, in the Washington Star of July 15 I found the following statement:

THREE HUNDRED UNITED STATES WOODEN SHIPS ARE TO BE SCRAPPED—COST GOVERNMENT FORTUNES APIECE AND ARE NOW WORTH BUT $1,500 EACH.

NEWPORT NEWS, VA., July 15.—Three hundred wooden steamers, all but 65 of the huge fleet anchored in James River at Claremont, are to be scrapped for junk in the near future, according to unofficial advices here.

One hundred of the ships are to be sent to New York and junked, 100 are going to Baltimore to be scrapped and sold, and another hundred are to be torn to pieces by a New Jersey firm, it is said.

The wooden ships cost the United States Government hundreds of thousands of dollars each, and it is said they will not net more than $1,500 each when scrapped for junk.

Of course, these statements are inconsistent. I do not know what explanation there is for them. I can not fully understand why the Shipping Board refused to accept a bid of $2,100 each when it now proposes to scrap them and realize only $1,500 each. In either case I think it is an absurd proposition. I think it is wicked to sacrifice the ships upon any such basis. They may not be available just now, but, as Captain Pendleton said, they are valuable ships, especially for short voyages limited to 2,000 miles. They are well equipped and furnished in every respect. The machinery, the brass and metal parts of them ought to be worth twenty times $1,500.

I have here a picture entitled "Twenty years on a reef. Old four-master sails again," and the following statement appears beneath the picture:

After lying stranded on a reef in the Strait of Magellan for 20 years the old British ship *Andrina*, rechristened the *Alexjandrina*, has been hauled off, scraped, overhauled, and put into the coastwise service again. She is now in New York Harbor, having brought a heavy cargo of wool up from Punta Arenas. The decision to resurrect the abandoned old tub was reached when the war reduced floating bottoms to such low figures. The ship was refloated by the Argentine Government.

I take it she is a wooden vessel, an old sailer, which laid on the reef for 20 years, and has now been resurrected and put into service. She is a four-masted sailer. The picture would indicate she is of wood, but at any rate Captain Pendleton said a wooden vessel would stand a strain of that sort much better than a steel vessel. I can not bring myself to believe that the wooden ships ought to be scrapped and disposed of in this reckless way indicated by this statement.

SPECIFIC REASONS FOR ASKING SUBSIDIES.

The reasons assigned for proposing and in support of this measure are:

1. To overcome the difference between the cost of operating vessels under the American flag and under foreign flags, this difference arising by reason of higher labor cost, greater construction cost and overhead, greater cost of subsistence as to American vessels, making it impossible to compete in overseas trade.

2. To bring about a sale of the Government ships to private individuals and shipping concerns, and thus get the Government out of the shipping business.

3. To save the amount of loss arising by the present plan of operation, estimated at $50,000,000 per annum.

Much testimony was taken. Many arguments were advanced. Unnecessary time was consumed in the hearing to show what no one questioned, that this country needs an adequate merchant marine, both to care for and build up and expand our foreign trade and to supply auxiliaries to our Navy. Our experience and the lessons taught during the World War proved conclusively the absolute necessities in these respects. There is no controversy whatever about our vital needs in these regards. No one disputes the wisdom of our having merchant ships sufficient to carry 60 per cent of our overseas commerce and adequate to serve efficiently our Navy if and when the call comes. The only question is, How can this be accomplished? If in more ways than one, what is the best way? The reasons assigned in support of the way proposed in this bill are unsound. That support is unwise and unwarranted.

1. The testimony showed the difference in wage cost and subsistence cost, the difference in cost of operation between vessels of the United States and foreign vessels was largely a myth, and if there was a difference against us it was so slight as to be practically a negligible quantity when considered along with the whole enterprise. In other words, the small percentage of the difference would cut no material figure in calculating the profit and loss of each ship. The testimony of Mr. Furuseth and Mr. Philip Manson and others established that clearly. The truth is American seamen's wages are lower than Canada and Australia and on a level with British. The only maritime power where American wages are substantially higher is that of the Japanese. Crews have been reduced by order of the Shipping Board until in some classes of ships the American advantage is 20 per cent.

Mr. POMERENE. Is that statement pretty well substantiated? The statement that the wages of our seamen are no higher than British wages surprises me.

Mr. FLETCHER. The Senator will find that gone into fully in the hearings, and I think it is thoroughly established, just as I have stated.

While ordinarily it may cost more to build ships in our yards than abroad, as we have the material right at hand, that excess cost must be due entirely to labor. Aside from the use of machinery, standardization, fabrication, and the kind of work we inaugurated and performed so well at Hog Island, and our greater production per man, which might be cited in our favor, there is no merit in this claim, because the Shipping Board is offering these ships, which cost approximately $200 per ton, at $30 per ton. Granted original cost was excessive and that they were constructed under abnormal conditions, there never was a time when these ships could have been built in this country or any other country at $30 per ton. There will never come a time when that can be done. Mr. Manson said (p. 1631):

That ($30 a ton) is a figure very much less than I think ships will be built for in our lives.

The statement furnished by the Shipping Board says:

Cables from London and Glasgow give prices per dead-weight ton as varying from $55 to $65 per ton (p. 163).

In American yards that price ranges from $80 to $117.85.

I have here a clipping from the Washington Post of July 16 with reference to a sale by the Shipping Board, and which shows they are willing to let them go for less. The item reads:

MUNSON LINE BUYS TWO SHIPPING BOARD BOATS.

The United States Shipping Board has sold to the Munson Line the steamships *Courtois* and *Covedale*, "Laker" type of boats, 4,100 dead-weight tons, for $76,000 each.

The New York & Porto Rico Steamship Co. has purchased the passenger steamer *Porto Rico*, formerly the ex-German liner *Prinz Joachim*. This vessel has been operated on a bare boat charter basis.

So while the Shipping Board is offering these first-class steel ships for $30 a ton, it is actually selling the Lake type of boats of 4,100 dead-weight tons at less than $20 per ton.

So that the capital cost as to these ships would be greatly in favor of the American owners over any foreign competition. The argument, therefore, that it costs more for us to build here than abroad fails.

2. Granted that the subsidies provided in this bill will increase the possibilities of the sale of the ships, the result will be that the pick of the ships will be acquired by a few strong lines, and the less desirable ships will be left on the hands of the Shipping Board, which is greatly troubled even by the best of them. Mr. Manson (p. 1632) states:

What I believe is this: That under a subsidy bill, as the bill is now framed, the ships will be sold to substantially the big fellows in the business now. There will be no wide distribution of ship ownership in America, in the United States, and that the provisions of the bill, feeding into the treasuries of these ship operators millions of dollars, will act as a sort of—or, rather, encourage the continuation of inefficient methods and extravagance that exist in American shipping now.

Back of all this I contend there is no overreaching necessity for us to dispose of the ships, except in an orderly way, as routes are opened up and trade developed and lines established, thus creating by that process rather than by raids on the Treasury a demand for the ships. In the meantime the Shipping Board should serve as a board of directors, meeting every day,

ordering the operation through the Fleet Corporation, directly, of each ship.

3. There is no need for any such loss, in the first place. The evidence is the ships have earned a profit in the past when business was good, and the present depression we have no right to assume will continue indefinitely. The only lines operated by the Government are to-day succeeding satisfactorily. The losses alleged are being reduced. It is not the purpose to discontinue using the Government ships immediately on the passage of this bill. Mr. Lasker believes we must go on for at least 30 months. By that time, he thinks, the best ships, probably 400 to 700, will be sold, but the others will be on our hands.

He further says that if the operation of any ships is continued it means the keeping up of an enormous overhead, and there is where the loss is found. It would appear to make no material difference in this enormous, unwarranted overhead expense whether we continue to use and operate, as we have been doing, 400 or 40 ships. Consequently, when this avowed saving of expense will begin is wholly uncertain, even though this measure is enacted. The prospect is, the overhead will continue indefinitely, and to that stupendous cost and expense will be added the subsidies therein provided.

The reasons given, therefore, for the necessity alleged to exist for this measure all fail and are without merit.

ALLEGED SUPPORT.

The point is made that a great majority of those appearing before the joint committee were in favor of the bill, and a large number of commercial bodies passed resolutions favoring it. Remember that Chairman Lasker has been exercising his talent for publicity and utilizing his force of experts paid by the Government to create support and bring about such action.

Mr. POMERENE. Mr. President, if the Senator will yield again, I was told the other day that a shipping man, Mr. Robert Dollar, has given out an interview or, in any event, has made a statement to the effect that there was no need to subsidize American shipping; that it could be operated successfully without subsidies. I should like to ask the Senator from Florida if he knows whether Mr. Dollar has given expression to such an opinion?

Mr. FLETCHER. I will refer to that opinion of Mr. Dollar and give the reference to it. I will reach that directly, as soon as I discuss the question to which I am now devoting my attention.

Suppose I were to advertise that I propose to organize a great corporation to engage in a big business that would yield fine dividends to stockholders, and I proposed to furnish all the capital and give away the shares to all who applied? Do you suppose I would have any trouble finding an unlimited number of people who would come forward in favor of the scheme? Those opposed would probably say nothing unless specifically summoned. Thousands of business men are opposed to any policy of subsidy. No one called them here to express their views. We know such men as Mr. Edward N. Hurley, former chairman of the Shipping Board; Mr. James A. Farrell, president of Foreign Trade Council; as well as those who appeared voluntarily as witnesses, as the record shows, are not in favor of this measure. All of the farm organizations, without exception, are against it. The American Federation of Labor denounces it. Many of the chambers of commerce qualified their indorsement, and the Mississippi Valley and Midwest people expressed conditions which, if not complied with—and they have not been—will oblige them to oppose the bill. These facts should be borne in mind, and the further fact that the Shipping Board set out to make its case and controlled the hearing in its own way. It was unreasonable to insist on meetings every day and all day while Congress was in session and members of the committee were obliged to give attention to matters on the floor and before other committees and elsewhere while these hearings were proceeding.

The hearings were so arranged that it was impossible for me to attend them, except on occasions, for the simple reason one can not be in two or three places at the same time. However, I was willing the Shipping Board should make out its case, if it could. I think it failed. I think the views of the board's own expert on subsidies, as set forth in the appendix, pages 67–103, are sound in the main, particularly the conclusion that—

> A study of the authorities on subsidies, taking into account the policies adopted by the various countries, would serve to indicate that, with the exception of Japan, the policy has not been important (p. 101).

Let it be observed that Japan's shipping is at a low ebb and her situation is not at all satisfactory in the building up of a merchant marine. The following newspaper dispatch bears out that statement:

JAPANESE WORRIED OVER DECLINE IN SHIPPING.

> HONOLULU, HAWAII, July 5.—Officials of Japanese steamship lines operating between the United States and points in the Orient are worried about a recent falling off in passenger traffic, which they attribute to sharp competition now being offered by American-owned lines, according to a report in Nippu Jiji, a leading Japanese language newspaper of Honolulu.
>
> One American line particularly, operating ships for the United States Shipping Board, has greatly increased its passenger-carrying facilities in the past two years and is said to have cut into the business of the Japanese lines very heavily.

An examination of the subject will disclose that "subsidies have never, since the days of the sea kings of Crete down to the American Shipping Board, created or maintained a merchant marine. Governments have lent money to build vessels and paid for service rendered. The largest marine interest visible on the high seas began with necessity and has continued without subsidy unless for mail service."

Capt. Robert Dollar, in the Nation's Business, June, 1922, says:

> I have been operating ships for a good many years, and I feel that I ought to know something about the subject. I have always felt that a shipowner who must have "pap" from the Government does not deserve to be in the business. We do not need any advantage over the other fellow. We can take care of ourselves. But we do ask for an even break. Government interference and foolish laws have so far prevented that.

Captain Dollar began with the *Newsboy*, of about 300 tons, in 1893. She paid for herself in less than a year.

I may say in passing that Captain Dollar has always been very much opposed to the seamen's act, but the evidence is overwhelming everywhere that that act has not cut the figure, so far as interfering with the building up of an American merchant marine is concerned, that some people have claimed or supposed. He then bought several more vessels. His idea has been to "start on a small scale and work up from a sure foundation." Now, they have 11 offices in the Far East and 6 in the United States. The fleet has grown until it includes 13 good cargo steamers and 10 sailing vessels. He gives some interesting experiences about securing return cargoes and urges the importance of foreign trade. Those vitally interested in promoting it, in the order of their interest, he says, are: First, the farmer; second, the manufacturer; third, the merchant, with branches or representatives in foreign countries; fourth, the banker, who finances and furnishes exchange; fifth, the shipowner, who furnishes bottoms for the carriage of ocean trade.

Mr. James A. Farrell, president of the United States Steel Corporation and chairman of the National Foreign Trade Council, another very successful and farseeing business man, expresses the view, which must commend itself as sound, in a forceful address before the Ninth National Foreign Trade Convention in Philadelphia, May 10, 1922, when in that excellent address he said:

> Whatever may be the fate of these particular proposals, some things are quite clear. The greatest subsidy our ships can have in overseas trade would be the support of the American people. The greatest hardship under which they are at present laboring is the lack of such support. We shall not have a successful American merchant marine unless its ships are more largely used by American shippers. * * * Other nations have developed this spirit of cooperation in a high degree, and much of their success is attributable thereto.

In an address to the National Merchant Marine Association on March 8, 1922, I said—and nothing has been developed to alter those views—among other things:

> 1. It can not be shown in the whole history of shipping that subsidies have ever been effective in permanently developing a nation's merchant marine.
>
> 2. The countries which have subsidized most have accomplished least in building up their shipping.
>
> 3. The experience of the United States is that subsidies are ineffective, indeed harmful, and the policy is vicious.
>
> 4. The great maritime powers of the world have flourished on a policy opposed to subsidies.

The British Board of Trade has declared against subsidies, and so has the French Chamber of Deputies.

SOME DETAILS.

Under the provisions of the proposed bill a 10,000 gross-ton steamship, 10-knot speed, with average annual miles steamed, to wit, 33,000 miles at one-half cent per 100 miles per gross ton, would receive a total gross subsidy per annum of $16,500. A 20,000 gross-ton steamship, 20-knot speed, with average miles steamed per annum, to wit, 90,000 miles at $1.80 per gross ton per 100 miles steamed, would receive $324,000.

The 10,000-ton ship would carry in 12 months approximately 55,000 tons of cargo and her subsidy would amount to approximately 30 cents per ton of cargo carried.

The 20,000-ton ship would carry in 12 months approximately 100,000 tons of cargo and her subsidy would be approximately $3.24 per ton carried. The maximum rate provided is 2.6 cents per ton per 100 miles, which may be paid to vessels of 23 knots

speed, or above. Either ship could operate between European and South American ports 11 months out of the year and make one voyage to an American port and collect a full year's subsidy. This one trip would net the 10,000-ton ship $16,500 subsidy and the 20,000-ton ship $324,000 subsidy for one trip to an American port. The Shipping Board would be empowered, in their discretion, to double the amount of subsidy to any line. Suppose a company had ten 20-knot ships in service; their total amount of subsidy due would be $3,240,000. The Shipping Board would have authority to make this $6,480,000, or pay nothing. The *Leviathan* might receive $1,700,000 per annum. This discretion in the board gives a small body of men most extraordinary power over the expenditure of very large amounts of public funds.

The subsidy would in all probability find its way into the pockets of the bankers and brokers and insurance companies—all interested in foreign shipping, and the latter channel leading directly into foreign hands.

Most likely this is what would happen: The money to buy the ships and operate them would be furnished by the banks and through brokers, who would "rake off" the direct subsidy. Whatever was left, if any, the insurance combine would get.

OUR EXPERIENCE.

Now, let us consider briefly our own experience. Recurring again to the remedies proposed by this measure, let us observe that experience is a name sometimes given to mistakes.

We ought to learn something by experience, at any rate.

The first subsidy authorized by the Federal Government was in the act of March 3, 1845. It consisted in granting mail contracts at a very high rate. We would not dignify that by calling it a subsidy now; we would likely designate it by the more euphonious and less understood name of subvention. We paid the Collins Line $19,250 a trip for 20 trips a year—$385,000 per annum. As is usually the case, it was but a short time before they wanted more. That sort of thing inevitably follows. Accordingly, in 1853 we increased the subsidy to $33,000 per voyage. The schedule was reduced one and one-half days in port at each end.

The line claimed to lose money. In 1858 Congress put back the mail contracts to their original figure. The Collins Line ceased to exist. In 1864 we made an agreement with Brazil to pay $2,500,000 as mail subsidy to a New York and Brazil line, the United States to pay $1,500,000 of this amount and Brazil the remainder. The agreement covered a period of 10 years and expired in 1874.

There was a greater increase in trade after the mail line suspended operations. It was shown that the bulk of trade was carried on by the unsubsidized cargo and sailing vessels.

In 1865 mail subsidies on lines to Hawaii, Japan, and China were established. That continued for from 6 to 10 years, and the companies surrendered the contracts. The benefits were inappreciable and trade was not increased by this Government aid.

From 1847 to 1879 the Government had spent over $21,000,000 in subsidies and subventions, and all the American merchant ships then afloat could have been bought for $7,000,000.

That was the result, so far as creating or adding to our merchant marine was concerned.

We made no further move in that direction after that experience until 1891, when we passed the mail contract law, under which we have been paying several times as much for carrying the mails as would be necessary under the regular sea postal rates.

The privilege of contracting for mail service under that act was extended in 1912 to all vessels admitted to and maintaining United States registry.

March 3, 1917, and again June 5, 1920, the act was amended, mainly by adding provisions.

In 1914 we had several million tons less of overseas shipping under our flag than we had in 1861.

Subsidies have never created or permanently helped to build up our merchant marine. No form of subsidy or subvention has ever created foreign trade or increased it.

Statutes will not do it. Proper administration of sound laws will help mightily. Proper interest, business foresight, real energy, and the right men can do it.

No ship is worth berth room in the hands of inefficient, indifferent, incompetent, inexperienced men. This is the experience of all countries; and recognizing this and applying it, the merchant ships of other countries have earned good returns.

OUR LAWS.

In the past we have sought to encourage by our laws the building of ships in this country and the shipping business.

We threw all the work of building ships documented and licensed in the coastwise trade into American shipyards.

Foreign ships, even wrecked on our coast, salvaged, and purchased at sale by American citizens, could not have American registry unless two-thirds of their value was spent on repairs in American shipyards.

Have the shipyards appreciated the laws which have favored them? See the statement by Carlos de Zafra, which I insert.

We gave monopoly of coastwise trade to American vessels.

We admitted free of duty all material used in the construction and furnishing of vessels.

We terminated the use of our courts and jails by foreign shipowners to compel their crews to stick to their ships.

We have given the right to American ships in the coastwise trade to pass through the Panama Canal without tolls.

We have relieved American shipping from certain taxes.

We have done much to equalize wages with our competitors; and since fuel and supplies are bought where they can be had cheapest, there is no difference in operating cost in that respect.

We continue the mail subvention.

It can not be said that Congress has been inimical to or neglectful of our maritime interests.

There has been a lack of cooperation among those primarily concerned, absence of unity of effort, something wanting in national pride and love of country, and among those who build, own and operate, and invest in ships. The latter spirit has been perhaps overstrained because of the absence of the main principle, cooperation, which was encountered to an appalling degree.

If subsidies would solve the problem, why have we not already found the remedy?

It is averred that we have for several years past been allowing the greatest subsidy ever known. Very well; what greatly concerns us is the result that failure is written all over the record.

Take away the vessels owned by the Shipping Board and the vessels owned by companies which carry their own products, such as the Standard Oil Co., the United States Steel Corporation, and the United Fruit Co., and our merchant marine today is no farther ahead than it was before the war. With the exception of four freighters recently purchased by the Dollar Line, there is not a privately owned American vessel operating in the trans-Pacific trade between the United States and Asia. Captain Dollar runs two boats in a feeder service up the Yangtze River, 1,600 miles, and they fly the American flag. If they touched some foreign port and an American port once a year, they would be entitled to the subsidy.

INSURANCE.

Congress recently passed a law which seeks to legalize and validate combinations among insurance companies—a more or less gigantic trust—but even after that, American concerns must look to big foreign companies to underwrite their lines. Let the Government save to American shipowners 3 to 4 per cent on their insurance and do away with this complicated "general average," which no insured understands and which places him in the hands of the insurance company a helpless suppliant in case of loss. What we need is a plain, understandable policy, which says what it means and means what it understandingly says. No man living two blocks away from a building which is burned should be required to share in the loss or risk. General average requires that.

Marine insurance ought to be placed on the principle of the shortest distance between two points, a direct, straight line, instead of a devious, confused, uncertain conglomeration of wandering provisions, including that indefinite, ambiguous, cumbersome general-average clause, under which investments are tied up for as long a time as 10 years at times.

The average charge for insurance will be 4½ to 6 per cent, and amounts to 6 or 7 per cent of the total operating cost. The rates on steamers are from 4½ to 6 per cent, and on cargoes 2 to 3 per cent (p. 443).

At least 65 per cent of all American vessel insurance is written with foreign companies. All American-flag ships are classified in Lloyd's Register. On this subject I quote from the hearings (p. 381):

With reference to insurance, Mr. Rossbottom, the item of insurance is a very important factor in estimating the operating expense of ships, is it not?

Mr. ROSSBOTTOM. The item of insurance, as far as the ship itself is concerned, is not so important; but the class the insurance company gives to the ship is important to the shipper. For instance, if I am operating a steamer that the insurance companies will charge the shippers 10 per cent or 15 per cent increase in premium over what they will charge another ship of my competitor, I am at a disadvantage with the shipper.

Senator FLETCHER. Is not the most of that insurance based on Lloyd's classification, or Lloyd's Register?

Mr. ROSSBOTTOM. Yes; it is.

Senator FLETCHER. Therefore, Lloyd's is in a position to classify American ships, if they see fit, showing a discrimination, showing favoritism, in a way that would be very harmful to American shipping, would it not?

Mr. ROSSBOTTOM. They are in that position; yes.

Senator FLETCHER. And most of this insurance is either written or underwritten by foreign insurance companies, is it not?

Mr. ROSSBOTTOM. It is.

Senator FLETCHER. Even insurance carried on American ships and cargo?

Mr. ROSSBOTTOM. The bulk of it, I should judge, is written by foreign insurance companies.

Senator FLETCHER. That is quite an important factor in the cost of operation, is it not, Mr. Rossbottom?

Mr. ROSSBOTTOM. Not so much in the cost of operation, Senator, as in getting the business. The rate that I might pay for the insurance of my steamer, to cover all maxine risks, is a fixed charge with me. The insurance companies might charge me a quarter or a half of 1 per cent more than they charge the foreign steamship company, but I can take care of it; but when they go to the shipper and say, "If you ship by Rossbottom's ship you have to pay one-quarter of 1 per cent more than you pay if you ship by Bill Jones's ship," then I lose the shipper there. That is the important part of it.

Mr. CULLEN. Does that happen very often, Mr. Rossbottom?

Mr. ROSSBOTTOM. It has happened frequently. The Shipping Board has had quite some trouble in that respect, because of the insurance companies improperly classifying their steamers. I think they are trying to straighten that out.

Senator FLETCHER. So that under the present situation, in view of the classification by Lloyd's and the strength of foreign insurance companies, American ships encounter very considerable obstacles and difficulties under the head of insurance, do they not?

Mr. ROSSBOTTOM. I think they would.

Senator FLETCHER. And American shippers?

Mr. ROSSBOTTOM. Yes.

Senator FLETCHER. Now, I do not know that you care to express yourself, but if a way could be devised whereby that insurance could be supplied by the United States, and at cost, would not that be a very material help to American shipping?

Mr. ROSSBOTTOM. In other words, you are having the United States establish an insurance department to compete with Lloyd's, so that American ships and American shippers could be assured of getting a square deal, as far as rates are concerned; if they could not get them from Lloyd's, they could get them from the Government. Is that what you are driving at?

Senator FLETCHER. Yes.

Mr. ROSSBOTTOM. Yes; there is no question about that.

ALTERNATIVE PROPOSAL.

It is fair to suggest, as the proponents of this measure do, "if you object to it, propose something else."

My proposal is this:

Just as soon as possible the Shipping Board, through the Fleet Corporation, should take over and operate directly all their ships, precisely as the Government now operates the Panama Steamship Line and the United States Line, heretofore mentioned. To do this they will be obliged to engage men of skill and ability and knowledge of the business, and permit those men to employ only the help they absolutely need, under the supervision of the board, dismissing a large number of political appointees who are simply in each other's way, closing that door to job hunters, timeservers, the inexperienced and incompetent, making it the resort of political patronage runners, and then systematize the work and place it on a strictly commercial business basis.

A sincere effort should first be made to execute in good faith and with real energy the merchant marine act of 1920.

Dismiss more than one-half of the 8,000 employees here in Washington and select the capable, industrious ones actually needed.

Reduce the needless expenses several million dollars a year, and build up a proper, effective organization.

Conduct the affairs on a business basis and according to business principles.

I know they will say it can not be done. My answer is, try it. You have not yet given that plan a full and fair trial.

I think, too, commercial treaties in conflict with section 34 opposed to the proposal to bring 50 per cent of the immigrants in American ships, should be denounced according to their terms. The old treaties should be abrogated in toto, and new treaties should be made permitting of our freedom of action respecting discriminating duties and transportation of immigrants. The Shipping Board should be not merely a supervising body, outlining policies when pressed, but a directing, managing body, in control of a great enterprise, functioning with enthusiasm and vitalizing interest.

There is work for them to do in their offices, learning the shipping business and managing it. They will require, of course, strong, experienced men to assist and advise and execute. They have some, but have merely made a beginning, and are not warranted in saying the Government is impotent, and then want the people to pay individuals or corporations to take the ships off their hands and relieve them of annoyance.

Second. Authorize the Shipping Board, if further legislation in that regard is required, to sell ships to American citizens and bona fide American companies on the payment of 25 per cent in cash, the remainder to be paid in equal annual installments of one-tenth each, deferred payments bearing interest at the rate of 4 per cent per annum, payable annually, secured by first lien upon the vessel, her tackle, apparel, and furniture, with the right to foreclose in case of any default. That would mean, for illustration, a 10,000-ton (dead weight) vessel would be sold for $300,000. Twenty-five per cent cash would amount to $75,000. The remainder would be $225,000. There would be payable each year for 10 years $22,500, with 4 per cent interest, amounting to $9,000 annually on each note for $22,500. The money to purchase one of these ships would ordinarily cost the buyer 9 per cent interest. The Government can obtain money at 4 per cent. Therefore, without its costing the Government anything, it can afford to save these purchasers 5 per cent on the $225,000, which would equal $12,250. The direct subsidy on such a cargo vessel, as provided in this bill, would be $16,500. By this plan we could assist the purchaser practically as much, without its costing anything, as we can by going into the Treasury for the direct subsidy.

Third. At the risk of being charged with socialistic tendencies I would, if it is found necessary to accomplish what the Shipping Board claims to aim at, have the Government furnish insurance, hull and cargo, as to all marine risks, to all American vessels at cost, and either create or so establish the American bureau of shipping as to have it serve the purpose, a classification agency, to have a similar relation to American shipping as Lloyd's has to British shipping. The Government could in this way save American shipowners, without raiding the Treasury at all, approximately 2 to 3 per cent on their item of insurance, which is now a burden on them owing to their dependence on Lloyd's and foreign underwriters and insurance companies. This could be done by an organization under the Shipping Board similar to the War Risk Bureau, which was established and operated during the war in the Treasury Department. This bureau was established at the instance and request of American shipowners. It wrote the war risks at very low rates and netted the Government some $17,000,000. This is an instance of the Government conducting a considerable business efficiently and economically, and disproving the claim that the Government is incapable of conducting a large enterprise like the shipping business successfully. In other words, 2 per cent of the insured value of hull and cargo saved the owners and shippers would amount to an enormous sum, and this could be done by establishing a proper classification agency and writing the insurance at actual cost. Of course marine insurance companies will object, but the chief interference will be with foreign agencies and companies who now dictate both classification and insurance.

Mr. Howard says (p. 1779) that he has made the calculations and finds that the subsidy proposed would amount to about one-quarter of a cent per bushel of wheat, while the insurance amounts to 5½ mills per bushel in winter and 4 mills in summer. The subsidy would be about 2½ mills. As to cotton, the subsidy would be about 10 cents per bale, while the insurance is $1.408 per bale. Now, if the Government would provide that insurance at cost, in the case of cotton it would be of much more assistance than the subsidy, and in the case of wheat it would be worth one-fourth as much and avoid any drain on the Treasury.

I expect to discuss this subject of classification and insurance, which has a very important bearing on shipping, more in detail later. For the present I ask leave to insert at the close of my remarks some extracts from authorities on the subject under the head of "Insurance." (See Appendix B.)

I ask to insert as part of my remarks this statement from the Monthly Summary of Foreign Commerce for April, 1922, showing the value of imports and exports for the month of April, 1921, as compared with the same month of 1922, and for the 10 months ending April, 1921, as compared with the 10 months ending April, 1922; also what proportion was carried in American vessels and what in foreign vessels. (See Appendix C.)

I wish also to insert, without reading, an editorial from the American Economist (see Appendix D), a Republican protective-tariff publication, of June 9, 1922; also an editorial from The Nation of July 5, 1922 (see Appendix F), and other clippings, which are not long, bearing on the matters discussed, which I tender. (See Appendix G.)

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FLETCHER. While the chairman of the Shipping Board is going about the country campaigning, urging the passage of this bill, broadcasting literature, statements, and speeches in support of it, exercising his advertising powers and resources more or less at Government expense, perhaps he will take time to explain the details of the enormous expenditures in his bureau. Of course, he will dilate upon the "mismanagement" and the

awful condition of the records and books, but the people may ask what has become of the great economies promised a year ago and why it is after Congress appropriated $250,000 "to enable you to employ expert accountants" for the purpose of examination and investigation in order to sum up a balance sheet and put the accounts in such shape that monthly profit and loss statements could be prepared, which it was thought could be done in a few months, and was, in fact, accomplished, substantially, last November, that work is still uncompleted?

Perhaps he can make it clear why the only economies thus far effected are those which would have automatically occurred when ship construction ceased and when some 700 ships were taken out of service and tied up. Maybe he can explain why the expenses of the operation division continue as they are, although the number of ship operators have been reduced from 100 to 41. It may be the people will want to know why he discharged people right and left, took some of them back at increased salaries, and added others. They may ask about this bureau being the chief point of attack by that army of the boasted Republican majority which stormed Washington over a year ago and is still unsatisfied in a determined assault directed especially against the Shipping Board pie counter. The people may have some curiosity on the subject of the possibility of practicing economy and obtaining efficient service when places are made for political self-seekers without regard to their fitness for the work and limited only by the demand and pressure.

I dare say the questions will be put, "When are you going to adjust the claims against the Fleet Corporation and the Shipping Board and liquidate the assets left over from war conditions? When are you going to collect from overpaid contractors, from operators and others who justly owe the corporation or the board?"

For instance, there are States where the statute of limitations will soon run against claims which ought to be enforced, and yet those claims still drag their weary length as if there was no purpose or desire to end them. The statute does not run against the Government, but the Fleet Corporation is not the Government and can sue and be sued, says the Supreme Court. The people will most likely inquire, "Within what time do you expect a lot of lawyers receiving salaries of $20,000 a year and a corps of experts and advisers, researchers, investigators, and the like to work themselves out of renumerative, easy positions?"

They will ask, "Why pay storage, guards, accountants, and assistants looking after material scattered all over the country left on hand when building ceased more than a year ago?" "Why should it require more than a year for you to be able to make a complete statement of claims against the Fleet Corporation and of the accounts receivable, and why delay adjustment of them?" "Why continue a lot of unnecessary offices and employees?" "What about the hundreds of engines at Erie and Chicago?" "What does it cost to take care of hundreds of winches and other material in Chicago and yards full of life rafts and lifeboats in Tacoma?" You will be asked if there were not, when you took charge, hundreds of thousands of dollars—as much as $750,000 in Portland and Seattle alone—in liquidated damage claims due the Fleet Corporation. What has been done about them? Suppose you publish the list of bad accounts receivable and specify the Democrats. Publish the list of settled claims and specify the Democrats. Publish the list of unsettled claims pending and specify the Democrats.

I hesitate to mention Democrat or Republican in this discussion, because I do not recognize these matters as party questions, but so much has been said with that meaning by those favoring this measure that I venture to suggest the showing of the books with specific reference to political affiliations.

"Put the Government's house in order before asking for further drafts on the taxpayers, and after you do that we will then be in position to determine whether or not 'Government operation of ships is an impossibility.'"

We can not well say before that is done whether or not the Shipping Board should be speedily relieved of this "costly legacy" of a previous administration, as you designate this superb fleet of new merchant ships, over 13,000,000 dead-weight tons, and close out its business.

A very effective campaign of great public importance could be carried on inside your organization, and there are possibilities of real public benefit in that field, where the exercise of some high-class executive and administrative work would count mightily for an American merchant marine.

THE SITUATION.

Speaking generally, let me say, in addition to what I have mentioned, we inherited, if you please, from the war 2,311 vessels, aggregating 13,600,000 dead-weight tons. Included were 1,689 steel vessels, 592 wooden, 18 composite, 12 concrete.

Some of them, at least 100, have been sold. (P. 2391 of hearings.)

Of the steel vessels 26 are passenger cruisers.

We have 15,418,000 gross tons of ocean-going merchant ships under our flag, consisting of 5,884 vessels.

Great Britain has 10,324 ocean-going merchant vessels, with a gross tonnage of 21,589,000.

The United States is far ahead of every other nation except Great Britain.

The object and purpose of establishing and maintaining a merchant marine is not, primarily at least, to create an enterprise which would be likely to be immediately profitable as a business venture. The real and vital purpose is the preservation, development, and extension of American commerce overseas. The merchant marine is the necessary instrumentality by which this is to be done. We make a mistake to constantly think only in terms of the ship operator and his profits. By that attitude we miss the true greatness of what we are trying to do. Commerce is the thing. Its transportation is the instrumentality—of vital importance, it is true—but an incident required in achieving the real end. While we are establishing new markets and new shipping lines the transportation may not be profitable purely as a business venture. Particularly in times of depression and readjustment we must expect to encounter discouragement and financial loss.

That means a call for prodigious and unflinching effort. Our profit will come from an enriching American commerce beyond the seas and the national advancement sure to follow. Of course, if profits come directly, so much the better, but we should not count on them at once. Essential to the development of our foreign commerce is the creation and maintenance of an American merchant marine.

If we fail to provide this instrumentality our commerce will languish and foreign trade assume a state of arrested development; our rivals in trade, possessing ships and skilled in their operation, may be expected to discriminate against us, and we will find before a great while that those who own the facilities of ocean transportation will control the commerce of the world.

Scarcely secondary in importance to the promotion of foreign trade is the need to provide a fleet of vessels to meet national emergencies, such as we have recently encountered. There is no such thing as sea power without adequate merchant ships.

Liners, trawlers, tankers, tramps, and the ordinary merchant vessel are as essential as dreadnaughts and destroyers.

While the naval fleet represents the striking and protecting half of sea power, the carrying and supplying half consists of the merchant marine, and both are equally vital to the success of military effort. I look upon an American merchant marine therefore as necessary to promote American commerce and as vital to our national life. I would not, if I could help, see it fail for want of well-ordered and consistent governmental encouragement and support.

I can not bring myself to favor the kind of encouragement and support and the ways and means of supplying it as provided in the bill. The spectacle of representatives of private enterprise—shipping or otherwise, established or incipient—crowding to the Capital from every quarter of the country to importune the Congress or the individual Members, or any bureau of the Government conceivably vested with such vast powers, for a participation in governmental favors is a thing not to be tolerated, much less encouraged.

I need not repeat the further reasons already discussed. The Government should not go out of the shipping business. No matter what we decide to do a few years from now, there is work for the Shipping Board outside of operating the vessels. The rates at which American commerce shall be carried, the routes upon which steamship lines shall be established, questions of discrimination, classification, and insurance, and such other regulatory powers as will favor the development of American trade in foreign lands, are matters which clearly should be within the supervision and control of the Government.

Eventually private ownership and management will come, but careful, sympathetic, and intelligent governmental supervision, in the interests of American commerce, must obtain if we are to have "the Starred Banner the talisman of a world commerce."

APPENDIX A.

[Extracts from Captain Pendleton's statement.]

* * * * * * *

Senator FLETCHER. As I understand you, your view is that the Shipping Board ought to go on and operate these ships for five years, directly, themselves.

Mr. PENDLETON. Senator, you can not sell them. In my judgment it is foolish and futile to try to take and sell these ships at the present time.

Senator FLETCHER. Would you continue to operate them as they are now doing, under these agency agreements, whereby they stand the losses and the agents get a commission?

Mr. PENDLETON. Oh, well, that is a mistake to think that. They have to keep up an organization, and I do not think there is any operator who has made much, if any, profit out of the Shipping Board vessels. They are only paying on the outward business the regular ordinary commission that is paid by every private owner, 5 per cent. Out of that he must pay his office expenses, cables, telephones, upkeep of his organization, and on the return business it is 2½ per cent, and that is general and sometimes only half of what the private operator pays.

Senator FLETCHER. Well, now, suppose you were representing the Government with all of these ships, would you continue the present plan of operating or would you undertake to operate directly by the Government?

Mr. PENDLETON. Oh, no; you can not do that. It is impossible, and you could not do it in Washington anyway. They have got to have the same kind of an organization that they have now.

Senator FLETCHER. You think their present plan is all right, only they ought to reduce the freight rates

Mr. PENDLETON. Reduce the rates. As long as there are cargoes to carry, I believe American ships should carry them.

Senator FLETCHER. Do you think they should reduce the rate to a point where they could carry a majority of the business?

Mr. PENDLETON. Up to 50 per cent of it, I would say, to put the ships in use.

Senator FLETCHER. Even at a loss?

* * * * * * *

Senator FLETCHER. Would you also favor the Government insuring its own ships and cargo?

Mr. PENDLETON. Yes, sir. Senator, you may recall that we had some little debate on that in the Senate, and I am very strongly in favor of the Government granting us, as Parliament granted to Lloyd's, a charter so that we can do our insurance business on the same reasonable rates as England does hers.

Mr. DAVIS. Senator, might I interrupt you there to ask one question?

Senator FLETCHER. Yes; I am through.

Mr. DAVIS. I only want to ask one question: Have you examined the Edmonds insurance bill that recently passed Congress?

Mr. PENDLETON. I have not gone over it carefully; no, sir.

Mr. DAVIS. Mr. EDMONDS and the others who were instrumental in the passage of that bill claim that it will remedy our difficulties from the insurance standpoint. That is the reason I want to get your opinion on it.

Mr. PENDLETON. I have talked with Mr. EDMONDS somewhat on that and it is only in the District of Columbia as I see it.

Mr. DAVIS. Well, it authorizes the incorporation of a company here in the District of Columbia, but it could then do business anywhere. And then his idea was it would afford a model for similar incorporations in the States.

Mr. PENDLETON. Yes. We have great difficulty; there is not enough insurance facilities in this country to take care of more than—oh, if our ships were all running, we have not more than enough to take care of more than—a third of it. There are only what you might call half a dozen first-class good marine insurance companies, and it is well known that they never expect to pay more than half of their premiums in losses, and generally about 40 to 45 per cent. Now, if a risk costs 10 per cent and they charge 10 per cent, it costs them anywhere from 4 to 4½; never over 5. That is the way it figures. Of course, the rest goes to salaries and expenses of the organization. Lloyd's figures a 15 per cent profit is a reasonably good return; consequently, the cost of the insurance in Lloyd's would be 4½ to 5 per cent.

Mr. DAVIS. The result is this bill will result in the encouragement and establishment and building up of more and stronger American merchant marine insurance companies.

Mr. PENDLETON. I have tried for 15 years to get an act of incorporation in some way, so that we could form a Lloyd's the same as they have in England, and I do not understand that this bill will do it, although I have not seen it. I had a talk with Mr. EDMONDS some time ago.

Senator FLETCHER. If that can not be done by private companies, do you favor the Government insuring those properties?

Mr. PENDLETON. I do. You might recall, Senator, that I suggested a plan in the statement I made, that I won't go into now—but I suggested a plan for an insurance company at the time about selling the ships, that the Government should take two-thirds of the insurance and leave a third for the private companies, which is all they could take care of, and make it at actual cost.

Senator FLETCHER. And then most of these policies that are issued contain what they call a general-average clause that nobody knows what it means, and the man does not know what his loss is after he has suffered it.

Mr. PENDLETON. That is true, Senator. It cost me $100,000 by not knowing what a policy said once.

* * * * * * *

Senator FLETCHER. Do you think if this bill is passed and these subsidies provided for here are granted, will that prompt private interests to purchase these ships, or will they have to still depend on a reduction of freight rates?

Mr. PENDLETON. I tell you, they have got to reduce freight in order to get into business, because there are all the ships in the business now that the business can stand. If you put another ship into the business, if there are five cargoes and you put in seven ships, there are already five in it now, so when you put in extra ships the other fellow has got to haul up or you have.

Senator FLETCHER. You operate ships, do you, Captain?

Mr. PENDLETON. Yes, sir.

Senator FLETCHER. Steam vessels as well as sailers?

Mr. PENDLETON. Yes, sir.

Senator FLETCHER. Coastwise as well as foreign?

Mr. PENDLETON. All trades, wherever wind and water goes. It don't make any difference where the freight goes, whether to Hongkong, Singapore—wherever I can find anything to take.

Senator FLETCHER. You operate tramps or regular lines?

Mr. PENDLETON. Tramps.

Senator FLETCHER. Did you purchase some of the Shipping Board ships?

Mr. PENDLETON. Yes, sir.

Senator FLETCHER. How many of them?

Mr. PENDLETON. Five.

Senator FLETCHER. Were they all finished?

Mr. PENDLETON. Yes; they were all finished. They have just sold me 31 unfinished ones.

Senator FLETCHER. Are those steel?

Mr. PENDLETON. No; those are wood. I believe in wood, Senator. The salt water preserves wood and rots iron. That is why it will destroy iron so quick.

Senator FLETCHER. I am glad to find a man who has some faith in the wooden ship.

Mr. PENDLETON. Well, I am going on record again right here, just the same as I did two years ago, that in 10 years there will be lots of wooden vessels so much better than the steel ones that for the ordinary tramp carrier steel will never come back. I am going on record again, so they will have it to throw at me 10 years from now.

Senator FLETCHER. Somehow I always believed there was some use that these wooden ships could be put to.

Mr. PENDLETON. Well, Senator, in view of the fact that up to practically 1884 there weren't any cargo carriers but wooden vessels, and they carried niter and coffee and tea and all of that cargo from Australia and China and all these ports all over the world, isn't it strange that the wood should have gone to pieces so quick, in view of the fact that those ships at that time were never steel strapped and these ships are all diagonally steel strapped, and ordinarily when we used to have 12-inch ceiling in our old sailing-ship days we now have 14-inch ceiling in these ships?

Mr. LISSNER. I think we have made a mistake in selling you those ships so cheap.

Mr. PENDLETON. If I hadn't thought so, I should not have bought them at that price. [Laughter.]

Mr. BRIGGS. You believe in wooden ships, then?

Mr. PENDLETON. Yes, sir; I do. I have owned 240—my people have.

Mr. BRIGGS. How many?

Mr. PENDLETON. Two hundred and forty.

Mr. BRIGGS. Have you operated them at a loss or at a profit?

Mr. PENDLETON. Well, I managed to pay my bills every Saturday night.

Mr. BRIGGS. Are you familiar with these Shipping Board wooden ships?

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. You were speaking about their being double strapped.

Mr. PENDLETON. Steel diagonal strapped; yes, sir.

Mr. BRIGGS. Does that improve them over the other types?

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. Much or little?

Mr. PENDLETON. Considerable.

Mr. BRIGGS. Are they water-tight?

Mr. PENDLETON. I think they are a stronger ship than the steel ones are. I haven't any question of doubt in my mind that if you put the two crosswise, the steel one will break in two twice as quick as the wooden one.

Mr. BRIGGS. Are you in favor of taking those ships out and sinking them or burning them up?

Mr. PENDLETON. No, sir; notwithstanding it would be the best thing for me that could occur, because they come in competition with me. But if you ask me a fair question, I will tell you no; I think it would be criminal.

Mr. BRIGGS. Why do you think it would be criminal?

Mr. PENDLETON. I think when we have tried to build up a merchant marine and get a lot of tonnage built and then go to work and destroy it—I don't think there is any reason for it. The wooden ships have earned just as much as the steel ones have—just as much. They are earning just as much now.

Mr. BRIGGS. But they are tied up now.

Mr. PENDLETON. The steel ones are tied up. There are four times as many steel ones tied up as there are wooden ones—well, three times, say.

Senator FLETCHER. Are they operating any wooden ships at all now?

Mr. PENDLETON. Not the Shipping Board; no. I guess I am the only fellow operating any wooden ones. I took them out, bought them, and put them into the hardest work I could get, bringing phosphate rock from down South, Senator, just to try them.

Senator FLETCHER. Do you take the machinery out and use them as sailers?

Mr. PENDLETON. No; I am using them as steamers.

Mr. BRIGGS. They are all equipped, these wooden vessels, all equipped with motor power? They are power-driven vessels?

Mr. PENDLETON. Yes, sir; regular steamships. There is the same equipment in them for power as there is in the steel ones.

Mr. BRIGGS. The same equipment?

Mr. PENDLETON. Yes—well, I say most of them, except some ships are oil engines—some steel ships—and the wooden ones are all steam.

Mr. BRIGGS. How many vessels, Shipping Board vessels, are you operating now?

Mr. PENDLETON. Not any at all.

Mr. BRIGGS. How long has it been since you have operated any?

Mr. PENDLETON. We operated a few. Three or four companies got into difficulties, and Tom Scott, when he was commissioner, got me to look after them; and I went over to England and got them back. But we didn't operate many.

Mr. BRIGGS. Is there much difference in the cost of operation of these wooden ships and steel ships, from your experience?

Mr. PENDLETON. Well, they are heavier in fuel consumption, because the ships are heavier. They weigh more.

Mr. BRIGGS. Which does?

Mr. PENDLETON. The wooden ships.

Mr. BRIGGS. The wooden ship weighs more than the steel ship?

Mr. PENDLETON. Yes; 50 per cent more. And you have got to put that volume of weight through the water, you see, and it takes more fuel.

Mr. BRIGGS. It takes more power to drive the vessel along at the same speed?

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. But do you have to operate them at the same speed as you do the others?

Mr. PENDLETON. No; not necessarily; but, of course, the ordinary tramp ship is 9 knots an hour.

Mr. BRIGGS. What do you carry in these wooden vessels—what kind of cargoes?

Mr. PENDLETON. Anything that offers.

Mr. BRIGGS. But what is the usual cargo?

Mr. PENDLETON. Mostly coal, phosphate rock. I have only just been getting them ready recently, the last three or four months. I only bought them a short time ago and put three of them in commission, and the other two I am starting on now.

Mr. BRIGGS. You expect to put those others in commission, do you?

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. And those are wooden vessels?

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. You really think there is some future for the wooden ships, do you?

Mr. PENDLETON. Well, there is just as much future for the wooden one as there is for the steel one for short voyage. You see, the wooden ships are small-sized ships and they never could be used on such long trips.

Mr. BRIGGS. They run about 3,000 tons?

Mr. PENDLETON. Three thousand five hundred dead weight. But they can't operate successfully more than 2,000 miles from the cheapest coaling station; otherwise Hampton Roads. You take it north of the Equator, where there is probably 20,000 tons of cargo carried in a year, they can operate successfully; when you get them farther away than that they burn too much coal for that distance.

Mr. BRIGGS. They are coal burners?

Mr. PENDLETON. Yes, sir; and they are too expensive on coal, and with the larger size ships on long voyages, of course, they can't compete; but for short voyages a 5,000-ton ship in the near-by West Indies trade can carry cargoes per ton per mile just as cheap as an 8,000-ton ship can, because the time of loading and discharging takes so much longer on the 8,000-ton ship that the other vessel can load quicker and get back quicker.

Mr. BRIGGS. How do these ships compare in stanchness and skill with which they are built—seaworthiness—with vessels built before the war of wood, wooden vessels?

Mr. PENDLETON. I think some of them are the best built wooden ships that have ever struck salt water, and some of them that were built in a hurry, when they worked on them nights, not well planned, have had difficulties, but I have never known a wooden ship to go out and fill up in the Atlantic Ocean for want of strength. Steel ones have.

Mr. BRIGGS. What percentage of these vessels, of these wooden vessels that you think are good vessels, well-built vessels, are those that belong in the class that you think are not so good—just roughly?

Mr. PENDLETON. Of course, they are getting—well, down the James River I went over perhaps a couple hundred of them some time ago. We had 25 or such a matter under our charge, I think. I should say that as a class there isn't over 15 to 25 per cent of them that are real bad.

Mr. BRIGGS. Not over 15 or 25 per cent?

Mr. PENDLETON. Not over 25 per cent that are bad. And they are all steel strapped except a few.

Mr. BRIGGS. That increases the strength of the vessel materially?

Mr. PENDLETON. I think so; yes, sir. The model of them is what is against them, Mr. Briggs. I don't know as you perhaps appreciate that, but I might as well say it is the model that is against them, their draft of water.

A steel ship of that size will draw 20 feet—19 to 20 feet—and these ships draw 25 to 26, and that eliminates them from good freight rates. In other words, it limits you to the place where a large-sized ship can go, and it handicaps them a great deal that way, and of course when freight rates are down the way they are now, when all ships are not making very much, unless it is the most economical operation, it is quite a handicap.

Mr. BRIGGS. When rates are down and tonnage is scarce, it handicaps both kinds of ships, steel and wood, doesn't it?

Mr. PENDLETON. Tonnage is not scarce. That is the difficulty now. When rates are down there is always plenty of tonnage. You take now, when you have 10 vessels and 11 cargoes, there are always two merchants bidding for the vessel, and you can jump them up on the freight rate; but when you take 10 vessels and 9 cargoes, there are always two vessels to a merchant bidding against each other.

Mr. BRIGGS. Well, I say, the testimony we have heard has indicated that there is a great deal of shipping tied up in every country of the world to-day, and a great deal of testimony here has been to the effect that for the amount of commerce to be carried now there was really an over amount of tonnage.

Mr. PENDLETON. Yes, sir; there are about 62,000,000 tons and probably business for 45,000 tons.

Mr. BRIGGS. And I say, when you have got that condition, the one that you are referring to, when rates are low, it is difficult for both steel and wooden ships, not only wooden ships but steel as well, to secure cargoes, adequate cargoes; that is true, is it not?

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. Now, are these wooden ships insurable? Can you get insurance on them?

Mr. PENDLETON. Well, they didn't want to take them, and I said all right; I would take the risk myself, until after they went aboard of them, and then old man Eaton, of Boston, 79 years old, says, "Well, Pendleton, I will take off my hat to you. Those are the best wooden vessels I have ever been aboard of." And after that there was no trouble in insuring them, but the first of them I insured the cargo myself. I never have had a cent of insurance on a hull.

Mr. BRIGGS. Who is "old man Eaton"?

Mr. PENDLETON. Captain Eaton, of the Boston Insurance Co.

Mr. BRIGGS. That is a reputable insurance company?

Mr. PENDLETON. Yes; one of the largest in the country.

Mr. BRIGGS. And you have no trouble insuring wooden ships any longer?

Mr. PENDLETON. Not after he saw that one. Of course, the newspapers had given them such a black eye, you see, that if you undertake to do anything in London they wire you back, "Nothing doing." They won't insure them at all.

Mr. BRIGGS. You don't believe they deserve the black eye they have received?

Mr. PENDLETON. No, sir; I don't, and I never shall.

Mr. BRIGGS. Are the insurance rates, the rates that you have to pay for insuring these vessels, much higher than what you have to pay for insuring steel vessels?

Mr. PENDLETON. Well, the rate is probably double on some cargoes. Of course, until their reputation is rehabilitated, as you might say, they will forbid them from carrying sugar, unless I wanted to take the risk on the whole cargo of sugar myself, and I don't know that I would want to take chances on that.

Mr. BRIGGS. They did carry sugar after the war, didn't they, between Cuba and the United States?

Mr. PENDLETON. Yes; there were a few of them did. There isn't any reason why they should not be able to carry it, because before 1890 practically 90 per cent of every pound of sugar that came into this country came in wooden vessels.

Mr. GREEN. These same vessels are carrying sugar from Hawaii, I think, on the Pacific coast.

Mr. PENDLETON. I think they did out there. There isn't any reason why they can not carry sugar. I delivered a cargo of phosphate rock the other day and the man said it was the best cargo he had ever had there. They didn't even have the sweat on the bottom of the vessel that the steel vessel ordinarily has.

Mr. BRIGGS. And this was a wooden ship?

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. One of the Shipping Board vessels?

Mr. PENDLETON. One of mine that I bought from the Shipping Board.

Mr. BRIGGS. Is it customary with reference to insurance rates applicable to wooden vessels to charge twice as much as they do for insurance in steel vessels?

Mr. PENDLETON. Yes, more. They will charge you all they can get. You see, we have so few insurance companies, and if a merchant has a policy in a certain company, if you want to take his business you must pay the rate that that company charges or reduce the freight rate so that he can make a profit by taking the ship. You have got to cut enough off the freight rate to equalize it with the steel vessels.

Mr. BRIGGS. Then it is not just simply because it is a Shipping Board wooden ship that the rate is double what it is in the steel boat, but it is because it is a wooden ship, is it not?

Mr. PENDLETON. It is because it is a wooden ship. The steel ship has much cheaper insurance.

Mr. BRIGGS. The same character of rates would be applied to a wooden ship built before the war as well as Shipping Board vessels, would it?

Mr. PENDLETON. Yes, sir; there isn't anything in that claim that these ships are poorer built, except that in some cases where Schwab rushed them so much in that July list when they launched 100 ships—there isn't anything in it that they are built poorer than they were before the war.

Mr. BRIGGS. Your idea is that there is the same amount of misinformation about the character and value of the wooden ship?

Mr. PENDLETON. My idea is that the wooden ship has been abused.

Mr. BRIGGS. The Shipping Board ships?

Mr. PENDLETON. Yes, sir.

Senator FLETCHER. May I ask, Does that difference in insurance rate apply both to the hull and cargo on wooden ships?

Mr. PENDLETON. I don't carry any insurance on anything I have in the world, on the hull.

Senator FLETCHER. You said that the rate on the wooden ship was about twice what it was on the steel ship, as I understood you.

Mr. PENDLETON. Yes, sir.

Senator FLETCHER. Does that apply on the hull and cargo?

Mr. PENDLETON. Oh, yes; certainly.

Mr. BRIGGS. Your idea then is, as I understand it, with reference to the wooden vessels, that they are an asset really instead of a liability?

Mr. PENDLETON. Well, if I had them I should not want to sink them. Of course, I might say, Mr. BRIGGS, that I am the only one perhaps around who you might get to say that. Perhaps I should say that.

Mr. BRIGGS. Why do you think you are the only one around that would say that?

Mr. PENDLETON. I don't know. I really don't.

Mr. BRIGGS. How long did you say you had been in the shipping business and operated wooden ships?

Mr. PENDLETON. Well, my people came over here in 1626, and they have been operating them ever since.

Mr. BRIGGS. Where are your people from, New England?

Mr. PENDLETON. Yes; I live on an old place down in Maine that has been in our family for 160 years, and five generations of shipmasters are buried there, and they have never—they used to be in the whaling business and fishery business, and since *Betsy Ross*, I might say, first hoisted the American flag, they never owned, managed, operated, or controlled a dollar in anything that was not under the American flag, and I guess we have owned more than any other concern in this country.

Mr. BRIGGS. Owned more what?

Mr. PENDLETON. More different vessels. I have owned myself 230 or 240.

Mr. BRIGGS. You know a ship, then, when you see it, a wooden ship?

Mr. PENDLETON. Well, I think I do.

Mr. BRIGGS. Mr. Pendleton, do you think there would be any market for these other wooden ships of the Shipping Board?

Mr. PENDLETON. No.

Mr. BRIGGS. Do you think there is any market for ships of any kind, steel or wood, now?

Mr. PENDLETON. Not much, not for five years.

Mr. BRIGGS. What do you think would be the effect if these ships were thrown upon the market to-day, all the ships the United States owns?

Mr. PENDLETON. You couldn't sell them. You couldn't give them away if you made the purchaser guarantee to run them, to operate them for five years; that is, start right out and operate them in the foreign trade.

Mr. BRIGGS. If they were just thrown on the market, and suppose some syndicate bought them?

Mr. PENDLETON. I don't believe you could get any syndicate to buy them. That is my view of it. In fact, I had suggested one time that the proper way, so that you gentlemen could all have the opportunity to bid and notify your constituents, would be to set these ships up, a certain number, 10 or 15—set them up here in the public hall right here in Washington and notify everybody to come there and bid, and sell them; when you said you were going to sell 15 or 20, sell them; then if they brought a very low price, everybody would be wanting to come to the next auction; therefore, you would get a chance to get some bidders; but where you put out bids and just say—just kind of go it blind—they merely put out feelers. I don't think that is the way to sell a ship.

Mr. BRIGGS. I want to ask you, do you believe with Mr. Raymond? He testified that about two years ago it would have been possible to have arranged a financial syndicate to have bought these ships of the Shipping Board that the United States Government owns, and that that, however, was not taken advantage of but he still thought that if legislation favorable enough were passed, another syndicate might be organized, a financial syndicate, a shipping syndicate.

Mr. PENDLETON. To buy these ships?

Mr. BRIGGS. Yes.

Mr. PENDLETON. Well, I can only answer that by saying that all of the trade of the world is employed now and ships are tied up; what would a man want to buy them for? What would a man want to buy ships for now? He couldn't keep them employed.

Mr. BRIGGS. I think Mr. Raymond testified that he thought if the ships were sold, more of them would have to be tied up than are tied up now.

Mr. PENDLETON. What would a man buy them for to tie them up? There is nobody charitable enough to do that.

Mr. BRIGGS. Well, I don't know. Do you think it might mean an advance in rates through agreement in any way or control of the shipping situation?

Mr. PENDLETON. My opinion is that the Government has got to back this proposition or you have lost the ships, and you have got to put them afloat and operate them regardless of price or profit; take the cargoes when they are offered, to at least 50 per cent of the commerce of this country; then after you drive the foreigner out you will establish your lines, you will build up your connections, you will be able to sell these ships to the men such as us fellows who don't want to go broke now; but when you sold ships to these fellows two or three years ago, as I stated in my statement, you would break every one of them, and there isn't one of them that isn't broke if he carried out his obligations to buy them at $150 or $200 a ton—not one.

Mr. BRIGGS. Are you familiar with the amendment here for continuing the trade route practically by the Shipping Board for another five years unless they can be sold sooner?

Mr. PENDLETON. No, sir.

Mr. BRIGGS. That was a proposed amendment offered here by the Mississippi Valley Association, the Central West Association, I think, and the South Atlantic and Gulf Associations.

Mr. PENDLETON. I have not seen that. Since the Parker bill of 1889, I have been coming down here, but this bill I have not prepared anything on it because I didn't much expect to say anything until I came in here day before yesterday to dictate that little statement yesterday to the stenographer.

Mr. BRIGGS. What do you think of that sort of an amendment, anyway?

Mr. PENDLETON. Keeping up the small ports in the South?

Mr. BRIGGS. Maintaining trade lines that are being carried on now by the Shipping Board.

Mr. PENDLETON. I think it should be done.

Mr. BRIGGS. For a period of five years, and give them time to organize to take over the lines and routes, if it is possible for them to do so?

Mr. PENDLETON. I think it should be done, and I think the Government is the only one that can do it. If you put it into private hands it will swamp anybody that goes into it, because the foreigner will be able to beat them out. If you give them ships to-day there isn't anybody in the South that can go down there and take a line and operate it successfully in competition with the foreigner for five years.

Mr. BRIGGS. In other words, you believe that the operations of the board ought to be continued for five years?

Mr. PENDLETON. I believe that if I owned every ship there is in the Government I would not sell them or try to sell them, and I would give out word that I was not going to sell them—more than a hundred of them. And if I advertised 20 ships I would sell them right here in Washington at auction so that every man could see what they brought and make him bid and put his voice against his brother in bidding them up. Then everybody sees what everybody is offering. You gentlemen can go down there and see what they are bidding for them and see whether you want to let them go or not after they sell 20, and you can stop it if you don't like it. I would like to see every Congressman agree to take one ship and get his constituents to go and bid. [Laughter.] You have got 225,000 people in your district; why not take one ship? That would get away with 500 of them.

* * * * * * *

Mr. BRIGGS. You don't believe in turning the ships loose at this time?

Mr. PENDLETON. I tell you, you can't sell them. There is no question about that. Disabuse your mind of the idea that you can sell these ships. Whenever they have sold 200 of them within two years you send to me for the best suit of clothes you can find in Washington and I will order it for you—in the next two years, regardless of whether you pass this bill or whether you don't. It will help some perhaps to pass the bill and I am in favor of it; I think it ought to be passed, but I don't see anything in the shipping situation except the coastwise trade, for the private shipowner for the next five years, and I am willing to forego my part of it as far as it goes in order that we can get established and then take the trade over.

Mr. BRIGGS. Is it your idea that the Shipping Board should put more ships into the service and operate them at even greater loss, unless they drove out competition wherever it might be?

Mr. PENDLETON. Until they are doing 50 per cent of our carrying, exports and imports in this country.

Mr. BRIGGS. I think the statement filed here the other day by the Shipping Board was that the United States is now carrying 51 per cent.

Mr. PENDLETON. That is tankers.

Mr. BRIGGS. That includes tankers, 51 per cent in American and 49 per cent in foreign vessels; that of tanker cargoes, 75 per cent was carried in American vessels and 25 per cent in foreign vessels.

Mr. PENDLETON. Yes, sir.

Mr. BRIGGS. And that of all cargoes, excluding tankers, 42 per cent was carried in American vessels and 58 per cent in foreign vessels.

Mr. PENDLETON. That has very recently gone up.

Mr. BRIGGS. That has just been brought down to date. The tables have just been furnished here, appearing on page 1747 of the record.

Mr. LISSNER. That is for 1921.

Mr. BRIGGS. Yes; water-borne commerce of the United States, 1921. That is what I say.

Mr. LISSNER. I thought you said that was up to date.

Mr. BRIGGS. Well, I meant for the annual returns for the year, the last year for which statistics were available.

Mr. LISSNER. Well, that is not at the present time. Those are not the figures now.

Mr. BRIGGS. Well, those are the last official statistics for the year. I judge it would be about 25 or 28 per cent at the present time. But this is a statement of the last official annual statistics.

Mr. LISSNER. But the proportion carried in American bottoms is very much less than that now, probably not over 32 per cent.

Mr. BRIGGS. So far as I recollect, Mr. Lissner, from the study that was filed here, it was stated to be 51.5 per cent in Mr. Lasker's statement, if I am not mistaken.

Mr. LISSNER. I think that included tankers.

Mr. BRIGGS. That makes no difference. That is the statement that was made.

Mr. LISSNER. The only point I am taking issue with is that that statement is not up to date.

Mr. BRIGGS. I think Senator FLETCHER or Mr. EDMONDS asked the Shipping Board to supply the data showing what percentage was being carried in American vessels, and Mr. Merrill furnished this table the other day, which was put in the record about three days ago. It is in volume 27. This is the very one, and I presume it was brought down to as late a date as he could get data.

Mr. LISSNER. We have been issuing statements every month from the Bureau of Research showing the proportion by months, and for the first several months of this year the percentages are very much less than those.

Mr. BRIGGS. I presume, Mr. Lissner, they fluctuate during the months.

Mr. LISSNER. They have been steadily going down.

Mr. BRIGGS. I presume they fluctuate during the month. The usual practice, I think, is to take the annual returns, the annual showing. I think that is the way the annual reports of the Government are gotten out, the statistics of foreign and domestic commerce, the statistical abstracts.

Mr. LISSNER. Well, I simply state, Mr. BRIGGS, that if you want the figures up to date you can have them. There has been a steady decline for the past year in the percentage of dry cargoes carried in American-flag ships in the foreign trade.

Mr. BRIGGS. I know, Mr. Lissner, but these are the figures that you furnished, that the Shipping Board furnished, only a few days ago. Of course, I understand that over 500 vessels, I think nearly all of the Shipping Board, have been put out of business since these were made up.

Mr. LISSNER. Because there wasn't any cargo for them to carry.

Mr. BRIGGS. I am not stating that, of course. There has been a great decline, a tremendous decline, in world trade everywhere. Of course, I am sure of that.

I will ask you, Mr. Pendleton, how much you think the Shipping Board or the Government ought to lose in that business?

Mr. PENDLETON. I don't think they will lose anything when they operate the ships. I think every dollar of freight rate that they make is a gain to the country, and for that reason I would keep the ships in business until they were doing 50 to 60 per cent, regardless of what the freight rates were. I would do that amount of business.

Mr. BRIGGS. You mean regardless of how much they lost?

Mr. PENDLETON. Regardless of how much they lost. But personally I don't consider they would be losing anything.

APPENDIX B—INSURANCE.

[Excerpt from article appearing in Pacific Ports, issue of October, 1921, p. 73.]

THE FUTURE OF AMERICAN MARINE INSURANCE.

(Future is giving concern to those appreciating importance of development of insurance business as aiding extension of foreign trade. Urgent need for a strong home market. Ramifications of marine insurance explained.)

(By J. Arthur Bogardus, lecturer on marine insurance, New York University.)

The outlook for the future of American marine insurance is giving grave concern to those in the United States who are sufficiently well versed in foreign trade matters to realize that American marine insurance is absolutely essential to the establishment of a permanent American merchant marine and the fostering of American foreign trade.

[Excerpt from article appearing in Pacific Ports, issue of December, 1921, p. 72.]

UNITED STATES MARINE INSURANCE LINKED WITH MERCHANT MARINE.

Future of American underwriters depends in large measure on future of country as a maritime power. While there have been many withdrawals from the insurance market during the past three years, the capacity of market is much greater than in pre-war times.

(By J. Arthur Bogardus, lecturer on marine insurance, New York University.)

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As a matter of fact, in analyzing the status of marine insurance in the United States as it existed at the end of 1918 the congressional Committee on Merchant Marine and Fisheries reported a condition which was startling to those who had been led to believe that the American marine insurance interests were fast approaching a position of national independence in so far as concerned the taking care of the requirements of American trade. The following excerpt from the report of this committee will serve to summarize its findings:

AMERICANS LOSE GRIP.

"In view of the strategic importance of marine insurance in the upbuilding of foreign trade and a merchant marine, your committee regrets to report that American interests have largely lost their grip on this type of underwriting. Probably no other vital branch of American commerce has passed so extensively under foreign control."

* * * * * * *

[Excerpt from marine insurance hearings before the Subcommittee on the Merchant Marine and Fisheries, House of Representatives, Sixty-sixth Congress, first session, July 9, 16, 17, and September 25, 1919, p. 70.]

UNITED STATES SHIPPING BOARD
EMERGENCY FLEET CORPORATION,
DIVISION OF INSURANCE,
Washington, July 17, 1919.

Hon. FREDERICK R. LEHLBACH,
Chairman Subcommittee of Committee on the Merchant Marine and Fisheries,
House of Representatives, Washington, D. C.

SIR: Referring to my testimony before your committee on the 9th instant and your request for a list of losses for which the insurance fund of the United States Shipping Board Emergency Fleet Corpora-

tion is liable, I hand you the attached. This list shows the accidents, grouped as follows:

	Estimated.		Paid.	
	Marine.	War.	Marine.	War.
Collisions	$1,215,690.00	$60,000.00	$47,676.66	.....
Strandings	4,319,370.00	.....	.....	.....
Machinery damage	572,400.00	.....	.....	.....
Steering-gear trouble	325,800.00	.....	1,539.38	.....
Heavy weather	522,400.00	.....	1,546.76	$65.00
Fire	980,000.00	.....	1,071.50	.....
Serious leaks	120,000.00	.....	70,000.00	.....
Total loss	1,749,750.00	1,870,000.00	2,311,167.11	8,038,406.74
Miscellaneous	174,300.00	175,000.00	1,071.50	.....
Total	9,979,710.00	2,105,000.00	2,434,072.91	8,038,471.74

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Yours very truly,

B. K. OGDEN,
Acting Director of Insurance.

[Excerpt from article appearing in "Business Digest and Investment Weekly," vol. 25, January–July, 1920, p. 359.]

FOREIGN TRADE—THE STATUS OF AMERICAN MARINE INSURANCE—AT PRESENT ONLY 63 DIRECT WRITING AMERICAN COMPANIES ARE PARTICIPATING IN OCEAN MARINE INSURANCE.

* * * * * * *

American companies transacted only a little over 50 per cent of the business, and the trend seems to be more and more in the direction of foreign-controlled companies.

Marine risks written and renewed during 1918 by all companies, domestic and foreign, operating in the United States, amounted to $71,258,305,186. This total was arrived at after making an approximate deduction for motor vehicle, tourist baggage, and registered-mail insurance on the basis of premium income received from these sources as compared with the total premium on all "marine and inland" business. This process, it is conceded, is somewhat subject to criticism, but premium figures constituted the only data available, and in any case one uniform plan for making the deduction was applied to all companies. Of the foregoing total branch offices of admitted foreign companies wrote or received $38,613,473,250, or 13 per cent, and other American companies $23,400,821,248, or 32.8 per cent.

[Excerpt from "Marine Insurance in the United States," pp. 265, 266.]

(By Solomon Huebner, University of Pennsylvania.)

[Reprinted from the annals of the American Academy of Political and Social Science, vol. 26, September, 1905.]

THE BUSINESS OF THE PRINCIPAL AMERICAN COMPANIES.

In the United States the marine insurance business which is not written by foreign underwriters is controlled mainly by seven domestic companies. According to the State insurance reports these companies are doing a prosperous business, each collecting over $400,000 of marine premiums annually. Collectively they received, according to the last reports available, $8,608,672, or eight-tenths of the total net marine premiums collected by American companies; possessed assets of $40,782,058, and carried marine risks aggregating $2,323,000,000. But only one of these companies, the Atlantic Mutual of New York, depends solely upon its marine and inland business, its premium receipts amounting to $3,013,944, its marine losses to $1,142,302, and its admitted assets $12,025,021. The other six companies, considered collectively, depend principally upon a fire insurance business, their fire premiums amounting to $15,039,227, as compared with $5,594,728 for marine premiums, thus constituting nearly three-fourths of their total premium income.

THE BUSINESS OF DOMESTIC AND FOREIGN COMPANIES IN THE UNITED STATES COMPARED.

The extent to which foreign companies have acquired control of marine insurance in the United States becomes especially clear if one examines the annual financial reports of the various companies. If a compilation is made of the statistics as found in these reports it will appear that for the year 1903 the total net marine risks assumed by all the foreign and domestic companies operating in the United States aggregated approximately $6,877,006,221, the net premiums received nearly $18,000,000, and the admitted assets $112,912,000. Of these amounts, the American branches of the 20 leading foreign companies—to say nothing of the large number of foreign companies operating on the Pacific coast—wrote $3,723,000,000 of the risks, or 54 per cent of the total, received $7,160,335 of the net premiums, but possess only $21,733,958, or less than one-fourth of the admitted assets. Most of these foreign companies also confine themselves solely to the writing of marine risks, only 6 of the above 20 companies transacting a fire business in addition to their marine business.

[Excerpts from Report on Status of Marine Insurance in the United States, p. 18.]

(By S. S. Huebner, expert in insurance to the United States Shipping Board and the Committee on the Merchant Marine and Fisheries, including the recommendations of the Subcommittee on the Merchant Marine and Fisheries.)

(Approved by the Committee on the Merchant Marine and Fisheries, February 26, 1920.)

VOLUME OF MARINE INSURANCE WRITTEN.

Marine risks written and renewed during 1918 by all companies, domestic and foreign, operating within the United States, amounted to $66,080,295,060. This total was arrived at after making an approximate deduction for motor-vehicle, tourist-baggage, and registered-mail insurance on the basis of premium income received from these sources as compared with the total premium income on all "marine and inland" business. This method, it is conceded, is somewhat subject to criticism, but premium figures constituted the only data available, and, in any case, one uniform plan for making the deduction was applied to all companies. Of the foregoing total, branch offices of admitted foreign companies wrote or renewed $38,613,473,250, or 58.4 per cent; American companies controlled abroad, through stock ownership, $3,275,101,386, or 5 per cent; and other American companies $24,191,720,525, or 36.6 per cent.

After deducting motor-vehicle, tourist-baggage, and registered-mail premiums, the net marine premiums of all American and foreign companies operating in the United States aggregated $109,729,041 for 1918. Of this total, branch offices of admitted foreign companies received $39,437,387, or 35.9 per cent; American companies controlled abroad, through stock ownership, $1,555,128, or 1.4 per cent; and all other American companies $68,736,526, or 62.7 per cent. Similar compilations were made as regards both net premiums and risks for the years 1917 and 1918.

(P. 25.)

DISTRIBUTION OF BUSINESS BETWEEN AMERICAN AND FOREIGN COMPANIES.

As pointed out in the previous chapter, total marine-insurance risks written and renewed during 1918, by all companies, domestic and foreign, operating in the United States amounted to $66,080,295,060, after making an approximate deduction from the published "marine and inland" figures for motor-vehicle, tourist-baggage, and registered-mail insurance. Total net marine premium income, after making a similar deduction, aggregated $109,729,041. Presented in tabular form, and including only American companies composing groups 1 and 2—referred to above—the extent of foreign control as regards the above totals may be indicated as follows:

	Risks written and renewed.		Net marine premiums.	
	Amount.	Percentage of total.	Amount.	Percentage of total.
United States branch office	$38,613,473,250	58.4	$39,437,387	35.9
Companies comprising Group 1	3,275,101,386	5.0	1,555,128	1.4
Companies comprising Group 2	586,103,138	.9	1,176,489	1.0
Total	42,474,677,774	64.3	42,169,004	38.3

(P. 64.)

CONSTRUCTION AND TYPE OF VESSEL—PURPOSE OF CLASSIFICATION SOCIETIES.

As a convenient means of giving such information to underwriters and shippers, various so-called classification societies have been organized for the purpose of promulgating rules for the construction of vessels, of supervising such construction, assigning a "class" to each vessel, and publishing books containing a detailed and classified description of the most essential features of all vessels coming within their jurisdiction. Although classification is entirely optional, vessel owners would find it so difficult to obtain insurance and would meet with so many obstacles in soliciting freight to best advantage that few care not to have their vessels listed in the publications of some one of the leading societies as having been classed by it. Classification means that the vessel was designed and constructed under the supervision and according to the standards of the society. Following the completion of the vessel, surveyors of the society examine the work. If all is found satisfactory as to structural plan, materials, and machinery, the vessel will be assigned to a class, subject to the understanding, however, that periodical surveys and necessary repairs shall be made as the society may direct.

MOST IMPORTANT CLASSIFICATION SOCIETIES.

The most important classification record, and also the first historically, is Lloyd's Register of British and Foreign Shipping. While issued originally by London Lloyd's, this publication is controlled at present by an organization managed by underwriters, merchants, and vessel owners and builders, and is entirely distinct from London Lloyd's. According to advices, however, underwriters assume the dominant rôle in the management of the organization. The publication is designed to indicate the general character of all vessels in the British marine of not less than 100 tons, besides numerous vessels in foreign fleets.

[Excerpt from article appearing in the Economic World, issue of February 19, 1921, pages 278–279.]

FIRST OFFICIAL REPORTS ON THE OPERATIONS OF THE AMERICAN MARINE INSURANCE SYNDICATES.

The three American marine-insurance syndicates which were organized last summer for the purpose of providing the shipping and the foreign trade of the United States with ample marine-insurance facilities recently completed the first six months of their activities, and at a general meeting of the subscribers, held in New York City on January 26, brief reports were submitted on behalf of the management of the syndicates, showing what had been accomplished to the end of 1920. The three reports follow:

I. REPORT OF SYNDICATE "A."

(By C. R. Page, manager.)

From an informal report which has already been in your hands, you will have seen that Syndicate "A" has up to date perfected its organization along the Atlantic and Gulf coasts by the creation of several districts, which have their headquarters in the principal cities. * * *

The surveyors in our service are men of experience in the field of hull work, general machinery, boilers and turbines, and offer, on the whole, excellent material to be educated into thoroughly reliable and competent underwriters' surveyors.

Up to date we have been most fortunate in the hearty cooperation and support of the Division of Construction and Repairs of the United States Shipping Board, and this joint action has, we feel, produced excellent results for both the Shipping Board and the underwriters' interests generally.

The beneficial effects of the policy of calling for competitive bids wherever practicable is reflected in much more advantageous prices having been obtained than have recently prevailed.

* * * * * * *

In the early activities of the syndicate the greatest attention has been paid to this question of repair costs, because here the need seemed to be the greatest. Inspection has, however, also received attention.

That phase of our contractual obligation to the Shipping Board to periodically inspect its own vessels has been carried out, not by our own organization but by the United States Bureau of Survey (Martin and Gardner), under an arrangement tentatively accepted by both parties, subject to the approval of the Shipping Board, which, however, has not yet been given. Acting under this arrangement, the bureau has made some 1,800 surveys, 1,400 of which represent the No. 1 survey and 400 the No. 2. The reports are comprehensive and contain much information and are open to your inspection.

As to risks offered to or accepted by the syndicate, our own surveyors are undertaking inspections, both as to condition of maintenance and repair and as to loading. * * *

The establishment of foreign agencies is also having our attention, although this phase of development has frankly been subordinated to the handling of the immediate damage-repair problem at home and little progress in respect of the former has been made. * * *

Our contact with the various problems of to-day leaves one outstanding impression, which is an appreciation of the extraordinary opportunity which is now afforded to American underwriters to wield a powerful influence in the control of both repair and salvage costs. If, however, this opportunity is to be fully availed of, Syndicate "A" must have the complete and hearty cooperation of all the underwriters, not alone as members of the syndicate but in respect of the damage repairs in which they, as underwriters outside the group, are interested.

* * * * * * *

Already the syndicate has the full and hearty support of the Division of Insurance of the United States Shipping Board and is actively cooperating with the Division of Construction and Repairs, and is, therefore, because of the requirements of the Shipping Board as the largest operator in the ship-repair market, in daily and close contact with the situation, and is, accordingly, in a position, we feel, to not only ask but warrant your complete support. Without the support of the underwriting community the effort we are making will undoubtedly fail to yield anything of permanent advantage, and thus what is an extraordinary opportunity will be lost.

II. REPORT OF SYNDICATE "B."

(By Lawrence J. Brengle, chief underwriter.)

I think it will be of interest to the subscribers to know the amount of premiums which have been written to date.

SYNDICATE B.

The net premium is	$1,123,026.35
Estimated losses	125,000.00
Of which the earned premium as of Dec. 10, 1920, is	188,239.63
Estimated losses as of Dec. 10, 1920	95,000.00

SYNDICATE C.

The net premium is	3,321,596.21
Estimated losses	500,000.00
Of which the earned premium as of Dec. 10, 1920, is	617,216.17
Estimated losses as of Dec. 10, 1920	400,000.00

In connection with the premium we shortly expect to make a further payment to the underwriters which will bring the matter practically up to date. I would also like to say that during the past three or four months our work has been largely constructive; we have had a good many obstacles to overcome, due to a standardized system which it has been necessary to educate people up to, and our work has in consequence been necessarily slow. The brokers have met the syndicate with a great deal of favor and I think the future outlook is very bright.

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III. REPORT OF SYNDICATE "C" COMMITTEE.

(By Walter Wood Parons, William H. McGee, and Hendon Chubb.)

The managers feel that the members of the syndicate should have a clear idea as to exactly how rates of Syndicate "C" are named, as well as the policies which have governed the managers in making those rates; and it is for this purpose that this report is submitted.

The board of managers have delegated the rate-making power as regards Syndicate "C" to a rate committee. The rate committee consists of all the managers of Syndicate "C," and it holds regular weekly meetings at the syndicate rooms at 11 o'clock every Wednesday. It only differs from the managers' meeting in that two members constitute a quorum. At those meetings it is customary for the committee to consider all fleets or vessels which have been submitted to the underwriter prior to noon of the Tuesday preceding it. In each case it is the endeavor to name rates and terms at that meeting for all the fleets coming before them.

* * * * * * *

It has also been the custom to have the broker personally present his ideas to the committee, and in many instances the owner or his representative has also appeared before the committee.

In arriving at rates for a fleet the rate committee have felt that careful consideration should be given to the record of the owners of the fleet or vessel, where the owner has had a managing experience of three years or more. In this respect the rating for Syndicate "C" must proceed on a very different basis from the rating made on vessels of Syndicate "B." In Syndicate "B" most of the vessels are in the hands of new owners, and until their efficiency or inefficiency has been demonstrated it is necessary to arrive at an average rate to apply to all these vessels; but in the case of Syndicate "C" most of the vessels belong to the owners who have had long experience, and where the results of such experience are available to underwriters this has been taken as an important factor in arriving at the rates asked for.

In all cases the rate committee have also given their careful consideration to the value per ton, as it is recognized that in most cases the cost of repairs depends more upon the tonnage of the vessel than it does upon the insured value, and that any low per ton insured value must be compensated for by a corresponding advance in rates.

In short, the factors which have guided the committee in making rates have been: Record of owners, type anu age of vessel, trade engaged in, and value per ton; and in each case the underwriter prepared for the consideration of the committee all available data bearing upon these considerations, together with a record or previous syndicate quotations on vessels of like general character.

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UNITED STATES SHIPPING BOARD,
Washington, March 22, 1922.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Replying to your favor of the 7th instant, permit me to say that I took up with my colleague, Commissioner Lissner, under whom matters of insurance have been placed by the board, the subject matter of your letter, and I am inclosing you herewith a copy of his letter to me, answering as far as it is possible to do the questions propounded in your letter.

I will be glad at any time to give you any information in my power.

Yours very sincerely,

GEO. E. CHAMBERLAIN.

—

(Memorandum from Commissioner Lissner to Commissioner Chamberlain in re letter from Senator FLETCHER, dated March 7, 1922.)

MARCH 21, 1922.

Referring to Senator FLETCHER's letter to you of the 7th instant, making certain inquiries with regard to insurance matters, I am informed by Mr. Ogden, manager of our marine insurance department, as follows:

"It is extremely difficult to answer the questions asked with any degree of accuracy. The latest figures we have, those for the year 1919, show that $88,266,387 is the estimated premium paid to American insurance companies for insurance on American vessels and their cargoes. There are not even any estimated figures for the amount of American insurance placed directly with foreign companies.

Recent figures of Shipping Board operations indicate that insurance is less than 5 per cent of the total operating cost. This is based on extremely low estimates for the insurance, and it is believed that with the cost of commercial insurance the percentage would be as high as 6 or 7 per cent.

It is impossible to give the existing insurance rates, for on cargo they vary from one-twentieth of 1 per cent to 2 or 3 per cent, depending on the merchandise and the voyage. The rates on steamers for annual insurance vary from, say, 3 to 7 per cent.

The proportion of insurance on American vessels and cargoes placed with foreign insurance companies is about 65 per cent of the entire amount. The insurance of cargo is divided about equally between the American and foreign markets, while considerably more hull insurance is placed abroad than in the local markets. The proportion of the hull insurance placed abroad is gradually being reduced.

I believe that practically all American-flag ships, with the exception of those owned by the Government, are classified in Lloyd's Register. I have recently heard representative American underwriters say that it made very little difference to them whether a ship was classified in Lloyd's Register or in the American bureau. However, it does make a difference when arranging either hull or cargo insurance with foreign underwriters, and I think I am correct in saying that as a whole it means more to have a vessel classified by Lloyd's Register than it does to have her classified in the American bureau."

If I can be of any further assistance, please let me know.

MEYER LISSNER, *Commissioner.*

APPENDIX C.

[Excerpt from Monthly Summary of Foreign Commerce for April, 1922.]

	April—		Ten months ending April—	
	1921	1922	1921	1922
IMPORTS.				
Brought in—	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Cars and other land vehicles	24,568,343	19,418,945	407,243,123	209,368,503
Parcel post	.....	7,587,085	.....	63,945,191
American vessels	85,392,837	62,637,499	1,180,583,122	586,545,408
Foreign vessels—				
Belgian	887,662	564,860	17,400,429	8,705,169
British	76,412,974	69,674,283	910,333,835	643,180,495
Danish	3,865,539	3,293,755	34,524,410	22,684,019
Dutch	9,811,168	7,062,709	130,650,183	71,192,641
French	11,731,048	10,303,067	111,414,874	120,168,187
German	57	2,239,875	170,648	10,988,778
Italian	4,848,141	2,928,483	38,299,411	34,260,459
Japanese	21,593,216	11,871,521	267,534,500	182,183,467
Norwegian	6,936,973	10,745,664	76,129,251	86,521,418

APPENDIX C—Continued.

	April—		Ten months ending April—	
	1921	1922	1921	1922
IMPORTS—continued.				
Brought in—				
Foreign vessels—	*Dollars.*	*Dollars.*	*Dollars.*	*Dollars.*
Spanish	851,643	1,349,063	23,350,367	8,255,990
Swedish	4,470,963	2,884,605	33,149,536	19,526,781
All other	3,208,761	4,510,908	33,074,562	27,323,530
Total in foreign vessels	144,618,145	127,428,793	1,676,032,006	1,334,990,934
DOMESTIC EXPORTS.				
Carried in—				
Cars and other land vehicles	47,880,354	39,112,607	683,904,149	415,020,226
American vessels	114,324,540	108,971,419	1,999,228,330	953,630,112
Foreign vessels—				
Belgian	1,871,666	1,257,853	52,475,406	15,589,305
British	108,652,557	93,347,347	1,927,317,510	962,061,235
Danish	2,910,440	4,887,060	66,568,851	40,999,219
Dutch	7,628,636	8,303,501	145,568,906	90,732,966
French	6,883,240	8,787,951	134,679,933	92,242,319
German	430,846	2,973,231	10,303,088	21,527,058
Italian	7,692,226	10,108,070	157,711,806	85,782,131
Japanese	15,084,742	9,599,860	153,882,132	170,565,811
Norwegian	7,208,561	12,797,501	184,863,616	113,612,390
Spanish	3,253,739	5,724,110	77,777,660	59,677,254
Swedish	2,465,766	3,120,166	39,561,187	27,317,478
All other	4,116,385	1,967,990	99,843,173	30,711,370
Total in foreign vessels	168,198,804	162,874,640	3,050,553,268	1,701,818,536
FOREIGN EXPORTS.				
Carried in—				
Cars and other land vehicles	2,074,400	2,516,587	25,452,430	20,624,441
American vessels	2,274,747	1,358,747	37,936,128	11,652,847
Foreign vessels	5,711,261	3,265,595	52,827,543	25,759,740

	April—				Ten months ending April—			
	1921		1922		1921		1922	
WATER-BORNE FOREIGN COMMERCE.								
Imports:	*Dollars.*	*Per cent.*	*Dollars.*	*Per cent.*	*Dollars.*	*Per cent.*	*Dollars.*	*Per cent.*
In American vessels	85,392,837	37.13	62,637,499	32.95	1,180,583,122	41.34	586,545,408	32.20
In foreign vessels	144,618,145	62.87	127,428,793	67.05	1,676,032,006	58.66	1,234,990,934	67.80
Total (except in land vehicles and parcel post)	230,010,982	100.00	190,066,292	100.00	2,856,615,128	100.00	1,821,536,342	100.00
Exports:								
In American vessels	116,599,287	40.14	110,330,166	39.91	2,037,164,458	39.63	965,282,959	35.85
In foreign vessels	173,910,065	59.86	166,140,235	60.09	3,103,380,811	60.37	1,727,578,276	64.15
Total (except in land vehicles)	290,509,352	100.00	276,470,401	100.00	5,140,545,269	100.00	2,692,861,235	100.00
TONNAGE OF VESSELS.								
Entered:	*Net tons.*		*Net tons.*		*Net tons.*		*Net tons.*	
American	2,490,174	51.25	2,168,060	46.86	28,790,285	50.55	24,447,273	48.68
Foreign	2,368,531	48.75	2,459,300	53.14	28,166,225	49.45	25,767,020	51.32
Total entered	4,858,705	100.00	4,627,360	100.00	56,956,510	100.00	50,214,293	100.00
Cleared:								
American	2,535,956	50.62	2,388,705	48.92	28,764,356	48.86	24,589,643	48.35
Foreign	2,473,587	49.38	2,495,385	51.08	30,107,288	51.14	26,265,388	51.64
Total cleared	5,009,543	100.00	4,884,090	100.00	58,871,644	100.00	50,855,031	100.00

APPENDIX D.

[Excerpt from the American Economist, June 9, 1922.]

SHIP SUBSIDY THREATENED WITH DEFEAT.

If one is to believe the portentous misgivings finding their way into print, emanating from Washington, and said to have originated in the White House, there is anything but plain sailing for the ship subsidy bill framed with such care by the Shipping Board, and so generously fathered by the chairmen of the two committees of Congress that deal with shipping matters. It is declared that if the ship subsidy bill is defeated President Harding will abolish the Shipping Board. It is announced, seemingly authoritatively, that if the ship subsidy bill is not passed by Congress Chairman Lasker, admittedly "the wheel horse for ship-subsidy legislation," will get out of the Shipping Board in disgust. It is even stated (in New York Journal of Commerce's special Washington dispatches) that the President has "to-day (June 2) served notice of his intention to shift the responsibility of finding a solution for the merchant marine problem from the Shipping Board to the leaders in Congress, unless they are willing to accept the advice and recommendations of those charged with the responsibility."

Congress, surely, still possesses the right to initiate legislation and to send it to the President for his approval or veto, and to enact it over the President's veto if such be the will of two-thirds of the Members of each branch of Congress. That this is what the Constitution provides may be forgotten at times by some, but it is never forgotten by the Federal courts. If the President sees fit to "shift the responsibility of finding a solution for the merchant marine problem from the Shipping Board to the leaders in Congress," those same leaders in Congress may prove themselves equal to the task. In fact, if the cooperation of the President had been extended to a provision of a law approved on June 5, 1920, known as the Jones Merchant Marine Act, it would have been "infinitely cheaper" thus to have protected our merchant marine, according to the sworn testimony of the chairman of the Shipping Board himself.

The reason that Congress appears to balk at the passage of the ship subsidy bill, if it is true that it is balking, is because of the huge expense involved, upward of $50,000,000 a year when the bill is in full force as law. Senators and Representatives seeking reelection this fall dread to face their constituents if by their votes they have added this vast additional tax to the already heavily burdened taxpayers. When it becomes better realized, as it is apt to be both by Members of Congress and the press of the country, that at no expense whatever to the National Treasury our shipping in foreign trade could be developed to the point of profitably competing with foreign ships, through the same form of protection that is extended to all other products of the United States requiring protection—that is to say, the tariff—but that it was deemed wiser to go about it by taking from the National Treasury $50,000,000 a year for such protection, the taxpayers are very apt indeed to say that the tariff protection is the better. When to that is added the fact that, previous to the Civil War, our ships in foreign trade were protected through the tariff and at no expense to the National Treasury, and that it was the most successful and prosperous marine we ever possessed, a marine that for 72 years carried an average of 80 per cent of our entire foreign commerce, the taxpayers will be apt to say that a policy that history has proven to have been so efficacious as that should be equally effective now.

It was thought that the subsidy way would be "the easier way" of protecting our shipping in foreign trade, because the old successful way involves the modification—not the abrogation, termination, or cancellation, remember—of a number of terminable trade treaties and conventions now in force. By "easier way" was meant a way that would not be so apt to arouse our foreign rivals to drastic retaliatory enactments, but these are threatened, just the same, by our British

rivals, the very ones we have been so solicitous of appeasing. They profess to see no difference between the tariff and the subsidy protection of American ships, if the result is to deprive British ships of a large part of their ocean carrying, the inevitable result of the success of the subsidy policy. But mid-western voters see a vast difference between taking $50,000,000 a year out of the National Treasury and leaving it there, and adding to it, such as would be the case if the pre-Civil War time shipping policy were readopted.

As we expected, the ship subsidy bill is entering upon parlous times.

APPENDIX E.

[From the Gulf Ports Magazine, June, 1922.]

UNITED STATES SHIPPING BOARD COMPLETES WORLD'S GREATEST SHIPBUILDING PROGRAM.

THE SHIPPING BOARD'S OWN REPORT ON THE FINISHED PROGRAM.

When the Bethlehem Shipbuilding Corporation (Ltd.), Sparrows Point, Md., delivered to the Emergency Fleet Corporation, May 9, to be operated by the Munson Line in the South American service, the new "535" passenger and cargo steamer *Western World*, the greatest shipbuilding program in the history of nations was completed.

From May 24, 1917, when the wood cargo carrier *North Bend*, the first vessel to be built under war-time contracts, was turned over to the Government by Kruse & Banks, North Bend, Oreg., to May 9, 1922, the United States Shipping Board constructed 2,312 vessels of various types of 13,636,711 dead-weight tons. To-day, more than 1,000 of these vessels are laid up, due to the depressing conditions of the world's markets, as well as to the inability of the American operator to compete with his foreign competitors from the standpoint of expenses.

The vessels built during and after the war consisted of requisitioned and contract steel cargo carriers, tankers, refrigerator, transport, collier, and combined passenger and cargo carriers; contract wood cargo carriers, barges, tankers, finished hulls, and sailing vessels; contract composite cargo carriers; contract concrete cargo carriers and tankers; steel and wood ocean tugs; and steel and wood harbor tugs.

The building of this gigantic fleet was not confined entirely to the United States, Japan constructing 30 steel cargo carriers of 243,290 dead-weight tons and China 4 steel cargo carriers of 40,000 dead-weight tons.

Prior to the entrance of the United States into the war, the maximum yearly output of ships in this country was in the year 1908, when 1,457 vessels of 921,324 dead-weight tons, including all vessels of 5 net tons and over, were built; of steamships alone the total was 722,436 dead-weight tons.

The *North Bend*, heretofore mentioned, was the first wood vessel to be turned over to the Government. The first requisitioned steel cargo carrier, the *Limoges*, was delivered August 30, 1917, by the Toledo Shipbuilding Co., Toledo, Ohio, and the first contract steel cargo carrier was the *Seattle*, later changed to the *Western Hero*, which was delivered January 10, 1918, by the Skinner & Eddy plant, at Seattle, Wash.

Considering ocean-going vessels, the output for the month of September, 1919, 150 vessels of 810,386 dead-weight tons, greatly exceeded the maximum pre-war deliveries for the entire year. Compared with the average annual construction of 476,092 dead-weight tons, from 1890 to 1916, inclusive, the contrast is more striking.

The original program called for 3,270 ships of 18,407,276 dead-weight tons. After the armistice all construction was canceled, thus reducing the program by 958 ships of 4,770,565 dead-weight tons, which represented approximately 50 per cent of all vessels that had not reached a degree of completion of 85 to 90 per cent, and more than one-half of the vessels yet to be launched.

On August 3, 1917, 431 vessels under construction in shipyards throughout the United States were requisitioned by the Government. Thirteen of the number were released, before completion, to former owners; 22 were canceled; and the status of 12 changed from requisition to contract vessels, thereby leaving a total of 384 requisitioned vessels on the active construction program of the corporation.

The wood-ship program of the corporation had reached a total of 1,017 vessels of various types at the time construction was curtailed. Of this number 428 were subsequently canceled, 474 were completed, and 115 partially completed.

When the Emergency Fleet Corporation adopted the plan of building fabricated ships and awarded contracts for a total of 390 vessels, representing 2,675,000 dead-weight tons, doubt was expressed in some quarters as to the success of this type of construction, which was a radical change from the accepted methods. It was recognized, however, that by having the hull steel fabricated at the bridge and structural shops throughout the country and then assembled at the shipyards, a considerable expansion of the shipbuilding industry was possible.

Many of these vessels have been in continuous service for a long time, and the results show that they have proved equally as serviceable as others of the fleet, and their utility as cargo carriers has been established. The use of standard parts in the construction of these vessels has simplified the problem of repairs, whether of a minor nature or extensive in scope.

During the fiscal year ending June 30, 1921, 218 ships of 1,737,550 dead-weight tonnage were delivered by the Construction Department of the Division of Construction and Repairs. This tonnage was but 30.5 per cent of that delivered during the previous fiscal year, showing the rapidity with which the construction program was curtailed. On July 1, 1921, a few days after the new Shipping Board came into office, there remained to be constructed but 24 steel contract vessels, totaling 276,800 dead-weight tons. All requisitioned steel, contract wood, and concrete vessels were completed before the end of the fiscal year 1921, and contract composite vessels during the previous fiscal year.

Of the 204 shipyards formerly engaged in ship construction for the Emergency Fleet Corporation, all but 7 in the United States and the yard in China, made their final delivery by the end of June, 1921.

To the Atlantic coast goes the distinction of having turned out the greatest number of ships and the greatest amount of tonnage. On this coast were built 848 vessels of 5,625,188 dead-weight tons. The Pacific coast was second, with 759 vessels of 5,254,150 dead-weight tons. The Great Lakes district was third, with 479 vessels of 1,625,000 dead-weight tons. The Gulf was fourth, with 192 vessels of 849,100 dead-weight tons.

The Philadelphia section is awarded the honors for turning out the greatest number of vessels and tonnage, the grand total being 329 vessels of 2,662,030 dead-weight tons.

San Francisco was second, with a grand total of 241 vessels of 2,051,500 dead-weight tons.

Seattle with third, with 305 vessels of 2,010,350 dead-weight tons.

Portland, Oreg., was fourth, with 213 vessels of 1,192,650 dead-weight tons.

If all the vessels on the program were placed in a straight line, stem to stern, they would extend for a distance of 158 miles, and if steaming a mile and a quarter apart would reach from New York to Southampton, England.

The total dead-weight tonnage is equal to the carrying capacity of 388,363 freight cars loaded 35 tons per car. As there are approximately 2,800,000 freight cars in the United States nearly one-seventh of them would be required to equal the carrying capacity of the vessels.

A total of 4,593,000 horsepower is generated by the propelling machinery.

For the transportation of the hull steel alone, 115,000 flat cars would be required.

For manufacturing the rivets used, a rod of steel three-fourths of an inch in diameter and 37,500 miles long would be necessary. This rod would extend once around the earth, at the Equator, and sufficient would remain to make a three-strand fence from New York to San Francisco.

At the height of the shipbuilding program 218 yards were constructing ships, of which 80 were building steel vessels, 131 had wood and composite ship contracts, and 7 were working on concrete steamers.

While the expenditures for all plant construction, including the yards owned entirely by the corporation, were less than 6 per cent of the cost of the ships, 179 yards, including installation plants, were given financial assistance for plant construction.

It was necessary, in carrying out this stupendous project, to build 13 marine railways, 17 floating docks, and 2 graving docks, as auxiliaries.

At the beginning of the program there was a nucleus of 50,000 first-class mechanics in our shipbuilding industry, and with the assistance of the Emergency Fleet Corporation this number was expanded to 385,000 men, who received a training either directly or indirectly and became proficient in the trade employed in the building of ships.

For purposes of comparison, the total number of ships built in 1900 was 1,447, of 590,685 dead-weight tons. In 1919 the total number of ships completed was 1,953, of 4,989,931 dead-weight tons.

The effect of the shipbuilding program upon our shipping is clearly shown in our increased share of the carrying trade of the world. In 1914 commodities to the value of $368,359,756 were carried in our own ships, representing 9.7 per cent of our water-borne foreign trade. In the fiscal year beginning June 30, 1920, this percentage was increased to 44.8 per cent, and the value of the imports and exports carried in American bottoms amounted to $5,071,905,981. This exceeds by far the total value of our water-borne foreign trade in 1914, representing $3,785,468,512. An industry of immense proportions was therefore established and can be reestablished only by means of Government aid.

The activities of the United States Shipping Board and its agencies have been as wide in scope as the commerce of the whole world. It contracted for the purchase of ships under various types of purchase contracts. In the performance of these contracts it became a co-worker in the building of ships. It undertook the duties and responsibilities of a banker and became a party to the financing of the shipbuilding program. It became a general contractor and assisted in providing greater shipbuilding facilities. It became a manufacturer and undertook to increase the output of ship equipment. It became a lumber merchant and acquired timber forests. It became an insurance company and sold protection against insurable losses. It entered transportation fields and built and operated street railways. It built and operated hotels for housing workmen; it built homes for the families of workmen and in so doing created townships with paving, water, gas, sewers, moving-picture theaters, hospitals, and all the necessities and conveniences of municipal life.

Vessels delivered.

	Number.	Dead-weight tons.
A. Requisitioned steel:		
Cargo	300	1,929,739
Tanker	53	519,030
Refrigerator	11	86,200
Transport	9	71,975
Collier	9	70,350
Passenger and cargo	2	9,972
Total	384	2,687,266
B. Contract steel:		
Cargo (United States)	1,086	7,296,205
Cargo (Japan)	30	243,290
Cargo (China)	4	40,000
Tanker	73	713,000
Tanker (Navy)	12	131,000
Transport	13	107,800
Refrigerator	8	75,200
Passenger and cargo	23	299,000
Barge	6	22,200
Total	1,255	8,927,695
Total steel vessels	1,639	11,614,961
C. Contract wood (according to original design):		
Cargo	304	1,121,350
Barge	28	71,000
Subtotal	332	1,192,350
Contract wood (according to altered design):		
Tanker	1	4,700
Finished hull	115	447,700
Sailing vessels	10	34,500
Barges (converted)	56	206,000
Subtotal	182	692,900
Total	514	1,885,250
D. Contract composite:		
Cargo	18	63,000

Vessels delivered—Continued.

	Number.	Dead-weight tons.
E. Contract concrete:		
Cargo	4	13,500
Tankers	8	60,000
Total	12	73,500
F. Tugs:		
Steel, ocean	46	.....
Steel, harbor	8	.....
Wood, ocean	13	.....
Wood, harbor	62	.....
Total	129	13,636,711
Grand total	2,312	.....

Construction program segregated according to coasts.

Type.	Number.	Dead-weight tons.
ATLANTIC COAST.		
Steel:		
Cargo	505	3,742,361
Passenger and cargo	25	308,972
Tankers	88	836,630
Refrigerators	11	86,200
Transports	21	167,975
Colliers	9	70,350
Ocean tugs	30	.....
Total steel	689	5,212,488
Wood:		
Cargo	45	157,500
Finished hulls	29	111,650
Barges	33	98,050
Ocean tugs	10	.....
Harbor tugs	29	.....
Total wood	146	367,200
Concrete, cargo	3	10,500
Composite, cargo	10	35,000
Grand total	848	5,625,188
GULF.		
Steel:		
Cargo	43	338,800
Barges	6	22,200
Harbor tugs	6	.....
Total steel	55	361,000
Wood:		
Cargo	62	230,200
Tanker	1	4,700
Finished hulls	27	103,950
Barges	26	84,250
Sailing vessels	2	4,000
Ocean tugs	2	.....
Harbor tugs	4	.....
Total wood	124	427,100
Composite, cargo	8	28,000
Concrete:		
Cargo	1	3,000
Tankers	4	30,000
Total concrete	5	33,000
Grand total	192	849,100
PACIFIC COAST.		
Steel:		
Cargo	408	3,522,300
Tankers	50	526,400
Refrigerators	8	75,200
Transport	1	11,800
Total steel	467	4,135,700
Wood:		
Cargo	196	731,150
Finished hulls	59	232,100
Barges	25	94,700
Sailing vessels	8	30,500
Total wood	288	1,088,450
Concrete, tankers	4	30,000
Total	759	5,254,150
GREAT LAKES.		
Steel:		
Cargo	430	1,622,500
Ocean tugs	16	.....
Harbor tugs	2	.....
Total steel	448	1,622,500

Construction program segregated according to coasts—Continued.

	Number.	Dead-weight tons.
GREAT LAKES—continued.		
Wood:		
Cargo	1	2,500
Ocean tugs	1	.....
Harbor tugs	29	.....
Total wood	31	2,500
Grand total	479	1,625,000
JAPAN.		
Steel, cargo	30	243,290
CHINA.		
Steel, cargo	4	40,000
Grand total	2,312	13,636,711

Construction program segregated according to cities.

	Number.	Dead-weight tons.
VICINITY OF BATH, ME.		
Steel:		
Cargo	4	39,000
Tankers	4	38,000
Total	8	77,000
PORTLAND, ME.		
Wood:		
Cargo	11	38,500
Finished hulls	8	30,800
Barges	10	26,000
Total	29	95,300
PORTSMOUTH, N. H.		
Steel, cargo	10	88,000
Wood:		
Cargo	8	28,000
Finished hulls	2	7,700
Barges	5	18,750
Total wood	15	54,450
Grand total	25	142,450
BOSTON.		
Steel:		
Cargo	7	79,650
Tankers	8	72,800
Total steel	15	152,450
Wood:		
Barge	1	2,500
Ocean tugs	5	.....
Total wood	6	2,500
Grand total	21	154,950
GROTON, CONN.		
Steel, cargo	9	81,000
Wood:		
Cargo	5	17,500
Finished hulls	8	30,800
Barges	2	7,500
Total wood	15	55,800
Grand total	24	136,800
NEW YORK.		
Steel:		
Cargo	49	354,830
Refrigerators	3	21,900
Tanker	1	4,800
Ocean tugs	10	.....
Total steel	63	381,530
Wood:		
Cargo	2	7,000
Finished hulls	3	11,550
Barges	3	7,650
Harbor tugs	16	.....
Total wood	24	26,200
Concrete, cargo	1	3,500
Grand total	88	411,230

Construction program segregated according to cities—Continued.

	Number.	Dead-weight tons.
NEWARK, N. J.		
Steel:		
Cargo	150	897,050
Ocean tugs	20	
Total steel	170	897,050
Wood:		
Cargo	9	31,500
Finished hulls	1	3,850
Total wood	10	35,350
Grand total	180	932,400
PHILADELPHIA, PA.		
Steel:		
Cargo	230	1,819,904
Passenger and cargo	18	217,972
Tankers	37	333,630
Refrigerators	2	23,200
Transports	21	167,975
Colliers	9	70,350
Total steel	317	2,634,030
Wood:		
Cargo	8	28,000
Harbor tugs	4	
Total wood	12	28,000
Grand total	329	2,662,030
BALTIMORE, MD.		
Steel:		
Cargo	23	176,300
Tankers	26	243,950
Refrigerators	6	41,100
Passenger and cargo	5	65,000
Total steel	60	526,350
Wood:		
Cargo	2	7,000
Barges	9	25,000
Finished hulls	2	7,700
Ocean tugs	5	
Harbor tugs	9	
Total wood	27	39,700
Grand total	87	565,050
NORFOLK, VA.		
Steel:		
Cargo	5	35,460
Tankers	12	143,450
Passenger and cargo	2	26,000
Total steel	19	204,910
Wood:		
Finished hulls	3	11,550
Barges	3	10,650
Total wood	6	22,200
Grand total	25	227,110
WILMINGTON, N. C.		
Steel, cargo	8	76,800
Wood, finished hulls	2	7,700
Concrete, cargo	2	7,000
Total	12	91,500
ALEXANDRIA, VA.		
Steel, cargo	10	94,000
NASHVILLE, TENN.		
Steel, barges	4	7,200
SAVANNAH, GA.		
Composite, cargo	6	21,000
BRUNSWICK, GA.		
Wood:		
Cargo	4	14,000
Finished hulls	3	11,550
Barge	1	3,750
Ocean tugs	2	
Total wood	10	29,300
Concrete, cargo	1	3,000
Grand total	11	32,300
JACKSONVILLE, FLA.		
Steel, cargo	5	30,000
Wood:		
Cargo	11	38,500
Finished hulls	3	11,550

Construction program segregated according to cities—Continued.

	Number.	Dead-weight tons.
JACKSONVILLE, FLA.—continued.		
Wood—Continued.		
Barges	4	10,000
Harbor tugs	4	
Total wood	22	60,050
Composite, cargo	4	14,000
Concrete, tankers	2	15,000
Grand total	33	119,050
TAMPA, FLA.		
Steel, cargo	12	102,000
Wood:		
Cargo	4	14,000
Barge	1	3,750
Total wood	5	17,750
Grand total	17	119,750
PENSACOLA, FLA.		
Steel, cargo	10	90,000
MOBILE, ALA.		
Steel:		
Cargo	8	40,000
Barges	2	15,000
Total steel	10	55,000
Wood, cargo	2	7,000
Composite, cargo	6	21,000
Concrete, tankers	2	15,000
Total	20	98,000
MOSS POINT, MISS.		
Wood:		
Cargo	5	17,500
Finished hulls	2	7,700
Total	7	25,200
PASCAGOULA, MISS.		
Wood, cargo	5	17,500
NEW ORLEANS, LA.		
Steel:		
Cargo	8	76,800
Harbor tugs	6	
Total steel	14	76,800
Wood:		
Cargo	6	21,000
Finished hulls	5	19,250
Barges	3	7,500
Total wood	14	47,750
Composite, cargo	2	7,000
Total	30	131,550
BEAUMONT, TEX.		
Wood:		
Cargo	11	38,500
Finished hulls	7	26,950
Barges	12	41,500
Sailing vessels	2	4,000
Total	32	110,950
ORANGE, TEX.		
Wood:		
Cargo	14	62,200
Finished hulls	7	26,950
Barges	5	17,750
Tanker	1	4,700
Total	27	111,600
SAN FRANCISCO, CALIF.		
Steel:		
Cargo	158	1,408,150
Tankers	40	415,400
Refrigerators	8	75,200
Transports	1	11,800
Total steel	207	1,910,550
Wood:		
Cargo	14	50,500
Finished hulls	5	19,250
Barges	5	19,000
Sailing vessels	6	22,200
Total wood	30	110,950
Concrete, tankers	4	30,000
Grand total	241	2,051,500

Construction program segregated according to cities—Continued.

	Number.	Dead-weight tons.
PORTLAND, OREG.		
Steel:		
Cargo	82	635,500
Tankers	7	84,000
Total steel	89	719,500
Wood:		
Cargo	97	367,500
Finished hulls	16	62,500
Barges	9	34,850
Sailing vessels	2	8,300
Total wood	124	473,150
Grand total	213	1,192,650
SEATTLE, WASH.		
Steel:		
Cargo	168	1,479,000
Tankers	3	27,000
Total steel	171	1,506,000
Wood:		
Cargo	85	313,150
Finished hull	38	150,350
Barges	11	40,850
Total wood	134	504,350
Grand total	305	2,010,350
BUFFALO, N. Y.		
Steel, cargo	9	34,400
CLEVELAND, OHIO.		
Steel, cargo	106	403,600
TOLEDO, OHIO.		
Steel, cargo	10	29,300
DETROIT, MICH.		
Steel, cargo	71	273,650
ECORSE, MICH.		
Steel, cargo	76	291,850
Wood harbor tugs	2	.....
Total	78	291,850
SUPERIOR, WIS.		
Steel:		
Cargo	75	280,300
Ocean tugs	10	.....
Total steel	85	280,300
Wood:		
Cargo	1	2,500
Harbor tugs	27	.....
Ocean tugs	1	.....
Total wood	29	2,500
Grand total	114	282,800
MANITOWOC, WIS.		
Steel:		
Cargo	22	83,250
Harbor tugs	2	.....
Ocean tugs	6	.....
Total steel	30	83,250
DULUTH, MINN.		
Steel, cargo	34	124,050
CHICAGO, ILL.		
Steel, cargo	27	102,100
JAPAN.		
Steel, cargo	30	243,290
CHINA.		
Steel, cargo	4	40,000
Total construction program	2,312	13,636,711

Construction cost of the Shipping Board's passenger fleet.

On May 15 the United States Shipping Board made public a summary of construction costs on the 23 "State" boats, compiled as of May 10, 1922:

New name.	Old name.	Length-B. P.	Builder.	Cost.
		Feet.		
President Van Buren	Old North State	502	New York Shipbuilding Co.	$4,084,695.58
President Hayes	Creole State	502	do	4,085,573.61
President Polk	Granite State	502	do	4,086,027.46
President Monroe	Pan Handle State	502	do	4,085,516.44
President Harrison	Wolverine State	502	do	4,085,889.93
President Adams	Centennial State	502	do	4,088,466.49

Construction cost of the Shipping Board's passenger fleet—Continued.

New name.	Old name.	Length-B. P.	Builder.	Cost.
		Feet.		
President Garfield	Blue Hen State	502	New York Shipbuilding Co.	$4,088,274.71
President Madison	Bay State	518	do	5,887,111.73
President Pierce	Peninsular State	518	do	5,887,111.78
President McKinley	Keystone State	518	do	7,041,552.23
President Wilson	Empire State	518	do	7,041,551.44
President Taft	Lone Star State	518	do	7,016,112.64
President Lincoln	Hoosier State	518	do	7,008,964.80
President Cleveland	Hawkeye State	518	Bethlehem Shipbuilding Corporation.	6,664,521.20
President Roosevelt	Buckeye State	518	do	5,992,652.65
President Grant	Pine Tree State	518	do	5,494,496.20
Pan America	Palmetto State	518	do	5,318,138.24
Western World	Nutmeg State	518	do	4,023,107.47
American Legion	Badger State	518	New York Shipbuilding Co.	7,309,189.37
Southern Cross	Gopher State	518	do	7,302,848.15
President Jefferson	Beaver State	518	do	7,517,318.15
President Taylor	Golden State	518	Newport News Shipbuilding Co.	2,291,944.92
President Jackson	Silver State	518	do	6,353,232.06
				130,554,297.28

The above figures represent the total construction costs as reflected by the books of the home office to date. While they are not to be regarded as final, it is not believed that they will be increased by any great amount.

APPENDIX F.

[Excerpt from the Nation, July 5, 1922.]

SHOVELING MONEY INTO THE SEA.

We can not agree with those who think that in consequence of recent events the ship subsidy bill is already beaten. The New York Times, for instance, says that the decision of the House not to consider the measure until after the summer recess means that no action can be taken at this session, and it quotes President Harding himself as saying that there will not be time to consider the bill at next winter's short session. But, unlike the tariff, the ship-subsidy measure requires no discussion of detailed and lengthy schedules, while President Harding's remark was intended merely as a spur to Congress. He will not repeat it if the winter session comes without the ship-subsidy plan having been disposed of. More damaging to subsidy than delay, probably, is the controversy over the sale of liquor on Shipping Board vessels. Between these two handicaps the subvention plan is certainly confronted with a hard fight, but to call it already beaten is to lose sight of the fact that virtually all the organization and a large part of the propaganda is on the side of subsidy.

It is announced, for instance, that the chairman of the Shipping Board will take the stump for the measure. The announcement is superfluous, since Mr. Lasker has been on the stump in one guise or another for the past several months, scarcely leaving it except for meals. Indeed one of the worst features of the subsidy movement is the way in which an administrative body like the Shipping Board has been distorted into a publicity agency and is spending taxpayers' money to further the fortunes of its personnel. Mr. Lasker said before a congressional committee last summer, "I am not an expert in shipping, but I take a little pride in being an expert in publicity." He has proved both contentions.

As the Nation has pointed out before, if there could be any justification for ship subsidy, it would be on the ground that it would maintain a national merchant marine manned by American sailors and so keep up our traditions as a seafaring people. The present bill does not give the slightest consideration to this aspect, while the Shipping Board, by assisting in the cutting of wages, has been the chief influence in dispersing the fine body of American seamen that we got together during the war.

Even if the country were to grant the legitimacy of taxing the public as a whole to maintain an industry which can not pay its own way, the present ship subsidy bill is indefensible and dangerous. More than the pending tariff, it provides for extraordinary administrative powers, capable of all manner of favoritism and abuse. No shipowner can claim a penny of subsidy as a right under the law. The Shipping Board has authority on its own fiat to deny any subsidy at all or to increase the rates stated in the bill up to 100 per cent. A representative of the Shipping Board has admitted that in the case of the *Leviathan*, for instance, the board would be able under the bill to refuse the owner a penny or two award him as much as $1,800,000 a year. The bill provides that 10 per cent of our customs revenue and various other funds shall automatically go for ship subsidies without appropriation by Congress. Mr. Lasker estimates these at $52,125,000 a year, but Representative DAVIS of Tennessee puts the amount as possibly $75,000,000. If that is true, the Shipping Board is handed a blank check by Congress, told to fill it in to any amount up to $75,000,000, and allowed to expend the money on whoever it likes.

Mr. Lasker has based his appeal for ship subsidy largely on the argument that it would enable the Government to sell its fleet and save the $50,000,000 a year that the Shipping Board is now losing. But it remains to be proved that the proposed bill would induce shipping firms to buy the Government fleet or that the Shipping Board need run up so large a deficit. So far as the Government fleet goes, a large number of the vessels were hastily and badly built and private shipping interests do not want them at any price.

The Nautical Gazette of June 10 prints an illuminating financial statement of two vessels, one Danish and the other under the Shipping Board, on a voyage from Baltimore to Hamburg, with full cargoes of grain, returning in ballast. Both ships were of about the same age and of about 7,000 deadweight tons each. The Shipping Board vessel, however, is an oil burner and should have the advantage over the Danish steamship, which burns coal and so carries a crew of 38 against the other's 30. The total voyage expense of the Danish vessel was $17,558 and a profit was made of $1,910. The voyage expense of the

Shipping Board's craft was $21,030, and there was a loss of $614. The wages paid on the American steamship amounted to $2,105, which was less than the Danish item of $2,355. The big difference was in fuel, which cost the Danish vessel $2,970 and the American $6,300. Oil is not a more expensive fuel than coal. The explanation therefore is that there was a high fuel wastage on the Shipping Board craft due to bad construction, faulty management, or poor steering.

President Harding thinks that by explaining the ship subsidy bill to the people they will be won for its support. In our opinion the less the pap advocates say about the bill, and the more they wave Old Glory, the better their chances will be. Representative DAVIS put it well:

"Our Government-owned merchant tonnage cost the people about $3,000,000,000. It is estimated that we will probably sell the ships for $200,000,000. Consequently, the people will stand a loss by deflation of $2,800,000,000. Furthermore, it is contemplated that either existing shipping companies or companies to be organized, who buy the ships, will capitalize the ships largely in excess of their cost to them and sell the stock and bonds to the American people, so that the people will be standing the war inflation, the post-war deflation, and the the promotion inflation.

"The people, through their Government, will sell the ships for approximately $200,000,000, lend $125,000,000 to recondition those ships or build others, and then pay the owners approximately $750,000,000 in subsidies and aids within the next 10 years. In other words, we will be giving the ships away and paying the recipients over half a billion dollars to operate them for the next 10 years, not to speak of the fact that they will probably be coming back at each succeeding Congress asking for more."

The American people refused to sanction the Hanna ship subsidy, which would have cost $3,222,268 annually, and the Gallinger bill carrying an expenditure of $5,109,355. Can they stomach a bill calling for possibly $75,000,000, which gives no assurances of achieving its object even then? As a means of perpetuating the upper personnel of an inefficient and wasteful Shipping Board, and of allowing it to put money in the pockets of its friends, the present bill would be a great success. For all the good it would do 99,999 out of every 100,000 Americans Congress might as well shovel the money into the sea.

APPENDIX G.

[From the National Grange Monthly, May, 1922.]

TAKING A STAND.

The grange never lacks courage to express its belief, no matter with whose opinions it may conflict nor how influential the plans that the statement of its convictions may upset. Whatever charges its enemies of a half century may have piled up against the grange, it has never been accused of lack of courage—it unhesitatingly took its stand whenever the conditions required and there it stood until the chapter closed.

The ship subsidy issue now confronting the country is one of the big outstanding questions of the hour, with possible consequences far-reaching and involving a precedent that would be full of disaster to the future of American initiative and progress. Sensing these facts, the National Grange has never missed the opportunity to denounce ship subsidies and similar Government benefactions of every sort and with the same old issue raised again and backed by more influential support than it ever had before the grange voice of protest is once more vigorously raised against the intended raid upon the Government Treasury to enrich the few at the expense of the many. At the first preliminary hearing on the question the Washington representative of the National Grange was promptly on hand and put up a strong case, based upon the repeated and emphatic declarations of the organization. However unwisely the representatives of other farm organizations may have acted—even to the extent of making statements which their own membership are likely to repudiate—there was no question about the grange: The farmers are against ship subsidies this time and all the time!

It is very unfortunate that all the representatives of the farm interests did not define an equally clear attitude; all sorts of complications would have been avoided if they had. There is no use quibbling about an issue that so involves the farmers' vital interests as this one does, and the frank, outspoken declarations of the grange have won the ringing approval of thoughtful farmers from Atlantic to Pacific. The grange has a larger paid membership than any other organization of the farm people in America, and for those farm people it speaks emphatically on ship subsidies as well as against every other improper use of Government funds. First, last, and all the time no ship subsidies if the grange can prevent it.

[From the Florida Times-Union, April 21, 1922.]

ORDER CONSTRUCTION TWO NEW SHIPS, MERCHANTS & MINERS' IS NOW PLACED—ANNOUNCEMENT DEFINITELY MADE THAT WORK STARTS IMMEDIATELY BUILDING PALATIAL LINERS FOR EXCLUSIVE USE ON JACKSONVILLE-BALTIMORE-PHILADELPHIA ROUTE—WILL BE PLACED IN OPERATION ON JANUARY 1, 1923.

Business is good. Cheer up despondent ones and think of the big tourist crop coming this next winter. The Merchants & Miners' Transportation Co. is, and banking heavily on its judgment. This was definitely learned yesterday, when Sarrol M. Haile, Florida agent of the company, announced that he has received a telegram notifying him that the company has just ordered construction started of two palatial liners for the Jacksonville-Baltimore-Philadelphia run exclusively.

It will be remembered that announcement was made upon the return of local representatives from the Merchants & Miners' conference held in connection with the deeper waterways convention in Savannah last November that a passenger ship was projected at the conclave, with the possibility of two considered. These were to be of the most up-to-date design and equipped with every modern traveling convenience known to builders.

"It pleases me to make this announcement," Mr. Haile said, "as I only announced the possibility of building the one ship in the beginning, preferring to be conservative in my report. The news that two will be built, however, coming unequivocally as it does with the date of January 1, 1923, set for the initial trip, is too good to keep.

"The Merchants & Miners' Transportation Co. will be able to serve Florida and her visitors as never before," he continued. "These ships will accommodate 226 passengers each, and also will have freight capacity of 2,300 tons. Capable of keeping up a fast schedule, as they will be, with the installation of the most up-to-date turbo-electric drive, Jacksonville and the entire State will be drawn that much nearer the North by the more pleasant route."

The ships are to be 366 feet long, 50 feet breadth of beam, and will be five-decked. Dining, smoking, music, and card saloons, beautiful promenade decks, showers and tubs for each cabin, radio telephone and telegraph, and other ultramodern steamer comforts will please the traveling public as much as the relief from congestion in the busy season of migration.

Further details will be announced later.

[From the Washington Post, July 5, 1922.]

UNITED STATES SHIP IS SOLD TO BRITISH—WILL BE USED IN OPPOSITION TO AMERICAN VESSELS IN EAST.

[Special cable dispatch.]

CHERBOURG, July 4.—The United States Shipping Board to-day sold to F. C. Strick Co., of London, the big oil-burning ship *West Caruth*, which had been in the West African trade, and which was wrecked off Cherbourg three months ago.

The price paid was $70,000, which was less than the cost of the ship's stores.

It will cost less than $100,000 to conditon the *West Caruth*. It was one of the few American ships equipped for long voyages.

The Strick Co. will use it for Persian Gulf trade in opposition to American bottoms. Shipping circles here consider the sale a gift to the Britsh merchant marine.

PRACTICAL SHIPPING MEN FAR FROM SATISFIED WITH HARDING SUBSIDY PLAN—RESPONSIBLE OWNERS APPREHENSIVE OVER THE BILL, WHICH IT IS DECLARED WOULD BUILD UP THE BIGGEST POLITICAL MACHINE THE COUNTRY EVER SAW.

(By Bruce Bliven.)

"If Congress passes the proposed ship subsidy bill it will create the opportunity for building the biggest personal political machine in the Nation's history.

"The old-fashioned pork barrel was bad enough, but at its worst it never offered such opportunities for patronage and favoritism to friends of those on the 'inside' as would be permitted by this bill."

The foregoing is, in substance, the chief contention of opponents of the merchant marine bill, which President Harding supports and on behalf of which Chairman Lasker, of the Shipping Board, is about to stump the country.

There is not the slightest criticism of the honesty and efficiency of any of the members of the present Shipping Board in the minds of these critics when they point out the menace of the proposal. They feel that such powers should not be granted to anyone, regardless of who he may be.

I am in a position to state that these apprehensions as to possible opportunities for favoritism under the law as proposed are shared by responsible American shipowners.

They view with grave concern the prospect of a situation where Government aid may be extended to one company and withheld from another, at the decision of the Shipping Board, with no appeal to any higher authority permitted.

It is an open secret that the practical shipping men are not satisfied with the provisions of the existing ship subsidy bill.

They want Government aid, of course, but their recommendations as to the form it should take were materially different from the contents of the present bill. Whoever may have written the document now before Congress, it does not represent either the matured judgment or the expert knowledge of American shipowners. They are supporting the bill, to be sure, but they are doing so because they think it is a case of this bill or nothing; and they hope that if it is passed it can subsequently be revised to fit the situation as it develops.

This is all very well for the shipowners, but how will the American taxpayers feel about having their money played with in an experiment the results of which seem so dubious even from the outset?

If they knew the facts, would they not be apt to say, "Better no bill at all than a bad one"?

Or, after seeing the Shipping Board lose more than $3,300,000,000 of their money since 1917, have they got to the point where a mere extra fifty or a hundred million a year for the next 10 years is of no consequence?

Under the terms of the proposed law, ships in foreign trade receive a cash subsidy per gross ton per 100 miles of travel. For a ship of 12 knots an hour or less, the sum is one-half of 1 cent per gross ton per 100 nautical miles. The amount is increased for faster ships until a vessel making 23 knots or over receives a subsidization of 2.6 cents.

But the Shipping Board has absolute and final power to double this subsidy for any vessel it chooses.

Or it may refuse the subsidy to any vessel it chooses.

Or it may grant a subsidy of any amount between nothing at all and twice the basic rate.

If there were two competing American companies the Shipping Board with a twist of its wrist could put one company out of business by withholding the subsidy. It could grant huge sums to one company by doubling the subsidy. It could slowly starve one company by making its subsidization just a little smaller than that enjoyed by the other.

Anyone who is familiar with American history must realize that such powers could be used to build up an impregnable political machine, to keep a party in power or an individual in office. No matter how sure we may be of the integrity of the individuals who would first exercise such powers, have we the right to put these temptations before their successors?

There are other aspects of the bill equally dangerous. One such provision creates "The United States Shipping Board construction loan fund." This found of $125,000,000 is to be loaned to private individuals for the construction or the equipment of new ships. It is to be loaned to such persons as the Shipping Board sees fit; it is to be loaned in such sums as the Shipping Board sees fit to the amount of two-thirds of the value of the new ship and equipment; and it is to be loaned at 2 per cent per annum.

To lend money at such a rate is not a loan at all. It is a gift. Incidentally, though this money is to come largely from the United States Treasury, the interest on the individual loans does not revert to the Treasury, but is added to the Shipping Board's loan fund.

The shipowner who is lucky enough to get some of this $125,000,000 will be in a position of immense superiority over his friend who does not. Question: Who will be the favored ones?

Another aspect of the law which puts extraordinary powers in the hands of the Shipping Board provides that it is to be the sole arbiter as to the validity or invalidity of any contract between a railroad and a steamship company. Such contracts are often of vital importance to the life and prosperity of the steamship company in question. If this

bill is passed no company in this situation will know from one day to another what its future is to be.

The situation created by this bill was well summarized in the House of Representatives recently, when it was characterized as "conferring the most autocratic power and the widest discretion perhaps ever conferred upon any board." The speaker, Representative E. L. DAVIS, of Tennessee, went on to say that "it affords boundless opportunities for favoritism, graft, and corruption. Under its provisions the Shipping Board is authorized to usurp powers properly belonging to and now exercised by the President, the Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of Labor, the Secretary of Commerce, the Postmaster General, and the Congress. The bill authorizes the Shipping Board to declare valid or invalid existing agreements between common carriers by water and common carriers by land, although some such contracts have been sustained by the courts and others have been declared invalid; so that the Shipping Board is authorized to usurp the power of the judiciary, including the United States Supreme Court, if it so wills."

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WHY THE PEOPLE MUST PAY.

[From the Florida Times-Union.]

With Republican leaders getting anxious about the ship subsidy bill and President Harding quoted as urging immediate and favorable action upon this plan to rob the public to help the Shipping Board and some others, it is interesting to find in the San Francisco Chronicle, a fairly strong Republican newspaper, the following explanation of why the bill must be passed. Says the Chronicle:

"If Congress deems it wise policy to enact laws under which American ships can not move traffic at as low rates as foreign competitors—and nobody is proposing to repeal those laws—then it is self-evident that the public must pay something toward the operation of the ships or go without them. This money is not really a 'subsidy' in its popular meaning as a free gift. It is pay due to American shipowners for operating American ships as Congress has declared that they must be operated. As receipts from traffic will not pay cost of operation under American law, the public must pay the difference or go without the ships."

One way of reading the preceding paragraph would be: "If Congress which, at the dictation of the union-labor lobby, enacted laws putting the American merchant marine on an unfair basis in the commerce of the world, will not repeal the La Follette law and release the shipowners to fair competition, then the American people must put their hands in their pockets and pay the shipowners and the Shipping Board officials and crews and attachés the money they need to keep going." It is a fair confession, but wouldn't pardon be enough without indemnity?

No use to try any subterfuges. The people are at least well enough informed to know that money taken from the customs receipts is the same as if taken directly from the Treasury. A child out of kindergarten would understand that.

The plea that if the Shipping Board vessels are shown to be receiving money they do not earn they will be bought by private parties at a fair price is the same as saying that the vessels under charge of this war board—now no longer useful or ornamental—should be plated with gold and their ropes twisted with greenbacks. If we must pin money to these hulks to get them off our hands, better let them continue to rot at anchor in the rivers.

The national party which countenances the handing over of money to a class of business directly in order to encourage it in a hopeless competition will not gain in popularity in a country thoroughly awake to the situation.

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SHIP SUBSIDY IN UNITED STATES—DIVIDENDS IN HAMBURG.

[From the Manufacturers' News.]

HAMBURG, GERMANY, March 4.—The annual report of the Hamburg-South American Steamship Line, issued to-day, showed net profits amounting to more than 7,000,000 marks, twice the amount of the earnings of the previous year. A dividend of 28 per cent was declared, compared to 16 per cent paid last year.

WASHINGTON, D. C., March —.—While the German shipping companies are paying dividends, due to the increasing exports of German manufacturers to South America, President Harding has been compelled to ask Congress for a shipping subsidy for the American merchant marine.

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[From the Journal of Commerce.]

FUTURE OCEAN RATES.

If the new ship subsidy bill passes Congress, will the result be to establish and maintain a dual kind of shipping management? The indications now point in that direction. There would be, of course, the subsidized ships of private owners, and (unless sold) the ships of the Government would be run as before, and presumably at a continuing deficit. Alongside these ships it may be supposed there would be some American vessels which were run without subsidy and on their own responsibility, while, of course, there will always be American owners who are operating foreign vessels. It does not seem likely that the subsidy will sell many ships, and if not, of course, the probability of Government operation will be with us a long time.

Now, what must be the result on rates of this confusion of ownership? Private owners already find Government competition and interference excessively troublesome. But how much worse will it be under the new plan? The Government, as a subsidizer—and, perhaps, sharer in profits of vessels, if there are any—will necessarily have much to say regarding the rates of the fleet, and, of course, if in competition with them will hardly let privately owned lines drawing a subsidy cut under the rates which it itself has to pay in order to keep going and pay expenses. As for the outsiders who are neither subsidized nor under any direct Government influence, they can scarcely be allowed to fix rates that would destroy the market for freight service, especially if foreigners are driven out through discrimination.

Does not the plan we are following to-day really lead to high rates for freight service maintained by every device in the power of the Government? Certainly Government control and operation has brought that result on land. It will produce it at sea for the same reasons.

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THE SHIP SUBSIDY BILL.

It is stated that President Harding was assured on Tuesday night by the Republican members of the House Merchant Marine Committee and the Senate Commerce Committee that the ship subsidy bill would be "speeded" and might be sent to him for his signature in less than a month. This is what might be called official optimism. The bill itself has not excited much enthusiasm in Congress. It is said that the President regrets that "the ship subsidy question" has become a matter of party politics. On the same day, however, Benjamin C. Marsh, director of the Farmers' National Council, declared at a joint committee hearing that the bill would "create an ocean-going pork barrel," and maintained that it planned to license favored individuals "to rob the American people." His remarks did not shake the faith of the subsidizers, but were symptomatic of opposition in a class that the party in power is always anxious to conciliate. There are breakers ahead for the Greene-Jones bill.

It is a common argument of the subsidy advocates that there can be no paying American merchant marine without "national assistance." It may take many forms. The "revolving fund" of the bill before Congress is one of them. It is to be raised in part by setting aside a percentage of the customs receipts. But what went into the revolving fund for shipping would have to be balanced by taxation to meet other Government obligations. It is provided that shippers of goods are to be allowed income-tax deductions equal to 5 per cent of the freights on goods shipped under the American flag. There seems to be no "national assistance" in this proposed legislation that is not in effect a borrowing from Peter to pay Paul.

It will have to be proved that the standard of wages on American ships is higher than on foreign ships and that this difference alone justifies "national assistance." Mr. J. H. Rossiter, formerly general manager of the Pacific Mail Steamship Co., declared in a letter to Edward N. Hurley, when the latter was chairman of the Shipping Board, that "the higher pay and extra cost of victualing" amounted to "less than 2 per cent of the total operating expense"; and testimony was recently given before the joint congressional committee that "as a result of reductions the wages of American seamen are now much lower than the wages of Canadian and Australian seamen and are practically on a level with British wages." The Japanese, it is true, operate their ships cheaply. Higher cost of construction in American yards is doubtless a factor to be considered, but extravagant comparisons are made by subsidy advocates. If they were allowed to provide "national assistance" and on their own terms the operation of a merchant marine would be an impracticable undertaking for the American people. "This insistence upon a Government subsidy," Mr. Hurley once said, "is one of the characteristics that the modernization of the steamship business along American lines and the infusion of new blood not infected by the traditions of other days must change. * * * No progress ever can be made by people who continually wail that they can not compete."

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[From the News, June 19, 1922.]

OUST VETS TO PLAY POLITICS IS CHARGE—SHIPPING BOARD ALLEGED TO BE CHIEF PIE COUNTER AT PRESENT—RECEIVE LOWER SALARIES—EX-SOLDIERS SAID TO BE UNDERPAID, COMPARED WITH CIVILIAN APPOINTEES.

(By Harry B. Hunt.)

Disabled veterans, "rehabilitated" by special courses of training under the Veterans' Bureau and placed in Government departments, are being ousted to make room for political appointees, according to complaints that will be lodged by the Disabled American Veterans of the World War.

Also, it will be charged, veterans fitted for special Government work are paid much less than political appointees doing identical work.

The protest of the disabled veterans will center around the Shipping Board, which is loosely bound by civil service.

POSITIONS IN GREAT DEMAND.

Positions with the Shipping Board are in greatest demand in satisfying political patronage. There are no harrassing examinations.

The Veterans' Bureau has assigned students to the Shipping Board for training as auditors. During training they receive no pay from the board, but draw training pay from the bureau.

When training is completed, they are rated as "rehabilitated" and transferred to the board's pay roll.

Most of the rehabilitated men have been put on at from $1,200 to $1,500 a year. Auditors working alongside these men, doing the same work, but who won their appointment through political channels, draw from $1,800 to $2,500.

On the heels of a recent drive by Republican Congressmen and Senators to finds jobs for insistent constituents auditors recruited from the ranks of the rehabilitated veterans began to be dropped from their jobs.

The explanation given was that the auditing force was being reduced. However, the desks vacated by the ex-service men were almost immediately occupied by new appointees, named outside of civil service, at salaries from 50 to 100 per cent higher than had been paid the Veterans' Bureau graduates.

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[Reprint from the Marine News, June, 1922, issue.]

The EDITOR THE MARINE NEWS,
New York, N. Y.

DEAR SIR: I was much interested in your editorial comment in the April issue regarding the propositions made by several naval architects whereby the shipbuilders have been called upon to furnish bids at considerable expense to themselves without resultant business, causing a consequent increase in their overhead charges.

Much of this is very true; true that bids have been solicited, expense incurred by the shipbuilders, and that no business has resulted. But the fault is not with the naval architects who solicit those bids in good faith. The fault lies within the shipyard organizations themselves.

Many years' experience in various yards and in various capacities from apprentice boy to executive has convinced the undersigned that the shipbuilding industry in the United States is subject to a great deal of refinement and improvement in organization and executive procedure. It would be safe to say that there is an excessive cost in most shipyards of from three to five dollars per dead-weight ton, not due to labor or physical or mechanical inefficiencies but directly due to what I have termed executive incompetency. This may seem startling, but it is nevertheless true. There are excessive costs due to labor inefficiency, and also to mechanical and physical handicaps in some yards, it is true, but one seldom questions the effectiveness of the organization and the executives behind it with the result that uneconomic organizations continue to exist due to the incompetency of the very executives whose duty it should be to eliminate such uneconomic conditions.

On the basis of the above there would be an excess cost of from $30,000 to $50,000 for each 10,000 dead-weight ton vessel built, and assuming the capacity for a yard to be 10 such vessels per year, the excess cost, due to executive incompetency alone, would amount to

from $300,000 to $500,000 per year. Added to this must be the excess cost due to labor inefficiencies and such mechanical and physical handicaps as are characteristic of the plant.

Modern shop production methods, industrial engineering principles, and organization along basic or fundamental lines seem to be generally lacking in the shipbuilding industry.

I have seen cost data and estimates that were not worth the match to burn them up. The difference of nearly $4,000,000 between the low and the high bids for reconditioning the *Leviathan*, and based on specifications precise in their stipulations, is evidence conclusive that "something" is wrong and that "something" is nothing less than executive incompetency—incompetency on the part of those whose duties and responsibilities should preclude the possibility of useless cost records and uneconomical organizations with consequent absurd estimates and bids that make shipbuilding prohibitive.

Although very few production engineers are at all familiar with shipbuilding as an industry, still fewer are the shipbuilding executives who are familiar with the application of the basic principles of industrial and production engineering to their industry as is evidenced by the fact that in few industries of any magnitude is the application of those principles so conspicuous by their absence.

The sooner the shipyards realize that shipbuilding is a specialized industry only so far as the naval architect and marine engineer are concerned, and a proper subject for modern production engineering, the healthier will shipbuilding become in the United States. The writer has accumulated interesting data and compiled therefrom charts that conclusively substantiate the argument advanced.

Yours very truly,

CARLOS DE ZAFRA.

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FATE OF SHIPS BUILT BY UNITED STATES DECIDED SOON—HARDING'S SUGGESTION MAY CAUSE PUBLIC TO BE ENLIGHTENED ON THE SUBSIDY BILL.

(By Bruce Bliven.)

Within the next 60 or 90 days the people of this country will be called upon to decide a very important question: What shall Uncle Sam do with his ships?

President Harding put the question up to the voters when he changed his mind about forcing an immediate decision on the ship subsidy bill and advised the Members of Congress to go and find out what their constituents want done in this important matter.

His suggestion is excellent. Probably not one person in a hundred is familiar with the intricacies of the proposed ship subsidy law or understands the basic problem of the American merchant marine. Unfortunately, nearly all the public discussion thus far has come from interested parties.

The owners of American steamships, who would benefit from the proposed law, claim that it is impossible for them to compete in transoceanic trade against British and other foreign-owned ships. They declare that not only do they need a sudsidy but the subsidy now proposed is not large enough, and should be twice or three times as big. (One wonders why, under the circumstances, the shipowners are advocating the passage of the bill.)

SUBSIDIZATION TO A DEGREE.

The opponents of the measure for the most part concede that Government ownership and operation of the existing fleet is probably out of the question as a permanent policy. Those who are not extremists concede that some degree of subsidization of our merchant marine is probably desirable for a period of a few years.

Their opposition to the bill now before Congress is based on the fact that it proposes several kinds of assistance, some of which are good and some of which are very bad.

They claim that it will be impossible to determine how much aid is being given any shipowner, and under the terms of the contracts proposed, impossible to terminate subsidization at any given time in the future, even by act of Congress.

They believe the present bill puts into the hands of the Shipping Board enormous power—more than should be granted to any group of individuals no matter how praiseworthy their purposes and irreproachable their characters.

They also point out that the world-wide severe slump in shipping makes the present a particularly bad time to attempt to sell off our ships, and they urge with the return of normal conditions it would probably not be necessary to offer so many nor such expensive inducements to purchasers as are provided by Mr. Lasker.

To understand this specific problem now facing the American people, it is necessary to recall just what the Shipping Board has done since 1917.

Its record since that time is undoubtedly the most astounding instance of short-sightedness, waste, and incompetency in our national history.

More than $3,600,000,000 of the taxpayers' money has been spent in building ships. A very large part of all this sum was expended after the signing of the armistice, so that it can not be excused on the ground of war necessity.

For this $3,600,000,000 we have about 10,000,000 tons of ships on our hands to-day.

Of these 10,000,000 tons just about one-half are good for anything. The other half, through had design or faulty construction, or both, are worthless.

Our fleet is supposed to consist of 1,400 ships to-day. Chairman Lasker himself has estimated that only about 700 of them are good enough to be salable. Private individuals have put the number of first-class ships much lower.

VALUE ONLY $250,000,000.

Experts testifying before the joint congressional committee hearings on this bill put the present value of the fleet at not more than $250,000,000.

The present world market for ships is about $30 a gross ton. This is less than actual construction cost, which is probably from $40 to $60 a ton. If 5,000,000 tons of our fleet are salable—and this is the highest estimate made by anyone I know of—the value of the ships is only $150,000,000.

We spent $3,600,000,000, and we have at most only $250,000,000 to show for it. In other words, the most expensive property the country ever created has shrunk in value by just about 94 per cent in five years. If the Shipping Board went bankrupt it could settle on a basis of 6 cents on the dollar.

According to the American Steamship Owners' Association, private shipping in this country amounts to about 8,500,000 gross tons, of which approximately one-half is in foreign trade. If the ship subsidy bill passes, the shipowners are planning to buy from 3,000,000 to 5,000,000 tons of the Government's ships, which will also be used in foreign trade. With this fleet of 7,250,000 to 9,250,000 tons, the shipowners hope to do at least 60 per cent of America's import and export trade. They are now doing about 33 per cent, the remainder being carried in foreign ships.

In order to enable American ships to do this in spite of the higher cost under which they are said to operate, Chairman Lasker proposes direct subsidies of at least $52,000,000 a year and perhaps very much more than that.

In other words, even if he sold his ships at a replacement value of, say, $50 a ton instead of the present world-market rate of $30 a ton, he proposes to grant to the owners of these and all other American ships subsidies equivalent to the full purchase price of the Shipping Board vessels about every five years after the plan is in complete operation.

To these direct subsidies will be added indirect aid in the form of tax exemptions, etc. No man can say with certainty what these indirect aids will amount to, but they will be considerable.

Yet the steamship owners believe that even these subsidies, which seem so large to the layman, are not sufficient to enable them to compete with the British and other foreign vessels.

The details of the subsidy bill are themselves extremely interesting. They will be considered at length in another article in the Globe.

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[From the American Economist, April 28, 1922.]

SHIP SUBSIDIES TO TOTAL $55,000,000.

It took a great deal of questioning of Chairman Lasker, of the Shipping Board, to induce him to state precisely the sum that would be drawn annually from the National Treasury if the pending ship subsidy bill is passed as introduced. He was so anxious to qualify so many of his statements and so unwilling to be precise that it was difficult to induce him to admit what is obvious. During his examination, or rather cross-examination, while he was on the stand testifying as to what would be accomplished if the ship subsidy bill was passed, he was questioned at great length by Representative EWIN L. DAVIS, of Tennessee. A few of the questions and answers are of more than passing interest, considering that before the ship subsidy bill was talked of plans were under way to protect our ships adequately and, instead of drawing money from the National Treasury, actually add money to it, just as a protective tariff does in all other cases.

HOW DISCRIMINATING DUTIES WOULD OPERATE.

This was to have been accomplished in two ways: 1. By placing a higher duty on imports when they come in foreign vessels than imports in American vessels would be compelled to pay. 2. By placing a higher tax on the tonnage of foreign ships than was placed on American ships. Section 34 of the merchant marine act of 1920 was drawn with that very purpose in view, but it has never been enforced. To those who fear retaliation let it be said that this policy was in full or partial effect for 61 years in pre-Civil War times, and that during all of that time and for 10 years after it was generally suspended American ships carried an average of 80 per cent of our foreign commerce. That percentage obtained for 72 years. It will be plain to the reader that under this policy, to the extent that imports come to us in foreign vessels, there would be an increase in the money paid into the Nation Treasury, but in no event would the policy draw a dollar from the National Treasury. But to some it seems that an annual subsidy of approximately $55,000,000 is the better way of protecting our ships.

DIFFERENT DRAFTS ON NATIONAL TREASURY.

In the printed copies of the testimony brought out at the ship subsidy bill hearings Representative DAVIS was questioning Mr. Lasker (pp. 239 to 242, inclusive of Part II) on April 5. Here are a few of the questions and answers:

"Mr. DAVIS. Now, Mr. Lasker, on yesterday you referred to the amount of the direct subsidies, and so did the President in his message, as being $32,000,000. I presume that $30,000,000 of that is based upon 10 per cent of the import dutites, is it not?

"Mr. LASKER. That is where we get the $30,000,000. But, of course, that might be $32,000,000 or $28,000,000 or $34,000,000. It is all according to how much the tariffs are.

* * * * * * *

"Mr. DAVIS. Well, take your own statement, then, at $30,000,000 for that. Now, I presume the $2,000,000 additional you stated was intended to represent the tonnage dues, was it not?

"Mr. LASKER. Four million dollars, isn't it?

"Mr. DAVIS. You said $32,000,000, and that is what I wanted to get at.

"Mr. LASKER. They are $2,000,000 now, but we hope to see them doubled."

(For the sake of clarity it should be said that the ship subsidy bill provides for deducting 10 per cent of the revenue received from customs duties and all of the money received from tonnage dues, and segregating it as a fund from which to pay the direct, as distinct from the indirect, aids.)

"Mr. DAVIS. In other words, this bill itself provides for all tonnage dues being doubled?

"Mr. LASKER. Yes.

"Mr. DAVIS. You mean $30,000,000 for the 10 per cent of imports and $4,000,000 for tonnage dues?

"Mr. LASKER. After five years we think the amount of disbursements for direct aid will be $30,000,000.

"Mr. DAVIS. Well, I am wanting to get at what you propose to be paid into the fund as soon as the bill goes into effect?

"Mr. LASKER. We propose to be paid into the fund as soon as the bill goes into effect 10 per cent of the tariffs, whatever they may be.

"Mr. DAVIS. Which you said was $30,000,000.

"Mr. LASKER. The tonnage tax, which we hope will increase to $4,000,000. And then the postal receipts would go into it, which is $4,000,000. That would make it $38,000,000.

"Mr. DAVIS. Right on that point, it is stated repeatedly in this report of yours, of the Shipping Board, that it is $5,000,000.

"Mr. LASKER. It is approaching $5,000,000.

"Mr. DAVIS. I want to ask you furthermore in this report it does not give the exact figures to show that the amounts paid out for ocean postage and postal contracts in 1921 were $6,085,000.

"Mr. LASKER. Mr. Nicholson is going on the stand with a lengthy discussion of all this, with an elaborately prepared statement. That in itself may be a whole day's examination, so let us check it till he comes on.

"Mr. DAVIS. But I want to enumerate the amount of all these aids.

"Mr. LASKER. Yes, sir; we have got it all prepared, to prove what we say.

"Mr. DAVIS. Now, which do you want to insist on putting down now, the $5,000,000?

"Mr. LASKER. No; the $6,000,000 that you have included what we pay foreign ships for carrying the mails.

"Mr. DAVIS. But you say in your report that you expect when this gets into operation American ships will be able to take over that business.

"Mr. LASKER. Not until the ships are built. That is in the future.

"Mr. NICHOLSON. In your statement or memorandum you also included in the computation these facts, namely, that with the development of the merchant marine mails now carried by foreign vessels would be transferred to domestic vessels, and you made an allowance for that.

"Mr. LASKER. Yes; that is where we get the amount to $5,000,000; and ultimately let us hope that the desideratum is the $6,000,000.

"Mr. DAVIS. Now, Mr. Lasker, you also estimate at different places in this report—and I believe you stated in your testimony yesterday—that the income-tax relief would ultimately amount to $10,000,000 a year?

"Mr. LASKER. $8,000,000 to $10,000,000. * * *

"Mr. DAVIS. Now, the naval reserve, it is also estimated when that gets into operation, within three years, the cost of that will be $3,000,000. Now, it is proposed to loan $125,000,000 at 2 per cent interest.

"Mr. LASKER. The law already provides for that. * * *

"Mr. DAVIS. Now, at 2 per cent the Government would be loaning it for at least 2½ per cent less than the Government is paying.

"Mr. LASKER. Say 3 per cent on short time. * * * Well, say 2½ per cent would be a right figure?

"Mr. DAVIS. All right. That would be $3,125,000 a year that that cost the Government?

"Mr. LASKER. Yes; I would put it that way. * * * The $3,100,000 difference in interest on the loan fund should be included. However, as I stated yesterday, the $3,100,000 loan fund interest should be included; you are right in that, but remember we don't estimate the first year it is going to cost over $15,000,000, and we think it will be five years before it gets to its maximum.

"Mr. DAVIS. The items that we have agreed upon here foot up to $55,125,000.

"Mr. LASKER. Aren't you going to take off the postal receipts?

"Mr. DAVIS. No; I am talking about what it is going to cost the Government."

SHIPPING BOARD MAY DOUBLE AMOUNT OF DIRECT SUBSIDY.

It will be noted that the sum of $32,000,000 or $34,000,000, according to whether tonnage dues yield $2,000,000 or $4,000,000, is to be segregated with which to pay the direct subsidy to the ships entitled to it. But there is a provision in the ship subsidy bill—the last paragraph of section 702, on page 22, of the Jones ship subsidy bill—which reads as follows:

"Whenever the United States Shipping Board shall determine that the compensation prescribed herein is insufficient to induce the operation of vessels documented under the laws of the United States in any line or service which in its judgment is desirable and necessary to promote the welfare of the United States, the board may increase the amount of compensation provided by this act to such an extent as it may deem necessary to secure the establishment and maintenance of such lines or services, not, however, to exceed twice the amount of compensation provided herein. Whenever the board shall determine that the amount of compensation is excessive under the special circumstances of any particular case, it may reduce the amount prescribed herein with respect to such particular case."

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[From the Evening Star, March 3, 1922.]

SHIPPING BOARD MAKES MONEY FOR FIRST TIME—FEBRUARY FIGURES FOR OPERATIONS SHOW EXCESS OF $100,000 OF INCOME OVER COSTS.

For the first time in the history of the Shipping Board ship operating expenses for February were less than operating revenues, according to Joseph W. Powell, who retired as president of the Emergency Fleet Corporation to-day. Since last July, when Mr. Powell took office, he said, the Shipping Board has disposed of $20,370,000 worth of property.

February figures for ship operation, Mr. Powell said, showed that approximately $6,500,000 was taken in by the managing operators on Shipping Board accounts, and that the expenditures were $6,400,000.

Reviewing the fiscal affairs of the Fleet Corporation since last July, he said that voyage expenses, classified as losses, were: July, $1,896,000; December, $1,249,000; and January, $934,000.

Since July the personnel of the emergency fleet has been reduced 3,302 and the pay roll $5,290,000. In July there were 956 ships laid up as against 1,278 to-day.

Figures for the liquidation of property show that since October $5,000,000 worth of ships, $6,073,000 worth of houses, and $5,000,000 of surplus materials have been sold. In addition $4,300,000 worth of securities and mortgages have been disposed of.

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[From the Chicago Journal, Monday, June 12, 1922.]

ORGANIZE TO FIGHT THE SUBSIDY.

Word comes from Washington that some Senators and Representatives from the Middle West have declared that this section is favorable to the ship subsidy bill.

By what authority do those misguided solons speak? When were they out of Washington, and back in their States and districts learning public opinion? When did they talk with their constituents on this matter, and with what constituents did they talk? Have they taken the opinions of farmers, of merchants, of wage earners? Or have they confined their investigations to their own luxurious clubs?

One suspects the latter, for that is about the only place, outside of Washington and the coast cities, where one can hear a good word for the ship subsidy. The Middle West, which works for a living—and that comprises about nineteen-twentieths of the population of the central valley—either is too disgusted with the subsidy to talk about it or denounces it for the swindle that it is.

Why, indeed, should the Middle West look upon the subsidy scheme with any other sentiments than hostility and disgust

The subsidy goes to ships engaged in foreign trade. That, on the very face of it, is a bonus which the whole country will have to pay to the coasts. Why should the great middle valley support such a scheme?

The bonus to be paid increases with the speed of the vessel, which means that the lion's share will be absorbed by fast passenger boats, virtually all of which enter and will be owned in New York. Why should the Mississippi Valley clamor for the privilege of paying a subsidy to the marine branch of Wall Street?

A. D. Lasker, chairman of the Shipping Board and champion of the subsidy, says that "not more than two" lines of fast ships can compete under one flag. This amounts to direct notice that American passenger traffic under the subsidy régime will be a virtual monopoly. Why should the West, after a generation of fighting monopolies on land, subsidize one on the sea?

EWIN L. DAVIS, of Tennessee, showed in the House debates that the shipping bill permits the sale of the merchant fleet on partial payments, to be spread over 15 years, and that, taking the present price of ships, the subsidy to these vessels in 15 years would amount to at least $250,000,000 more than their purchase price. That was when the annual cost of the subsidy was estimated at $30,000,000, but now comes Mr. Lasker and says that the bonus payments may well run to $52,000,000 per year, while other authorities put the sum at $60,000,000.

On this showing, therefore, the United States Government is called upon to give away its merchant fleet and pay the new owners $500,000,000 or $600,000,000 for taking it. Why should the West support any such fantastic fraud?

The West doesn't support it. But the West, if not careful, will be represented as supporting the swindle.

It is time for the big central valley to organize and act to defeat this expensive fakery. Every association of farmers should go on record against the subsidy. Every labor union and western organization of merchants should do the same. Notice should be served on every Congressman and Senator that the West stands ready to punish at the polls those who try to vote its money to the Shipping Trust. Demand should be made that those who represent the Middle West in Washington come home and face their constituents before passing on the subsidy measure.

This carefully plotted swindle can be beaten only by hard work, and the work must begin now to be effective. Organize to fight the subsidy.

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[From Fairplay, December 4, 1919.]

The following statement discloses recent sale price of steel steamers in various parts of the world. The information is largely derived from Fairplay, the leading English marine journal.

DECEMBER, 1920.

Deadweight tons built in 1915	5,575
Deadweight tons built in 1906	6,396
Deadweight tons built in 1909	7,100
Deadweight tons built in 1894	5,100
Deadweight tons built in 1900	5,800
Deadweight tons built in 1915	7,850
Deadweight tons built in 1902	6,225
Deadweight tons built in 1911	7,100
Deadweight tons built in 1905	7,070
Deadweight tons built in 1903	6,270
Deadweight tons built in 1910	6,412
Deadweight tons built in 1913	5,557
Deadweight tons built in 1914	5,557

All owned by the Moor Line, Newcastle-on-Tyne, and sold to the Western Counties Shipping Co. at £22 per ton deadweight, or $72.82 current exchange.

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[From Fairplay, December 4, 1919.]

Steamer, 9,300 tons deadweight, contracted for June delivery to Norwegians at about £25 per ton, all increase in wages, materials, etc., to be paid by owners. Been sold at large advance over contract price.

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[From Fairplay, December 4, 1919.]

Japanese steamer, 2,206 gross, 3,309 deadweight, built in 1919, been sold to Norwegians at 375 yen per deadweight ton, or $187.50.

Another, 4,950 tons deadweight, been sold to Danes at about £42, or about $139 at current exchange.

A steamer of 3,077 tons gross, 4,600 tons deadweight, built in 1917, been sold to foreigners for about £175,000, or about £38 per deadweight ton, equivalent at current exchange to about $140.

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[From Fairplay, December 11, 1919.]

Japanese owners have sold one new ship of 6,300 tons at 330 yen per ton, or $165, and another at 340 yen, or $170 per ton.

Another new ship of about 3,300 dead-weight tons was sold for 375 yen, or about $187, per ton.

A small steamer of about 1,600 dead-weight tons was sold in England for about £43.4 per ton, substantially $144 at current exchange.

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[From Fairplay, December 18, 1920.]

Three steamers built in 1918, aggregating 895 dead-weight tons, sold for about £50,000, or £56 per dead-weight ton, or about $185 current exchange.

A steamer of 5,300 dead-weight tons built in 1903 sold for £90,000, or about £17 per ton, or about $56 at current exchange.

A steamer of 2,040 dead-weight tons, to be delivered in February, sold for about £99,500, or about £48.7 per ton, or about $161 per ton according to current exchange.

A steamer of about 6,637 dead-weight tons was sold for about £197,500, or £29.7 per ton, or about $98 at current exchange.

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[From Fairplay, December 25, 1920.]

A ship of 2,000 dead-weight tons built in a Dutch yard, about ready for delivery, sold for about £117,500, or about £58.7 per ton, or about $195 per ton at current exchange.

A steamer of about 3,500 dead-weight tons built in 1900 was sold for about £100,000, or about £30 per ton, substantially $100, according to current exchange.

A steamer of about 5,400 dead-weight tons built in 1900 sold for about £160,000, or about £30 per ton, substantially $100, according to current exchange.

A new steamer of a little over 2,000 tons dead weight, under construction and to be delivered during the month of February, was sold for about £99,500, or substantially £49 per ton, the equivalent of about $162 at current exchange.

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[From Fairplay, January 15, 1920.]

Steamship *Tynedale*, of about 4,442 dead weight, built in 1889, was sold for £16,500 pounds, or about £3.7 per ton, equal to about $122.50 at current exchange.

Steamer *Aro*, of about 5,690 dead-weight tons, built in 1918, was sold for £40,000, or about £7 per ton, equal to about $23.17 current exchange.

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[From Fair Play, January 22, 1920.]

Steamer *Canning*, of about 8,000 dead-weight tons, built in 1895, was sold to Greeks for £100,000, or about £12.4 per ton, substantially $40 current exchange.

Steamer *Menelaus*, of about 6,750 dead-weight tons, built in 1895, sold for £90,000, or about £13.3 per ton, equal to about $44 current exchange.

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[Report of Shipping Board, January 15, 1920.]

The price of a new, ready, 7,500-ton cargo steamer was £31 per ton; at current exchange $102. Norwegian owners are reported to have contracted with British builders for the construction of a 7,000-ton single-deck cargo steamer for delivery in October, 1920, at £34 per ton, $112 at current exchange.

A recent sale of a steel two-deck steamer, built in 1918, of a dead-weight capacity of about 10,015 tons, has been made for about £35 per ton, or $115 at current exchange.

Scotch shipbuilders are reported to be offering to build 3,000-ton single-deck cargo steamers, for delivery 1921, at £44 per ton, or $145 at current exchange.

A steamer under construction, to be delivered next February, has been sold for almost £49 per ton, or $162 at current exchange.

A steel shelter-deck steamer, built in 1913, of about 9,600 dead-weight tons, has been sold for £29 per ton, or about $96 at current exchange.

A British oil merchant says that he has let contracts for several tankers at about £31, or about $102 at current exchange.

Mr. RANSDELL. Mr. President, I do not agree with the conclusions stated by the Senator from Florida [Mr. FLETCHER], and at some time in the future I shall reply rather fully to them, I hope.

I wish to announce at the present moment that on Thursday, the 20th, as soon as the Senate convenes, if I can get recognition, I shall address the Senate on some very remarkable developments in connection with our merchant marine that have been taking place in the world the last three months. They are of intense interest to all Americans. I promise not to detain the Senate very long, but I hope to entertain them at that time.

B. HARVEY CARROLL.

Mr. SHEPPARD. Mr. President, B. Harvey Carroll, a member of the consular service from Texas, was stricken while at his post in Spain a few months ago, and died a few days later. His record was one of exalted service to his country. A brief summary of that service was prepared by Gino Speranza, formerly an attaché of the American Embassy at Rome, who had personal opportunity to observe Carroll's work, and I think it is of sufficient interest to have a place in the RECORD. I ask that it be inserted.

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

B. HARVEY CARROLL.

The death of B. Harvey Carroll, of Houston, Tex., American consul at Cadiz, who died recently in the service, should not be allowed to pass without some public statement of his unusual record.

His appointment to the Consular Service almost coincided with the beginning of the great World War, his official career beginning in the midst of the alarms and fears which preceded that conflict, and in one of the most beautiful settings of that drama—the dream city of Venice. It was just the background and "the perfect occasion" to fire a deeply poetic imagination such as Carroll's and to stir him to a fine sense of the high mission which America was to play in the approaching struggle. Holding a relatively inconspicuous office he became in a short time one of the outstanding figures among the diplomatic, consular, and welfare officials accredited to Italy from our country. Concentrating his efforts at first in helping his countrymen who were rushing into Venice from Austria and north Italian resorts—frightened by the uncertainties of the situation and the sudden paralysis in the banking world—he saw to it that all were provided with passage home, spending even out of his own very slender private purse to help the neediest cases. This accomplished, he next turned his energy and enthusiasm to the suffering people of Venice. I doubt if any American official abroad was so esteemed and loved—in high and lowly places—as Harvey Carroll was esteemed and loved by the people of Venice. Children followed him along the Calles and over the bridges as their particular friend: yes, even as their occasional playmate; men and women of all classes went to him for counsel as to a wise and kindly neighbor, and when the Pearl of the Adriatic trembled and rocked under endless Austrian attacks hundreds of the poor of Venice nightly gathered at the American consulate hoping that somehow the Stars and Stripes and Consul Carroll would save them from the terrible danger hanging over the city. Closer and closer around Venice the enemy drew its lines, more frequent and more unsparing became the attacks from the sky, till the entire consular corps was advised by the Italian military authorities to leave what seemed a doomed city. But the American consul refused to go; duty, as that gallant son of Texas understood it, bound him to the people who now looked upon him almost like a father. I can see him on those terrible nights of full moonlight when the Austrian raiders would come in force and drop explosive and incendiary bombs by the dozen, hastening from place to place where an explosion was reported or a palace set on fire, not only eager to help but anxious for that detailed, accurate, and interesting data which fill his official reports to our Government. For let me say here that those reports of Carroll's were no mere consular summaries of statistics and dry facts but literary essays full of human interest, and often a fine appreciation of art. Indeed one of our great litterateurs, who by reason of his official position was able to read those reports, has said of them that they had much of the flavor and style of Ruskin's Stones of Venice. Perhaps our Government may some day publish them to the delight of artists and lovers of Venice.

Certainly Carroll had greater opportunities of seeing Italy in a state of defense as well as on her actual fighting lines than possibly any other American official in that country. It will be remembered, for instance, that before we entered the World War the Austrians, in an attempt to justify their attacks on Venice, charged that the Italian military authorities used the famous Campanile in St. Mark's Square as an observation post. The Italian Government thereupon requested the United States as a then neutral nation to ascertain the facts and Consul Carroll was directed to make an official inquiry. With characteristic sense of fair play Carroll notified the Italian military authorities that in order to make an absolutely reliable inquiry he would have to have the key to the Campanile so he could enter it at any time without previous notice. The Italian authorities readily consented and for several days the American consul became the keeper of that historic tower, and it was on one of his sudden nocturnal visits that he had the opportunity of watching—all alone, from that great steeple—the most awful raid upon Venice when 26 airplanes bombed that city mercilessly throughout an endless night of horror.

Carroll's happiest day was when we finally entered the war. Thereafter he redoubled his energies, extending his activities to the Italian fighting lines. After Caporetto, when the dikes in the outer lagoons were cut down so as to flood the approaches to the city from the east and north, Carroll felt he should go where the last, supreme stand was being made. The artillery fire was so near and so intense that it shook the Adriatic city, and on the near-by Piave the 18-year-old boys of Italy, rushed from the colleges and universities of the kingdom to the fighting front, were holding the Piave line as the last, desperate effort to stem the inrushing enemy. The Piave line, as Carroll gravely said, was "wholly within" his consular district; and to it he went, forbidden by his official status from handling a gun, but giving aid to those falling near him. It was in recognition of his courage on this occasion that the Italian supreme command conferred upon him the Italian War Cross. But it was not this honor nor the Order of the Crown of Italy which King Victor conferred upon him, nor the flag of St. Mark and an old Venitian painting which the municipality of Venice presented to him that constituted Carroll's greatest satisfaction. These he esteemed and appreciated, but the supreme honor for him lay in the fact that he had made a heroic and long-suffering people trust and love the United States of America—his country. This was his great passion, his abiding love. And when the hour struck, though in a distant land and away from the brave heart that had shared with him so many of the battles of his life, the thought of his unswerving loyalty to his country must have made the last journey a road of light. Well done, well done, thou good and faithful servant of the Republic!

REINTERMENT OF SOLDIER DEAD.

The VICE PRESIDENT laid before the Senate a communication from the Quartermaster General of the Army, which was ordered to lie on the table and to be printed in the RECORD, as follows:

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL OF THE ARMY,
Washington, July 15, 1922.

The PRESIDENT OF THE SENATE,
Washington, D. C.

MY DEAR SIR: The inclosed copy of list of American soldier dead returned from overseas, consisting of 18 enlisted men and 1 Army field clerk, to be reinterred in the Arlington National Cemetery, Thursday, July 20, 1922, is furnished for consultation by Members of the Senate. It is requested that it be posted or displayed in a suitable place for the purpose desired.

Very truly yours,

H. L. ROGERS,
Quartermaster 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. McCUMBER. Mr. President, before continuing the very interesting discussion of the cotton schedule I ask unanimous consent that when the Senate closes its session on this calendar day it recess until to-morrow at 11 o'clock.

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

Mr. McCUMBER. I think the Senator from Utah desires to have the Senate consider paragraph 920 at this time.

Mr. SMOOT. Yes, Mr. President; I want to pass over paragraphs 918 and 919 and consider paragraph 920.

The VICE PRESIDENT. The Secretary will state the amendment of the committee to paragraph 920.

The ASSISTANT SECRETARY. In paragraph 920, page 131, line 20, the committee proposes to strike out "28" and to insert in lieu thereof "40," so as to read:

PAR. 920. All articles made from cotton cloth, whether finished or unfinished, and all manufactures of cotton or of which cotton is the component material of chief value, not specially provided for, 40 per cent ad valorem.

Mr. ROBINSON. May I ask the Senator from Utah why we passed over paragraphs 918 and 919?

Mr. SMOOT. Two Senators who are absent from the city requested by wire that that be done. They will be here to-

morrow, and as soon as they return we will take up those paragraphs.

Mr. ROBINSON. I have no objection, under those circumstances, to the paragraphs being passed over, but I thought there ought to be some explanation as to why they are not to be considered now.

Mr. SMITH. In regard to the paragraph under consideration, I notice that the present rate is 30 per cent. This is a basket clause, and the rate was only 45 per cent under the Payne-Aldrich law. The House provided for 28 per cent, based on the American valuation.

Mr. SMOOT. That is equal to a little over 40 per cent, the way they figure it.

Mr. SMITH. My impression was that the House rate would be about 32 per cent.

Mr. SMOOT. If it were 45 per cent, with one-third off of the rate it would be 30 per cent. That virtually is the Payne-Aldrich rate.

Mr. SMITH. No; they could not have given the Payne-Aldrich rate, because that was 45 per cent.

Mr. SMOOT. Less one-third, as I said. They took that off of the American valuation. One-third off of 45 would be 30, and they gave 28. I said it was virtually that rate.

The Senator will also note that under the bill we have taken those items out of the basket clause, and they were the great bulk of goods which fell under this paragraph—curtains, table covers, and all other articles manufactured of chenille or of which cotton chenille is the component material of chief value.

The rate was 35 per cent under existing law, and under the Payne-Aldrich law the rate was 50 per cent ad valorem, but here we take all articles made from cotton cloth, whether finished or unfinished, and all manufactures of cotton or of which cotton is the component material of chief value, not specially provided for, and propose a rate of 30 per cent ad valorem, or at the same rate plain cloths are provided for in the other paragraphs.

Mr. SMITH. In paragraph 904——

Mr. SMOOT. That is the definition clause.

Mr. SMITH. In paragraphs 903, 904, and 905 we covered cotton cloth, printed, dyed, colored, or woven-figured; then cotton cloths not bleached, printed, or dyed. Even there we did not reach 40 per cent on the plain cotton cloths. We have provided in the other paragraphs for those which, in the opinion of Senators on the other side of the Chamber, needed special duties. But here we come to the basket clause in which all articles made from cotton cloth are included, whether finished or unfinished, and all manufactures of cotton or of which cotton is the component material of chief value, not specially provided for, and give them a rate that is practically equal to the very highest rate given to the specially provided for cloths.

Mr. SMOOT. A paragraph of this kind is generally designated as the junk clause. We do not know what will fall into it.

Mr. SMITH. I know the Senator does not know that.

Mr. SMOOT. The rate of duty does not apply to the general use of goods in the United States.

Mr. SMITH. The point I am making is this——

Mr. SMOOT. It is a higher rate than is given to those which are provided for specially.

Mr. SMITH. We took countable cotton cloths and we took those that were plain and not specially treated and gave them a rate. Then we took those specially treated which came under "dyed and figured" and gave them a special rate. The special rate that was given cloth, which the Senator from Massachusetts [Mr. LODGE] stood here the other day and pleaded for, does not exceed this rate of duty. When we come to the odds and ends, in order that nothing may escape at all, the committee have taken all kinds of goods manufactured, whether finished or unfinished, composed of cotton, and given them a rate that is as high as the specially provided for goods.

Mr. SMOOT. So did the Underwood law do that identical thing. No one ever objected to the rates of the basket clauses. No one can tell what is going to be made hereafter that will fall into the basket clauses. They are catch-all clauses. All the goods that are known are specially provided for.

Mr. SMITH. I do not see why the Senator applies the term basket clause or catch-all clause to this particular paragraph. I think the whole bill is a basket clause and a catch-all clause. If anything has escaped the committee it does not appear in this schedule. However, in order to expedite matters, I am not going to further contest the question.

We have made our fight. We have gone on record, assisted ably by certain Senators on the other side of the Chamber, and it has availed practically nothing. I want to say in the conclusion of my attempt at management of the cotton schedule that there seems to have been, and there was, a reduction in figures, but there was no relief to the American public by such reduction for the reason that, though there was a reduction in figures, it did not reduce the rates to a point where there would result anything like competition from abroad. The American market has been left absolutely at the mercy of the American manufacturer. The difference in the percentage which was brought in and the percentage finally agreed upon did not spell any relief whatsoever, because, to illustrate, if a wall is 10 feet high and those who are imprisoned can only jump over a wall 5 feet high and you knock it down to 8 feet high, you still have 3 feet above any relief to those imprisoned. You may have knocked 2 feet from the high wall, but you still have those behind it far beyond any possibility of ever getting out.

Mr. SMOOT. If they can jump over a 10-foot wall and we leave it there, there is no need of having any duty at all. Therefore, as between the foreign manufacturer and the American manufacturer, I want the wall at least so high that we will have a little energy on the part of the foreign manufacturer in order to get into this country. I also want, when they get into this country, that they shall be required to pay a little money into the United States Treasury for the privilege of doing business in the United States.

Mr. McCUMBER. Mr. President, I merely wish to add to what the Senator from Utah has said, that under the Payne-Aldrich law the rate was 45 per cent, under the Underwood law it is 35 per cent, and under the pending bill it is 40 per cent. Forty per cent ad valorem to-day, under prices and under the difference in the cost of labor in this country and in the Old World, does not measure as great a protection as 30 per cent ad valorem measured at the time the Underwood law was enacted.

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

Mr. SMITH. Inasmuch as this is the last item in the cotton schedule, I ask for the yeas and nays.

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

Mr. DIAL (when his name was called). I have a pair with the Senator from Michigan [Mr. TOWNSEND]. Being unable to obtain a transfer, I withhold my vote.

Mr. ROBINSON (when his name was called). Transferring my pair with the Senator from West Virginia [Mr. SUTHERLAND] to the senior Senator from Missouri [Mr. REED], I vote "nay."

The roll call was concluded.

Mr. JONES of New Mexico. Making the same announcement as to my pair and its transfer as on the previous vote, I vote "nay."

Mr. OVERMAN. Making the same announcement as to the transfer of my pair as on the previous vote, I vote "nay."

Mr. GLASS. Making the same announcement as to my pair and its transfer as heretofore, I vote "nay."

Mr. WALSH of Montana. Making the same announcement as on the previous vote, I vote "nay."

Mr. JONES of Washington (after having voted in the affirmative). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. I am paired with him for the afternoon. I find, however, that I can transfer that pair to the junior Senator from Oregon [Mr. STANFIELD], and I do so, and allow my vote to stand.

Mr. NEW. Repeating the announcement as to the transfer of my pair, I vote "yea."

Mr. McKINLEY. I transfer my permanent pair with the junior Senator from Arkansas [Mr. CARAWAY] to the senior Senator from Pennsylvania [Mr. CROW] and vote "yea."

Mr. STANLEY. Has the junior Senator from Kentucky [Mr. ERNST] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. STANLEY. I have a pair with that Senator. In his absence, I withhold my vote.

Mr. TRAMMELL. In the absence of my pair, the Senator from Rhode Island [Mr. COLT], being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. CURTIS. I was requested to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from New York [Mr. CALDER] with the Senator from Georgia [Mr. HARRIS];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS]; and

The Senator from Indiana [Mr. WATSON] with the Senator from Mississippi [Mr. WILLIAMS].

The roll call resulted—yeas 29, nays 19, as follows:

YEAS—29.

Broussard	Jones, Wash.	McLean	Phipps
Bursum	Kellogg	McNary	Smoot
Cameron	Kendrick	Moses	Spencer
Capper	Keyes	Nelson	Sterling
Curtis	Lenroot	New	Willis
France	Lodge	Newberry	
Gooding	McCumber	Oddie	
Harreld	McKinley	Pepper	

NAYS—19.

Ashurst	Jones, N. Mex.	Ransdell	Underwood
Borah	King	Robinson	Walsh, Mass.
Glass	Norris	Sheppard	Walsh, Mont.
Heflin	Overman	Simmons	Watson, Ga.
Hitchcock	Pomerene	Smith	

NOT VOTING—48.

Ball	Elkins	McCormick	Shortridge
Brandegee	Ernst	McKellar	Stanfield
Calder	Fernald	Myers	Stanley
Caraway	Fletcher	Nicholson	Sutherland
Colt	Frelinghuysen	Norbeck	Swanson
Crow	Gerry	Owen	Townsend
Culberson	Hale	Page	Trammell
Cummins	Harris	Pittman	Wadsworth
Dial	Harrison	Poindexter	Warren
Dillingham	Johnson	Rawson	Watson, Ind.
du Pont	Ladd	Reed	Weller
Edge	La Follette	Shields	Williams

The VICE PRESIDENT. The yeas are 29 and the nays are 19. The following Senators are present and have not voted: The Senator from Kentucky [Mr. STANLEY], the Senator from South Carolina [Mr. DIAL], and the Senator from Florida [Mr. TRAMMELL]. The amendment of the committee is agreed to. The next committee amendment will be stated.

The next amendment was, under "Schedule 10, flax, hemp, and jute, and manufactures of," in paragraph 1001, on page 132, line 1, after the word "tow," to strike out "three-fourths of 1 cent" and to insert "2 cents," so as to read:

PAR. 1001. Flax straw, $2 per ton; flax, not hackled, 1 cent per pound; flax, hackled, including "dressed line," 2 cents per pound; flax tow and flax noils, three-fourths of 1 cent per pound; hemp and hemp tow, 2 cents per pound.

Mr. MOSES. Mr. President, I desire to prefer a request to the Senator in charge of the bill. I take it that it is improbable that paragraph 1008a will be reached this afternoon, but in the event that it is, may I ask the Senator from Utah to consent that it may go over until to-morrow morning?

Mr. SMOOT. Yes; I shall ask that the paragraph may go over if it shall be reached this afternoon.

Mr. MOSES. I thank the Senator.

Mr. SMOOT. Mr. President, it may be just as well that I make merely a brief statement as to the policy of the committee in imposing the duties which are carried under this schedule and at the same time give to the Senate an idea of the working of this schedule in the past and what is to be hoped for in the future.

The first amendment which the committee proposes is the one that has just been stated by the Secretary, and is found on page 132, line 1, where the Senate committee proposes that the rate of three-fourths of 1 cent per pound on hemp and hemp tow be increased to 2 cents per pound. The second amendment is as to hackled hemp, including "line of hemp," on which the House imposed a duty of 1½ cents a pound, but on which the Senate committee propose to impose a duty of 4 cents per pound.

Mr. KING. That is double the rate which is carried by the Payne-Aldrich law?

Mr. SMOOT. Yes; I will say to the Senator, it is double the Payne-Aldrich law rate. I wish to say to the Senate that those rates were increased at the earnest solicitation of the senior Senator from Wisconsin [Mr. LA FOLLETTE]. He had received many letters—and he read them to the Committee on Finance—from the Agricultural College of Wisconsin, and I think he had received letters from one or two other colleges in the United States. The Senator from Wisconsin became convinced that the only way to establish this industry was to give the protection which is proposed to be accorded by the Senate committee upon hemp and hemp tow and hackled hemp, including "line of hemp."

The Senate will later in the consideration of the bill reach certain paragraphs covering articles of which this product is the raw material, and in those instances it became necessary, in view of the increased duty provided by the committee on the raw product, to increase the rate on the finished product. When those paragraphs are reached I shall probably take occasion to call attention to the increases, and it will be found that they will be in nearly all cases caused through the imposition of an increased duty upon the raw material.

The first clause of paragraph 1008a covers woven fabrics, such as hucks and count napkins and crashes; the second clause of paragraph 1008a covers paddings. Most of those goods have never been made in this country to any great extent; the foreign manufacturers have dominated the American market in this class of goods; but I wish to call the attention of the Senate to the fact that the rate of duty upon these goods in the past has been often less than the rate upon the yarns included in the goods; in other words, to be frank, Mr. President, it has been the policy of our Government in the past not to undertake to encourage the production of this class of goods in the United States. The committee now feel that the time has arrived when this class of goods should be made in the United States. The World War brought about a condition whereby we were compelled to make them here or go without them in a large degree. Therefore great amounts of money were invested in this industry, and it is nothing more than right now that we should give those investors a fair opportunity in order that they may continue the business which they undertook during war times.

Mr. POMERENE. Mr. President——

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

Mr. SMOOT. I yield.

Mr. POMERENE. The Senator from Utah has just stated that there had been a great amount of money invested in the industry. Can the Senator give us the figures?

Mr. SMOOT. Does the Senator mean in the entire industry?

Mr. POMERENE. I mean in the manufacture of the goods to which the Senator was referring. The Senator stated that there had been a large amount of money invested in this industry.

Mr. SMOOT. Mr. President, I can not state the exact amount; it would be impossible for me to do so, because I have not looked up the figures, nor was there any testimony given on that point, because I doubt whether or not any member of the Committee on Finance asked that question.

Mr. ROBINSON. The Senator from Utah is not now speaking of the industry affected by the amendment which is immediately pending?

Mr. SMOOT. Oh, no. I am speaking of the schedule generally.

Mr. ROBINSON. The Senator is speaking of the schedule, generally and particularly, of section 1008a?

Mr. SMOOT. Yes.

Paragraph 1013 covers towels and napkins counting less than 120 threads to the square inch, as well as those counting more than that.

So far as duties are concerned, I should not go so far in this class of goods as I should in the goods that are embraced in paragraph 1008a, although this class of goods, until the beginning of the war, was nearly all imported. There were a few of those goods made in the United States before, but very few in comparison with their consumption in this country.

When the Senate reaches paragraphs 1011, 1014, 1016, and 1017 of the bill, we shall find that those paragraphs cover the class of goods that are competitive. Those are goods which have been made in this country; they are a coarser class of goods and they are used by the people generally using linens or coarser goods which are made from hemp and hemp tow.

Mr. BORAH. May I ask the Senator from Utah what paragraph of this schedule covers the article out of which are made bags in which wheat and other grains are shipped?

Mr. SMOOT. The bagging to which the Senator refers is included in this schedule, I will say. Does the Senator desire to know in which paragraph it is included?

Mr. BORAH. I do not want to interrupt the Senator, but I desire to be advised as to the paragraph in time to give some attention to it.

Mr. SMOOT. I will say to the Senator that paragraph 1017 deals with the cloth out of which bagging is made.

Mr. BORAH. Do we not have to take care of some of the material that enters into it?

Mr. SMOOT. Yes; and that is when we begin on the bag. The bag itself is in paragraph 1007. Paragraph 1008 deals with the cloth that goes into the bag.

Mr. President, I think there is no need of my taking the time now to take up each one of these paragraphs with woven cloths, because when we reach those paragraphs there no doubt will be a general discussion upon them, and then there will

be questions asked by Senators, and I shall be glad to answer any question that I can. I want to say that I have quite a number of amendments to this schedule, and if the Senator from Arkansas [Mr. ROBINSON] is going to have charge of this schedule on the other side of the Chamber I shall be glad to furnish him with these amendments that I propose to offer as the paragraphs are reached.

Mr. ROBINSON. I presume the Senator means he will furnish me with them now?

Mr. SMOOT. Now; yes.

Mr. ROBINSON. I certainly should like to have them, and I suggest that the Senator have them printed for the use of all Senators.

Mr. POMERENE. That is right.

Mr. ROBINSON. And if the Senator has available extra copies of them now, I should like to have them for my immediate use.

Mr. SMOOT. I will hand them to the Senator from Arkansas in a very few moments.

I now ask that the amendments that I send to the desk may be printed the same as the amendments were printed that I sent to the desk in the case of the cotton schedule, all in one pamphlet.

Mr. POMERENE. Permit me to suggest that they be printed in the RECORD, and then we can see them in the morning.

Mr. SMOOT. Just as the Senator says; but it seems to me that it would be very much better to have them printed as I had some amendments to the cotton schedule printed, and then they will be on the desk of each Senator.

Mr. POMERENE. It would be more convenient, of course, when we get here; but some of us, at least, like to look at the RECORD in the morning.

Mr. ROBINSON. Let them be printed in the RECORD, too, but let them be printed as amendments usually are printed, because they are much more convenient to handle in that way.

Mr. SMOOT. I ask, then, that they be printed in the RECORD and also printed as amendments are usually printed.

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

The amendments referred to are as follows:

Amendments intended to be proposed by Mr. SMOOT, on behalf of the Committee on Finance, to 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, viz:

On page 132, line 11, strike out "9" and insert in lieu thereof "7."

On page 133, line 3, strike out all of the matter after the word "pound" and the colon down to and including "valorem," in line 7, and insert in lieu thereof the following: "*Provided*, That the duty on any of the foregoing yarns shall be not less than 30 nor more than 40 per cent ad valorem."

On page 134, line 18, strike out "25" and insert in lieu thereof "15."

On page 135, line 11, strike out "16½ cents per pound and 25" and insert in lieu thereof "60."

On page 135, line 16, strike out "9 cents per pound and 25" and insert in lieu thereof "55."

On page 135, line 21, strike out "50" and insert in lieu thereof "45."

On page 135, after line 21, insert a new paragraph to read as follows:

"PAR. 1009a. Plain-woven fabrics, not including articles finished or unfinished, of flax, hemp, ramie, or other vegetable fiber, except cotton, weighing less than 4½ ounces per square yard, 35 per cent ad valorem."

On page 136, line 11, strike out "50" and insert in lieu thereof "45."

On page 137, line 14, strike out "50" and insert in lieu thereof "35."

On page 137, line 15, strike out "60" and insert in lieu thereof "45."

On page 138, line 20, strike out "50" and insert in lieu thereof "45."

On page 139, line 1, strike out "9" and insert in lieu thereof "7."

On page 139, line 2, strike out "7" and insert in lieu thereof "5."

Mr. WILLIS. Mr. President——

Mr. SMOOT. I yield to the Senator.

Mr. WILLIS. Before the Senator leaves paragraph 1008a I want to ask a question relative thereto. I understand that it is not now under discussion.

Mr. SMOOT. No.

Mr. WILLIS. The paragraph is stated in such technical language that I am not able to determine the character of goods or cloth that is described here. Will the Senator give us a little more information on that point? I desire to study it so far as I can, and I can not tell what the character of goods is.

Mr. SMOOT. I will say to the Senator that that paragraph covers hucks.

Mr. WILLIS. What is that? That does not mean a thing to me.

Mr. SMOOT. It is toweling.

Mr. WILLIS. Of the coarser grades, I assume?

Mr. SMOOT. Yes; some of it very cheap, and some of it quite expensive. That paragraph also covers napkins and crashes, generally with a count of 120. That is, those are the finer grade of goods.

Mr. WILLIS. I want to be sure that I understand another statement the Senator made a bit ago. I have had a good deal of correspondence with my constituents, as no doubt other Members of the Senate have with theirs, many of whom are writing in and complaining about this paragraph and related paragraphs on this basis, saying that we do not produce these goods in this country. I understand that to be the Senator's statement, that we are not now producing them.

Mr. SMOOT. We are producing them now.

Mr. WILLIS. To what extent?

Mr. SMOOT. The only way in which I can answer that question is by saying simply to the extent to which they can compete with foreign manufacturers.

Mr. WILLIS. The Senator has not at the moment any figures to indicate what our production is?

Mr. SMOOT. No; but, of course, these are the very items as to which, before the war, the amount that was made in this country compared with the consumption in this country was trivial.

Mr. WILLIS. During the war did we produce extensively?

Mr. SMOOT. Yes; we increased greatly our production in this country.

Mr. WILLIS. The Senator can not indicate what percentage of our consumption we produced here?

Mr. SMOOT. No.

Mr. WILLIS. I am trying to get some basis to see how far the industry has gone along.

Mr. SIMMONS. Is the Senator speaking about linen goods now?

Mr. WILLIS. I am now speaking about whatever is described in paragraph 1008a. I have been trying to find out what it is, and the Senator throws light on the subject by saying that it is hucks. Of course, that makes it all plain.

Mr. SMOOT. The Senator knows what crashes are?

Mr. WILLIS. Yes.

Mr. SMOOT. And the Senator knows what napkins are?

Mr. WILLIS. Yes. I understand the Senator now, and the Senator understands what I am trying to get at.

Mr. SMOOT. Yes; and the census does not give these goods separately. If this bill passes in the shape that we have it now under paragraph 1008a, all of those goods will be kept separate, and then we can tell exactly what the production is in the United States and what the importations are, as well, of similar goods. In the past they have not been separated, and that is the reason why we take them out and make a new paragraph of them, so that we can tell hereafter what the importations are.

Mr. WILLIS. That is why I have not been able to find any information in the summary here. I can not find anything about it.

Mr. SMOOT. That is the reason.

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

Mr. ROBINSON. Mr. President, the paragraph now immediately under consideration is paragraph 1001, relating to flax in the various stages of manufacture, and also to hemp and hemp tow, hackled hemp, "line of hemp," and so forth. The committee has not reported any amendment to the provisions relating to flax, but has reported two material amendments concerning hemp and hemp tow.

The House rates relating to flax are quite high. From a limited study of this paragraph I am very gravely doubtful whether any beneficial result from the standpoint of protection can be accomplished. I have not found any evidence inducing the conclusion that even with the very high rates now proposed, both as to flax and as to hemp, materially increased production in the United States will result. My studies of the subject lead to the conclusion that owing to the peculiar character of the labor involved in producing flax for fiber purposes and hemp for use in the production of the various commodities for which it is used, it can not be expected that an industry of any very material importance will be created in the United States.

I find from an examination of the hearings before the committee that the Senator from North Dakota [Mr. LADD] appeared before the committee, and it was represented that he had made a prolonged study of the subject of flax production in the United States, and his conclusion was that the emergency tariff bill in some way has had the effect of depressing rather than encouraging the industry. I presume it was because flax for fiber purposes was not embraced within the emergency tariff, although he does not state upon what facts or circumstances he bases that conclusion.

The testimony of the Senator from North Dakota [Mr. LADD] is found at pages 3443 and 3444 of the hearings. He said, on page 3444, among other things:

In 1912 we were growing very much more flax than we are growing to-day, and the emergency tariff unfortunately worked disastrously so far as the flax industry was concerned, and there has been no protection, no real protection, for the fiber industry and no encouragement for it in the West.

As a matter of fact, the emergency tariff bill did not deal with the subject of flax for fiber. If my recollection is correct there is a tax of 30 cents a bushel upon flaxseed, but no tax is imposed upon flax grown for fiber purposes.

Mr. SMOOT. In the emergency tariff bill?

Mr. ROBINSON. Yes.

Mr. SMOOT. That is correct.

Mr. ROBINSON. All of the authorities that I have been able to consult agree that the production of flax in the United States for seed purposes is quite a different question and quite a different industry from that involved in the production of flax for fiber purposes. Nearly all the production that we have heretofore had has been for seed. There never has been very much production for fiber purposes, and that seems to be due to the peculiar character of labor required—hand labor, quite difficult to perform, and requiring great strength. The flax grown for seed purposes is short, and not adapted to the production of fiber. The United States has for many years produced material quantities of flax for the purpose of growing seed, but it has never produced considerable quantities for fiber purposes. The production for fiber purposes has varied very greatly, and unaccountably, in my judgment—that is, there is nothing in the record that accounts for the increase which has occurred in some years and the very rapid falling off which has resulted in following years; but in no year has there been a very material production of flax for fiber purposes.

Under the Payne-Aldrich law the rates were quite material. Flax straw had a rate of $5 per ton. Hackled flax had a rate of 1 cent a pound; "dressed line" flax, which represents a state of the fiber more advanced toward the purposes for which it is finally used in manufacture, had a rate of 3 cents a pound. Flax tow and flax noils had a rate of $20 per ton.

Under the Underwood tariff law all flax was admitted free of duty, doubtless on the theory that it was a necessary raw material for use in the manufacture of essential commodities, and that its production in this country would not readily be promoted by the imposition of revenue rates of duty. As I have already stated, I have not found any evidence except the opinion stated by the Senator from North Dakota [Mr. LADD] that any rate of duty which Congress might impose upon flax would result in the building up of an industry in the United States.

The Senator from North Dakota, however, made this statement on page 3443 of the hearings:

I simply wanted to say that, in my judgment, if we want to encourage the flax industry in this country we can do so by putting on a reasonable protection, and thus encouraged the farmer will grow it; otherwise he will not. If we continue the policy that has been continued since 1912, there will be no flax industry in this country in five years more.

The growing of flax for seed is already fairly prosperous in this country. The growing of flax for fiber has never been prosperous, was not prosperous under the Payne-Aldrich rates, and from the evidence I have been able to find and consider in all probability the flax-fiber industry will never be materially advanced or firmly established by the imposition of even the rates carried in this bill.

To grow flax for fiber, as already stated, requires an extraordinary amount of strength and tedious and disagreeable labor, both in the actual cultivation of the plant and in its preparation for the market. The amount and character of trained hand labor involved in flax-fiber production is such that the American farmer has found it more profitable to devote his land and capital and efforts to the production of other agricultural crops, which permit of the larger use of machinery. Little flax is grown for fiber in the United States, the largest acreage planted since 1900 being 4,800 acres in 1920.

I do not believe that any material controversy will arise as to the correctness of these facts. Russia, Austria, Hungary, Italy, Belgium, and France are the flax-producing countries of the world. The largest amounts are produced in Russia and the finest quality in Belgium and northern Ireland.

The imports have varied very greatly. In 1913 the previous specific duty, of which the average ad valorem equivalent had been 9 per cent, was entirely removed, but notwithstanding the removal of all duty at that time there has been no substantial increase in imports.

Mr. HITCHCOCK. Mr. President, before the Senator proceeds, can he state why flax is raised in such limited quantity here and is raised in such limited parts of the world? Is it on account of the cheapness of labor?

Mr. ROBINSON. I have already attempted to explain that the raising of flax in any quantity in the United States is limited for two reasons—first, other crops are more profitable; secondly, they are more easily grown, it being quite difficult to secure the labor necessary for the culture and production of flax for fiber purposes. The other crops are more valuable, they yield a greater profit. The labor necessary to produce them is more easily procured, and, to be frank, there is no economic necessity or justification, under present conditions, for attempting to build up a flax industry in the United States, according to the facts I am acquainted with.

Mr. HITCHCOCK. I notice from the reports that Russia seems to be the largest producer of flax, and I have been wondering whether it is on account of the cheap labor there.

Mr. SIMMONS. They produce 85 per cent of the world's supply.

Mr. ROBINSON. The production in Russia has fallen off a great deal since the war began, and it is very much less now than it was in 1913. That is largely due, I take it, to the disturbed conditions, but the evidence also tends to show that the character of the fiber grown in this country, considered in connection with the purposes for which it is produced, does not compare very favorably with the fiber grown in other countries for the same purposes. In other words, we are at an economic disadvantage in the production of flax.

Mr. SMOOT. Mr. President, I suggest to the Senator from Arkansas that America has been trying to do what every other country has done in relation to her flax. Russia was the great flax-producing country of the world, and nearly all the countries depended upon the flax that was raised in Russia. Since the war and since the disorganization of Russia every country has been at its wit's end to get the necessary flax to continue the making of goods of which flax is a component material. It is not only the people of America who have found themselves in the position in which we are, but the people of every other country.

Mr. HITCHCOCK. I was asking a question which perhaps the Senator from Utah can elucidate, as to why Russia was the great producer. Was it on account of the cheap labor there, or something in the climate or the soil?

Mr. SMOOT. The climate and the soil are favorable to the production of flax, but in addition to that they had been used to that work. The hackling of hemp is a very difficult piece of work, and not a very pleasant one by any manner of means.

Mr. ROBINSON. And it must be done by hand.

Mr. SMOOT. It must all be done by hand. I do not know whether it is worth while to put it into the RECORD, but I have a complete report made by Mr. A. H. Wright, of the agricultural experiment station of the University of Wisconsin, which gives in detail every step that has to be taken, and up to date they have never found machinery that could do the work of hackling. They undertake to say now that they have invented a machine which can do it, but it has not yet been demonstrated that it will be a success. I have often wondered why there has not been invented a machine which could do that work, but the Senator from Arkansas is correct in saying that up to the present time that work is done by hand, and it is very unpleasant, laborious work.

Mr. STANLEY. Mr. President——

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

Mr. ROBINSON. I yield.

Mr. STANLEY. Professor Taussig, in his history of the tariff, has a very interesting chapter on the production of flax, and the reasons why it never has been and never can be, while present industrial conditions exist, a profitable industry in the United States.

In the first place, we produce hemp here, which is comparable in a way with certain cheaper forms of flax tow, and that hemp is cut. Flax is not cut; flax is pulled. Pulling flax in the days of chattel slavery was regarded as the hardest, meanest character of work to which you could subject the muscles of a man; he has to be stooped over all the time, pulling that heavily rooted plant. It has to be pulled, because the finest fiber, as I understand it, is near the root, at the base of the stalk. The finest flax is grown on the most intensely fertilized soil, the very richest soil that can be found. The highest degree of fertilization is used in raising the flax, to get as long

a stalk as possible, to secure the long, fine fiber. Then that must be pulled. The result is that an acre or two of flax is all that a man can raise and pull. There is no more intensive work known than the culture of flax. It does not require a high order of intelligence. It simply requires physical strength and endurance.

After the flax is pulled, in order to secure the product for linen it must be water-rotted. The reason we do not produce the finest character of hemp in this country is because we do not water-rot it. With the exception of cleaning out vaults and things of that kind, there is nothing more unwholesome, nothing more foul and dirty, than the handling of that water-rotted plant. The stalks are thrown into the water and allowed to rot. Then a man must go in there, waist deep in stench and filth, and get the flax out for subsequent treatment.

The breaking—that is, the separating of the fiber of the flax from the stalk—is the next process. The stalk of the flax and the stalk of the hemp are worthless; they are burned up as chaff.

The fiber is broken and separated from the stalks. Then after the separation from the stalk by the process of breaking the fiber is combed and straightened out by a process of hackling. That is, the fibers of the hemp—and I presume it is the same with the flax—are thrown over a set of teeth, a long rack of steel teeth a foot high; the hemp or the flax is thrown over that and pulled through the teeth until it is combed and looks like hair, long and straight. That is a difficult task.

Professor Taussig estimates the number of men who would be required in producing flax in this country. He said it would take a great number raising flax to produce as much as one man would produce raising corn in southern Illinois. In other words, the average farm hand in this country, where we have machinery and tools and appliances, with our method of cultivation and with our improved agricultural implements can, as the Senator from Nebraska has well remarked, produce as much as half a dozen or a dozen, perhaps, of these poorest-paid laborers in Europe, these hand workers, these men who break the ground with a spade and pull the flax and hackle it by hand, while one man with a riding plow in the United States can produce enough to employ a little army of them. To attempt now to avail ourselves of this cheap, unwholesome, laborious, dirty, insanitary labor is an act of folly. The only result is that you increase the cost of an essential article, linen, to the American consumer by any such foolish, unscientific, ill-considered legislation.

I am persuaded that a thorough investigation of this industry—and I profess to have nothing but a cursory knowledge of it—will convince members of the committee and convince the Members of the Senate that an attempt to hothouse or to artificially propagate flax growing in this country would be just as foolish as to attempt to raise pineapples.

In addition to that the only place they propose to raise the flax is in places where the flax is raised for seed. As I understand it, when they fallow the prairie it subsequently grows up in weeds and things like that, and on the border of newly reclaimed land from the time the prairie is first taken under cultivation the flax grows better than anywhere else.

It is along that stretch of prairie border that practically all the flaxseed and all the flax is raised. They could not raise a stalk of flax for commercial purposes to do any good there. They never have. I will guarantee they never will raise fine flax in that way. It must be raised in a garden. It must be raised on land either naturally fertile, a very deep soil that is not found on the plains, or soil that is made as the hothouses make their soil and the market gardeners make their soil, where it is loam produced by the skill of the chemist and of the gardener. It is impossible to raise the flax at all where they propose to raise it. I believe it is practically impossible to raise it commercially anywhere in the United States.

Mr. SIMMONS. Mr. President——

Mr. ROBINSON. I yield to the Senator from North Carolina.

Mr. SIMMONS. I think, following out the thought of the Senator from Kentucky, that we may as well dismiss the idea that we can, by artificial stimulation, establish the business of growing flax in this country or, indeed, on this continent. I think our experience and the experience of Canada during the war demonstrates that. In Canada as the result of the war, as in this country as the result of the war, being shut off from our source of supply, we began to expand our acreage in flax. In Canada the acreage in flax increased from 4,000 acres in 1915 to 20,262 acres in 1920, and then declined to 7,300 acres in 1921. In this country, for the same reason, we had 2,240 acres of fiber flax in 1911, 1,110 acres in 1914, 4,300 acres in 1918, 6,090 acres in 1920, and only 1,525 acres in 1921, showing that both in Canada and in this country, while we expanded our acreage very much during the war for reasons of necessity, yet as soon as that necessity passed away we began a rapid and very drastic curtailment of our acreage in flax. It is an industry that we can not hope to establish—the flax industry—either in this country or in Canada, in my judgment—I mean except for food purposes, which is a different character of flax—and there is no use of trying to stimulate such an industry as that.

Mr. ROBINSON. Mr. President, I had before me the facts just brought to the attention of the Senate by the Senator from North Carolina and had expected to present them, but he has done so and I thank him. I want to make the statement, however, that I do not quite agree with his proposal that the necessity for increased production in flax has passed. I do agree with him—indeed, it was my original proposition—that this attempt will prove abortive, because the industry is of such a nature that it can not thrive in the United States under conditions which prevail here now, and which are likely to continue for many years, if not generations, to come.

Mr. SMOOT. Unless we have machinery to handle it.

Mr. ROBINSON. There have been some efforts made to produce machinery that will do part of the work which has been so well described in detail by the Senator from Kentucky [Mr. STANLEY]. But those efforts have not yet proven successful. They have so far apparently failed. Those who began the use of the machines during the period referred to by the Senator from North Carolina, in which there was an increased acreage in the United States in flax for fiber, have abandoned them, according to statements made before the Committee on Finance by Mr. Barbour, who appears to be fairly familiar with the conditions affecting the industry. But the nature of the culture of flax is such that it will be very difficult ever to invent machinery that will do the work of hackling, retting, and weeding.

I believe the Senator from Kentucky [Mr. STANLEY], who so admirably described the process of hackling and retting, did not go into a description of the work of cultivating the flax, which under present methods requires the pulling of weeds by hand. I do not say that in the progress of time some machinery may not be found that will be available for weeding, but until that machinery has been invented, and machinery invented that will successfully do the work of hackling, the United States will never have a well-developed flax-producing industry for fiber purposes. It is perfectly useless to waste the time of the Senate and the time of the country in an effort to stimulate the industry into such a degree of prosperity that it will become permanent.

The Senator from North Dakota, as I said in the beginning, complains that the emergency tariff law has depressed the flax industry in the United States. It was not affected by it directly, because there is no provision in the emergency tariff law relating to flax for fiber. I presume what he meant was that the emergency tariff had made more profitable other crops which are in a sense grown in competition with flax for fiber, and that as a result the flax crop had become less profitable, and therefore the acreage has decreased.

But, recurring now to the question of production, it appears from the Tariff Information Survey, which we are all using in the consideration of the bill, that in the pre-war years Russia had an annual production of 600,000 tons, one-half of which was exported. That constituted about 85 per cent of the world's flax. The remainder was produced in Austria-Hungary, France, Italy, Ireland, and Belgium. The Russian production declined as a result of the war to about one-tenth of the normal. The world acreage in flax for fiber in 1920 had fallen from 4,500,000 to 1,155,000 acres, or approximately one-third. Assuming that the normal acreage would be 4,500,000 acres, it is apparent that in 1920 the acreage throughout the world was less than one-third of the amount that it normally required.

It is not clear to me that the necessity for an increase in the production of flax has passed if the industry can be made profitable, but I do not think there is any way in the world, by placing the rate proposed by the Finance Committee or any other rate that the human mind can conceive, that will make the American people perform the labor that is required to be performed before this product can be successfully produced.

In view of the fact that other crops are much more profitable, much more easily produced, it is hopeless from the standpoint of protection to impose those duties in the belief or on the theory that they will result in a great flax industry in the United States. If you put the duty five times what it is proposed here, and therefore prohibit the importation, which you dare not do if you expect to produce in the United States the

commodities which are manufactured from flax, you still would have no flax fiber produced in this country. You would destroy the small domestic linen industry and compel the use of cotton and other substitutes for linen. The inevitable result, if we shut off the foreign supply by prohibitive rates of duty and fail to create and maintain a flax-fiber industry in the United States, would be to destroy the linen industry in the United States absolutely. So the practical thing to do is to recognize the laws of nature and the conditions which the progress of our civilization have imposed upon the industry and its development in the United States.

Mr. SIMMONS. Mr. President——

Mr. ROBINSON. I yield to the Senator from North Carolina.

Mr. SIMMONS. As a matter of fact, we have no linen in this country. We import 98 per cent of the linen that we consume.

Mr. ROBINSON. That is true.

Mr. SIMMONS. In order to establish the flax industry in this country we would not only have to impose, as the Senator said, a prohibitive duty upon the raw flax but we would have to impose a prohibitory duty upon the importation of the product of flax, linen, a product which we do not now make at all.

Mr. ROBINSON. That is, we do not make it to any great extent.

Mr. SIMMONS. That is true. If we impose a prohibitive duty upon both the linens that are made out of the flax and the flaxseed, we might possibly build up a linen industry and a flax industry in this country, but we would have to impose prohibitive duties upon both.

Mr. ROBINSON. There is one thing certain, that we can not build up the linen manufacturing business in the United States, admitting it to be small, as stated by the Senator from North Carolina, if we place a prohibitive duty upon the raw materials out of which linens may be manufactured. Why is the linen manufacturing industry in the United States so small now? It is because, with the domestic production and with the importations of linens that have been had, the supply of raw material has been inadequate and the labor required, both in producing the raw material and manufacturing it, is not attractive to our workers.

Mr. STANLEY. Mr. President, the Senator is covering the ground so thoroughly that I hesitate to interrupt him at all——

Mr. ROBINSON. I am glad to have the Senator from Kentucky do so.

Mr. STANLEY. I feel tempted to supplement his interesting statement with a suggestion that perhaps is not as good as what he is saying, but it strikes me right at that point to inquire, with all our legislation, our 8-hour laws and other legislation that has gone to the limit of our Federal tether to protect the health and personnel of the laboring people of the United States, why the committee should be bent upon establishing an industry that is notoriously the most unwholesome in all the textile world? Flax can not be woven except in the most moist surroundings. Every author on the subject has dwelt on that, and Professor Taussig, particularly, has dwelt at great length on the unwholesomeness of the work, it being necessary to perform it in an atmosphere so damp as almost to be a vapor. There is no industry, not even the silk industry, as I understand, in which the work is more unwholesome than in the flax business, from start to finish. The conditions that apply to the culture of flax go into the mill, into the spinning of flax.

Mr. SMOOT. I will say to the Senator that the Finance Committee made no change whatever in the House rates on flax. The only change which we made was on hemp and hemp tow.

Mr. ROBINSON. I pointed out that fact in the beginning.

Mr. SMOOT. But the Senator from Kentucky was speaking of flax.

Mr. ROBINSON. Yes; and I have been speaking of flax and so has the Senator from Utah been speaking of it.

Mr. STANLEY. If the Senator from Arkansas will pardon me a moment, I desire to say that there is no use, it is worse than useless, as the Senator from Utah will concede—for he is always fair—for us to attempt to raise flax if we are not going to spin it. We shall never raise flax fiber and ship it to Belgium or to Ireland to be spun over there in competition with the cheaper labor of Belgium and Ireland and other flax-spinning countries. We are going to produce linen, certainly, if we produce the raw product of the linen.

There is no reason to anticipate that even if we could raise flax fiber we should want to establish linen mills in this country. The work in cotton is cleaner and more wholesome, and the operatives are better paid. There is no reason why we should not exchange our commodities for the flax fiber and for the linen, which we may do to advantage. As the Senator from Arkansas [Mr. ROBINSON] has conclusively shown, the imposition of this proposed duty would be utterly indefensible if not absurd.

Mr. ROBINSON. Mr. President, I thank the Senator from Kentucky for the statement that he has just made. It reinforces the argument against the proposal which underlies this schedule both as to flax and hemp. As I shall attempt to show in a moment, the same argument applies with almost equal force to hemp. By the imposition of tariff duties the flax and hemp industry can not be made profitable in the United States in competition with other agricultural crops. In the first place, the people who are engaged in agriculture will not perform the labor. The only answer to be made to that is that the time may come when in the progress of science machinery will be invented to take the place of this grinding and insanitary toil, which the American people will not perform and which I do not want to see them perform; but, so far, such machinery has not been invented, and such machinery as has been invented has thus far proved unsuccessful.

I think the better policy is the policy of the Underwood law, to put flax and hemp on the free list. In doing that, we should not sacrifice any promising industry in the United States, because no such industry exists.

I now go back and quote in part the figures given by the Senator from North Carolina [Mr. SIMMONS] awhile ago. The whole American acreage in fiber for flax purposes in 1911 under the Payne-Aldrich law, when the rates were protective, was 2,240; in 1914 it was 1,100. It had fallen off one-half, but the original amount was so small as not to make the decline in acreage of very material importance. In 1918 the acreage had increased to 4,300, in 1920 it was 6,090, and in 1921 it was 1,525.

Through all those years, with the demand constantly increasing, with the commodities manufactured from flax growing more and more useful, the acreage in flax for fiber in the United States in 1921 was approximately what it was in 1911, and scarcely more than it was in 1914.

Now, with respect to hemp, everything that has been said about the production of flax and the effect of high duties on importations of flax applies with almost equal force to hemp. The committee evidently were not greatly impressed with the theory of the Senator from North Dakota [Mr. LADD] that by the imposition of a protective duty on flax for fiber a great industry could be developed in the United States, because they did not change the House rates, but they did make very material changes in the House rates on hemp. I have found, however, very little if any more justification for that action than would have applied to an increase in the rates of flax.

The House rate on hemp is three-fourths of 1 cent per pound. The Committee on Finance of the Senate has recommended that it be increased to 2 cents a pound. Under the Underwood law, as everyone understands, hemp like flax was on the free list. The chief uses of hemp are for cordage material and in coarse fabrics and carpeting.

Mr. HITCHCOCK. Mr. President——

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator from Arkansas yield to the Senator from Nebraska?

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

Mr. HITCHCOCK. The figures given by the Senator appear to be subsequent to 1911. I should like to ask him whether he has examined the figures during the high protective years of the Payne-Aldrich tariff law?

Mr. ROBINSON. During the year 1911 the Payne-Aldrich law was in operation.

Mr. HITCHCOCK. Yes; that was one year.

Mr. ROBINSON. Yes.

Mr. HITCHCOCK. But there were four or five years of high protection. Was there any development or progress during that period?

Mr. ROBINSON. No. As I stated a few moments ago, one year the acreage would double, and the next year it would fall off; and, while there was some increase under the Payne-Aldrich Act, it was not material from the standpoint of the necessities of the country for flax fiber. Such development as occurred at no time supplied anything like the domestic demand.

We have always, even under the Payne-Aldrich Act, depended upon importations for our principal supply, and under this bill we will do the same thing.

There is some acreage in Wisconsin in flax. The American acreage in fiber flax is confined principally to Michigan, Minnesota, Wisconsin, Oregon, and a small acreage in Maryland; but this area is very small, and nothing has been brought to my knowledge which indicates that it will be greatly increased, no matter what rates of tariff may be imposed on importations.

It is not an American industry; it is not an industry that does or can thrive in competition with other agricultural industries. The American people will not perform the labor that is necessary to be performed in order to produce this crop.

The production of hemp in the United States prior to the war averaged about 6,000 tons per annum, or 1 per cent of the world's production. In 1918 it was 9,375 tons, and in 1921 it had fallen to 3,420 tons, showing that the same economic law applies to the production of hemp in the United States that applies to the production of flax.

The production of hemp on a large scale in this country has been curtailed, not by foreign competition but by inability to compete with our established crops, owing to the relatively large amount of skilled and hand labor involved. Our imports have been supplementary rather than competitive. The bulk of the imports is of better quality than can be efficiently produced in the United States. In the face of the growing world demand for agricultural products for which no substitute can be found and which permit of the liberal use of labor-saving machinery, it seems highly improbable that the American farmer will turn from other agricultural production to the production of hemp.

The average imports of hemp for the period 1910 to 1913 were 6,000 tons, and for 1914 to 1918, in spite of greatly increased war demands, imports averaged only 7,800 tons. Imports in 1920 were about 7,000 tons, and in 1921 slightly less than 6,000 tons. The average annual consumption of hemp in the United States is about 12,000 tons.

In view of these facts, what is the reason for the effort in this bill to take hemp from the free list and place it on the dutiable list? What is the justification for the action of the Finance Committee in more than doubling the rates proposed by the House on hemp? The rates proposed by the committee are more than double the rates under the Payne-Aldrich Tariff Act.

With respect to the second amendment in that paragraph—hackled hemp, including "line of hemp"—the House rate, 1½ cents per pound, is to be superseded by the committee proposal of 4 cents per pound. Under the Payne-Aldrich Act, hackled hemp carried a duty of $45 per ton, the equivalent of about 2 cents per pound.

The importations of hackled hemp have been negligible. In 1910 they amounted to 45 tons; in 1911, 105 tons; in 1912, 162 tons; in 1913, 209 tons; in 1914, 450 tons; in 1915, 466 tons; in 1916, 1,613 tons; in 1917 the importations fell back to 751 tons; in 1918 still further to 335 tons; in 1919, 255 tons; in 1920, 250 tons; and in 1921 the amount was 881 tons.

In view of the small importations and the increased demand for this commodity, I am unable to understand the justification for putting hemp on the dutiable list at all; much less can I find a justification for the very high rate proposed by the Senate Finance Committee.

I inquire of the Senator from Utah—I see that he has left the Chamber, however, so I will ask the Senator from North Dakota—whether the amendments to this schedule, of which a large number were submitted for printing a while ago, embrace modifications of the committee rates in this paragraph?

Mr. McCUMBER. I think so.

Mr. ROBINSON. Can the Senator state what they are?

Mr. McCUMBER. The expert says there are no amendments to the committee amendments in this paragraph.

Mr. ROBINSON. This proceeding illustrates the advisability of publishing the committee amendments in advance of considering the schedules as we reach them. The Senator from Utah is not now present, but I think these amendments, whatever they are, should have been given to the Senate and printed before the schedule itself was reached. The Senator from North Dakota was under the impression that the committee had proposed to reduce or change the amendments which it had first submitted to this paragraph. The expert informs him that the amendments submitted by the Senator from Utah do not embrace any alterations in the pending paragraph.

Mr. McCUMBER. No; they do not change the alterations which the committee made in the pending paragraph.

Mr. ROBINSON. No. It was my understanding of the statement that the Senator last made that the new amendments do not relate to this paragraph. As to this particular paragraph, the committee stands on its action in reporting an amendment raising to 2 cents a pound the three-fourths of 1 cent in line 1 on page 132, and raising to 4 cents a pound the 1½ cents a pound in line 3 on page 132.

Mr. President, if it is perfectly apparent under conditions now existing and likely to continue that it is impossible, even undesirable, to develop in the United States this industry, why should we burden it with heavy rates of duty? What benefit will come to the people of the United States from the imposition of this high tax? The proposal to increase rates on agricultural products has been very popular in the Senate, and I have felt some sympathy with any policy which is calculated to encourage and to develop and stabilize conditions in agriculture; but in so far as the production of flax for fiber and the production of hemp in the United States is concerned, I have said repeatedly that it is neither desirable nor probable that such an industry, under existing conditions, may be developed.

I should prefer that the unfortunate laborers of Russia, who by centuries of experience have been trained to the performance of this difficult, un-American, unremunerative, and insanitary toil, should continue to do it. But whatever may be the purpose of Senators respecting the subject, I have not the slightest idea that any persons now engaged in agriculture in the United States or likely to become engaged in that occupation during the lifetime of the present generation will surrender their aspirations and their lives to the conditions of toil which under the evidence in this case are shown to surround the production of flax for fiber and the production of hemp. It is a waste of time, accomplishing no good, to try to put flax and hemp production in competition with other agricultural crops in the United States, which experience has shown may be more readily, more easily, and more profitably produced. By imposing these rates you are not creating a new industry; you are not stabilizing or making permanent an old one. You are complicating the already difficult conditions which surround the use of the necessary articles which are manufactured from flax and from hemp.

In this view of the facts it is my intention to propose an amendment to the committee amendment, and if under the parliamentary status I were at liberty to do so I would test the sense of the Senate at this time on whether the principle of protection which has been created and developed in the economic history of this country is to be made applicable to the industries of hemp growing and flax growing in the United States; but as that can not be done under the parliamentary situation, I propose, in lieu of the committee amendment, to strike out "2 cents" and insert "one-fourth of 1 cent."

Mr. McCUMBER. Mr. President, the Senator from Arkansas just asked me a question with reference to the amendments offered by the Senator from Utah [Mr. SMOOT]. When he asked me the question, I supposed that he referred to the entire list of amendments, and while the entire list of amendments does not change the amendments in the particular paragraph that the Senator had under discussion it does change the committee amendments in other paragraphs in the schedule.

Mr. ROBINSON. I understood the Senator.

Mr. McCUMBER. When I answered, I supposed he had reference to the entire schedule and not the particular paragraph.

Mr. ROBINSON. I asked about this particular paragraph.

Mr. McCUMBER. It was my misunderstanding.

Mr. President, the Senator from Wisconsin [Mr. LA FOLLETTE] presented this matter to the committee on behalf of the hemp growers in the United States. I have the correspondence, which was sent up by his secretary to me, from the Agricultural College of Wisconsin, which goes very fully into every feature of this matter; but as there are five letters, and they are somewhat lengthy, and I desire to have them read so that Senators will understand the matter, I shall not ask that we take them up this evening; but if the Senator from Wisconsin is not here to-morrow I shall take the liberty of presenting and having read those letters, which are very elucidating upon the entire subject.

I think the Senator from Pennsylvania [Mr. PEPPER] desires to present a matter.

Mr. SIMMONS. Mr. President, before the Senator from Pennsylvania does that, the Senator from Nebraska [Mr. HITCHCOCK] asked the Senator from Arkansas for some information with reference to hemp production before the war—that is, anterior to 1914. At the request of the Senator from Arkansas I have been attempting to look up that information, and I find the production of hemp in 1899 and 1909 only. I find that the acreage of hemp planted in this country in 1899 was 16,042 acres and in 1909, nine years afterward, only 7,647 acres, or a falling off of 52 per cent—that is to say, the acreage in 1899 was, I think, something about the same as it is now.

I read from the Tariff Summary, on page 903, the statement that—

> In 1921 Wisconsin reported about two-thirds and Kentucky about three-tenths of the 11,000 acres devoted to hemp.

So that it would appear that in 1899 there was 16,000 acres devoted to hemp and in 1921 only 11,000 acres devoted to hemp.

Mr. STANLEY. Mr. President, one question right there: Does that include both seed hemp and fiber hemp?

Mr. SIMMONS. No; I think that refers only to fiber hemp.

Mr. ROBINSON. I understood the Senator from Nebraska to ask for the production of flax under the Payne-Aldrich law.

Mr. SIMMONS. I thought he asked for the figures as to both flax and hemp. I have not been able to find any statement as to the production of flax for fiber. I find the production of flax for seed. I suppose that before 1909 the production of flax for fiber was so small that it was not reported.

Mr. ROBINSON. It has never been considerable.

Mr. SIMMONS. It is not reported.

Mr. ROBINSON. I gave the amount for 1911, which was a time when the Payne-Aldrich rate was in effect.

SESQUICENTENNIAL CELEBRATION AT PHILADELPHIA IN 1926.

Mr. PEPPER. Mr. President, I ask unanimous consent for the present consideration of House Joint Resolution 170, to approve the holding of a national and international exhibition in the city of Philadelphia in 1926 upon the Fairmount Park and parkway site selected by the Sesquicentennial Exhibition Association, and lands contiguous thereto that may be acquired for that purpose, as an appropriate celebration of the one hundred and fiftieth anniversary of the signing of the Declaration of Independence. I think the joint resolution will occasion no debate. It has been reported favorably by the Committee on Foreign Relations, and I ask unanimous consent for the immediate consideration and disposition of it.

Mr. OVERMAN. Let it be read.

The PRESIDING OFFICER. The Secretary will read the joint resolution.

The joint resolution was read as follows:

Whereas preliminary steps have been taken by the mayor and council and a citizens' committee of Philadelphia to celebrate in that city in 1926 the one hundred and fiftieth anniversary of the signing of the Declaration of Independence by holding an exhibition in which it is expected that the various States of the Union, the Federal Government, and all the nations of the world will be represented; and

Whereas the Legislature of the Commonwealth of Pennsylvania unanimously passed a resolution April 28, 1921, that the Commonwealth should prepare for and participate in such sesquicentennial celebration by making a suitable exhibit therein on the part of the Commonwealth, and requested that the Federal Government should approve the holding of such an exhibition in Philadelphia in 1926 and that appropriate steps should be taken to invite the participation and cooperation of the States of the Union and the nations of the world; and

Whereas the Governor of the Commonwealth of Pennsylvania, in the name and by the authority of that Commonwealth, has issued letters patent incorporating the Sesquicentennial Exhibition Association, May 9, 1921, for the purpose of educating the public by exhibiting artistic, mechanical, agricultural, and horticultural products and providing public instruction in the arts and sciences, thereby celebrating the one hundred and fiftieth anniversary of the signing of the Declaration of Independence by holding in the city of Philadelphia, in the State of Pennsylvania, an exhibition of the progress of the United States in art, science, and industry, in trade and commerce, and in the development of the products of the air, the soil, the mine, the forest, and the seas, to which exhibition the people of all other nations shall be invited to contribute evidences of their own progress to the end that better international understanding and more intimate commercial relationships may hasten the coming of universal peace: Therefore be it

Resolved, etc., That the holding of a national and international exhibition in the city of Philadelphia in 1926 upon the Fairmount Park and parkway site selected by the Sesquicentennial Exhibition Association and land contiguous thereto which may be acquired for that purpose be approved as an appropriate celebration of the one hundred and fiftieth anniversary of the signing of the Declaration of Independence, and that such steps be taken as the President may deem proper to invite the participation and cooperation of the States of the Union and the nations of the world.

SEC. 2. That a copy of this resolution be forwarded to all the States of the Union requesting cooperation upon their part.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

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

Mr. KING. May I inquire of the Senator from Pennsylvania whether he expects to ask for and obtain an appropriation from the Federal Government to aid in carrying out the purposes expressed in the joint resolution?

Mr. PEPPER. Mr. President, I have no expectation on the subject. I was asked by this influential and authoritative organization in Philadelphia to present the matter for the consideration of the Senate. My own expectation would be, following the course of such matters in the past, that if and when adequate financial support is provided by State and city, and there is demanded a more extensive participation by other States and by other nations than they can finance, there will be at some stage an application to Congress for a grant; but there is no implication of such a step here, and I am not authorized to state either that there will or will not be any such step taken. I am answering the Senator out of the experience we all have had regarding similar exhibitions.

Mr. KING. Has the organization which has been created by the Governor of the Commonwealth of Pennsylvania, as I read this resolution, considered the probability of appropriations, and has it figured upon the amount to be expended by the Commonwealth, by the Federal Government, and by the States?

Mr. PEPPER. No; there has been no estimate or computation, so far as I know, of any sum which the Federal Government would at any time be expected to appropriate. It is intended that very large sums shall be raised locally by voluntary gift, that large appropriations shall be made by the city of Philadelphia, and liberal appropriations by the State of Pennsylvania. No computation or estimate has been made of any aid to be required from the Congress.

Mr. KING. I shall not object to the passage of the joint resolution, although it seems to me that the situation is rather nebulous, and that we are, in the language of the street, getting the horse before the cart. It would occur to me that the practical and advisable course would have been to determine upon holding the celebration, determine the expenditures to be made, obtain such appropriations from the State and from the city as were deemed necessary and fair, solicit the States for appropriations, and then ask the Federal Government for an appropriation. It looks to me now as if you are getting the Federal Government committed to this enterprise without the slightest knowledge as to what the ultimate cost will be.

Mr. OVERMAN. I do not understand that it commits Congress to any appropriation.

Mr. PEPPER. No; it does not; and if I had ventured to place the horse anywhere except before the cart, I should feel that I had done something unworthy of the consideration of the Senate. We have attempted to follow the usual procedure in this matter, and I hope the motive power will be sufficient to carry it.

Mr. KING. My good friend the Senator from North Carolina says this does not commit us. I respectfully suggest that if the Federal Government invites other nations and invites the States, there is a moral obligation upon the part of the Federal Government to back this enterprise to the end. I would feel ashamed if the President of the United States should invite other nations, and they should respond, and then the Federal Government would withdraw from the enterprise.

Mr. OVERMAN. Mr. President, I have no doubt that the United States Government will be requested to make a display, as it does at all such exhibitions, and that will require a large appropriation. The Government will do it; but, so far as making an appropriation of one million or two million or three million or ten million for the exhibition, I do not think the Senator will expect that. I think the expectation is that each State will contribute to the display, and of course when each State does, the United States will display its resources as it usually does; but no extraordinary appropriation, as I understand it, will be asked or expected by the proponents of the joint resolution.

Mr. ROBINSON. Mr. President, the celebration of the one hundred and fiftieth anniversary of the signing of the Declaration of Independence is a worthy recognition of the circumstances which gave birth to this Nation. It is, of course, appropriate that the celebration should occur in the city of Philadelphia, and, for my part, fully appreciating the fact that the joint resolution implies participation on the part of the United States in the celebration, and that that will require the expenditure of a reasonable sum commensurate with the importance of the occasion and of the incident which it commemorates, I am very glad to commit myself to the measure.

Mr. McCUMBER. And the Senator can be quite certain, Mr. President, that in due and proper time there will be a bill introduced proposing to make an appropriation on behalf of the Government, and all Senators present at that time will vote for it.

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

DIPLOMATIC REPRESENTATION AT LUXEMBURG (S. DOC. NO. 235).

The PRESIDING OFFICER (Mr. ODDIE in the chair) laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, ordered to be printed and referred to the Committee on Foreign Relations:

The Senate and House of Representatives:

I transmit a report by the Secretary of State in regard to the advisability of transferring United States diplomatic representation at Luxemburg from the minister at The Hague to the ambassador at Brussels, on account of the economical union which has been established between Belgium and Luxemburg by treaty.

I concur in the recommendation of the Secretary of State that legislation be enacted which will enable this to be done, and in view of the reason advanced and the further fact that all the other Governments having diplomatic representation at Luxemburg, except Portugal, have made the transfer, I request of

Congress early action that in place of an "envoy extraordinary and minister plenipotentiary to the Netherlands and Luxemburg" and an "ambassador extraordinary and plenipotentiary to Belgium," as at present, will provide for an "envoy extraordinary and minister plenipotentiary to the Netherlands" and an "ambassador extraordinary and plenipotentiary to Belgium, who shall also be envoy extraordinary and minister plenipotentiary to Luxemburg."

WARREN G. HARDING.

THE WHITE HOUSE,
Washington, July 18, 1922.

EXECUTIVE SESSION.

Mr. McCUMBER. 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, and (at 6 o'clock and 5 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Wednesday, July 19, 1922, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate July 18 (legislative day of April 20), 1922.

COLLECTORS OF CUSTOMS.

John A. Royse, of Indianapolis, Ind., to be collector of customs for customs collection district No. 40, with headquarters at Indianapolis, Ind., in place of James H. Fry, whose term of office expired July 15, 1922.

S. M. Parker, of Charleston, S. C., to be collector of customs for customs collection district No. 16, with headquarters at Charleston, S. C., in place of Frederick G. Peters, whose term of office expired July 15, 1922.

UNITED STATES DISTRICT JUDGE.

Robert M. Gibson, of Pennsylvania, to be United States district judge, western district of Pennsylvania, vice Charles P. Orr, deceased.

UNITED STATES MARSHAL.

Harry S. Hubbard, of Porto Rico, to be United States marshal, district of Porto Rico, vice William R. Bennett, resigned.

MEMBER OF MISSISSIPPI RIVER COMMISSION.

Col. George M. Hoffman, Corps of Engineers, United States Army, for appointment as member of the Mississippi River Commission, vice Col. Harry Burgess, Corps of Engineers, to be relieved.

POSTMASTERS.

ALABAMA.

Levi A. Knapp to be postmaster at Auburn, Ala., in place of W. V. Jones. Incumbent's commission expired August 6, 1921.

ARKANSAS.

Ocie E. Mathis to be postmaster at Hackett, Ark. Office became presidential January 1, 1921.

CALIFORNIA.

Roscoe E. Watts to be postmaster at Rialto, Calif., in place of L. M. Stewart, resigned.

CONNECTICUT.

Carleton W. Tyler to be postmaster at Southbury, Conn. Office became presidential July 1, 1922.

ILLINOIS.

Sherman G. Jackson to be postmaster at Forest City, Ill. Office became presidential April 1, 1922.

Ella L. Widicus to be postmaster at St. Jacob, Ill. Office became presidential April 1, 1922.

Frank C. Krans to be postmaster at Altona, Ill., in place of F. E. Sheahan, deceased.

Byron C. Colborn to be postmaster at Peoria, Ill., in place of C. U. Stone, resigned.

IOWA.

Frank M. Hood to be postmaster at Sergeant Bluff, Iowa. Office became presidential October 1, 1920.

KANSAS.

Clarence W. Sharp to be postmaster at Virgil, Kans. Office became presidential July 1, 1922.

Hiram A. Gilmore to be postmaster at Howard, Kans., in place of B. W. Hamar, resigned.

John H. O'Connor to be postmaster at Winfield, Kans., in place of E. L. Hepler. Incumbent's commission expired February 4, 1922.

KENTUCKY.

Andy M. Smith to be postmaster at McHenry, Ky. Office became presidential July 1, 1921.

Della McKinney to be postmaster at Fleming, Ky., in place of T. L. Riley, resigned.

MARYLAND.

Lewis Keiser to be postmaster at Bethesda, Md. Office became presidential January 1, 1922.

MASSACHUSETTS.

Louise S. Snow to be postmaster at Middleton, Mass. Office became presidential April 1, 1922.

Myra G. Jordan to be postmaster at West Upton, Mass., in place of M. G. Jordan. Incumbent's commission expired June 3, 1922.

MICHIGAN.

Holger F. Peterson to be postmaster at Grayling, Mich., in place of H. F. Peterson. Incumbent's commission expired April 6, 1922.

MINNESOTA.

Thorvald H. Froslee to be postmaster at Vining, Minn. Office became presidential July 1, 1922.

MONTANA.

John J. Pietila to be postmaster at Roberts, Mont., in place of Lydia Elstad, resigned.

NEW JERSEY.

John A. Campbell to be postmaster at Highwood, N. J., in place of J. A. Campbell. Incumbent's commission expired January 24, 1922.

NEW YORK.

Maurice M. Parker to be postmaster at Deferiet, N. Y. Office became presidential July 1, 1922.

John C. Banschbach to be postmaster at Hicksville, N. Y., in place of John Puvogel. Incumbent's commission expired January 24, 1922.

Charles H. Betts to be postmaster at Lyons, N. Y., in place of E. J. Smith. Incumbent's commission expired January 11, 1920.

NORTH CAROLINA.

Robert L. Strowd to be postmaster at Chapel Hill, N. C., in place of R. S. McRae, deceased.

Oscar R. Simpson to be postmaster at Duke, N. C., in place of E. S. Yarbrough, resigned.

Clarence C. Rowe to be postmaster at Spray, N. C., in place of L. M. Sheffield. Incumbent's commission expired July 21, 1921.

NORTH DAKOTA.

William S. Hancock to be postmaster at Edgeley, N. Dak., in place of W. W. Anderson, resigned.

OKLAHOMA.

Joseph C. Eversole to be postmaster at Grandfield, Okla., in place of W. H. Whiddon, removed.

Warden F. Rollins to be postmaster at Noble, Okla., in place of J. H. Brasher, resigned.

OREGON.

Glenn D. Withrow to be postmaster at Talent, Oreg. Office became presidential July 1, 1921.

Flora B. Thompson to be postmaster at Jacksonville, Oreg., in place of Lewis Ulrich, resigned.

Bernhard L. Hagemann to be postmaster at Milwaukie, Oreg., in place of B. L. Hagemann. Incumbent's commission expired January 24, 1922.

PENNSYLVANIA.

Charles F. De Labar to be postmaster at Riegelsville, Pa. Office became presidential January 1, 1921.

Louis O. Mellinger to be postmaster at Slickville, Pa. Office became presidential July 1, 1922.

William E. Reed to be postmaster at Duquesne, Pa., in place of M. G. Conlin, resigned.

Thomas V. Diffendafer to be postmaster at Millerstown, Pa., in place of H. W. Rinehart. Incumbent's commission expired March 14, 1922.

James S. Young to be postmaster at Reedsville, Pa., in place of J. C. Werts. Incumbent's commission expired January 24, 1922.

SOUTH CAROLINA.

Edward H. Jennings to be postmaster at Charleston, S. C., in place of J. M. Poulnot, resigned.

TEXAS.

Wallace C. Wilson to be postmaster at McKinney, Tex., in place of N. A. Burton. Incumbent's commission expired July 21, 1921.

John E. Carson to be postmaster at San Saba, Tex., in place of J. W. Longley, resigned.

VIRGINIA.

Manley W. Carter to be postmaster at Orange, Va., in place of H. G. Shackelford. Incumbent's commission expired January 24, 1922.

Albert L. Taylor to be postmaster at Parksley, Va., in place of J. S. Scott. Incumbent's commission expired January 24, 1922.

WASHINGTON.

Thurston B. Stidham to be postmaster at Doty, Wash. Office became presidential July 1, 1922.

WISCONSIN.

William Kotvis to be postmaster at Hillsboro, Wis., in place of F. A. Ferriter. Incumbent's commission expired January 24, 1922.

Allen W. Wiggin to be postmaster at Plymouth, Wis., in place of G. W. Schiereck. Incumbent's commission expired August 3, 1920.

CONFIRMATIONS.

Executive nominations confirmed by the Senate July 18 (legislative day of April 20), 1922.

UNITED STATES DISTRICT JUDGE.

James H. Wilkerson to be United States district judge northern district of Illinois.

REGISTER OF THE LAND OFFICE.

Fred C. Stoddard to be register of the land office, Missoula, Mont.

POSTMASTERS.

GEORGIA.

Paul L. Smith, Athens.

NEBRASKA.

Hugh E. Mallory, Litchfield.
Clyde S. Burkerd, Shelton.

OKLAHOMA.

Bessie A. Porter, Buffalo.
Henry L. Wallace, Calvin.

SENATE.

WEDNESDAY, *July 19, 1922.*

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

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE COAL SITUATION.

Mr. WILLIS. I present a resolution adopted by the Columbus (Ohio) Chamber of Commerce, relative to the coal situation. I ask that it be referred to the Committee on Education and Labor and printed in the RECORD.

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

Resolution adopted by the Columbus Chamber of Commerce, Columbus, Ohio, July 14, 1922.

Whereas the industrial situation of the country is rapidly approaching a breakdown by reason of the long-continued cessation in the production of coal and the more recent interference with rail transportation between the only remaining important coal-producing area and the great markets of the country; and

Whereas this industrial disturbance will with very little further continuance be translated into direct public suffering with attendant dangers of riots, destruction of property, and loss of life, which may conceivably be brought home to every man, woman, and child in the country; and

Whereas whatever the merits of the wage dispute and other points at issue between striking railroad men and railroads may be, the people, through the Government, have provided both general and specific methods of settling such disputes in a fair and lawful manner, and the public is entitled to have such disputes settled without recourse to ruinous conflicts like the present: Therefore be it

Resolved, (1) That the Government of the United States and of the several States from the President down to the lowest official be urged to fully perform their duty in upholding the majesty of the Constitution and the law and in securing and preserving to each and every citizen the right to live, labor, and pursue happiness under the law, and to enjoy protection in the exercise of this right.

(2) That all persons who are responsible for or implicated in the creation or maintenance of these disturbed and dangerous conditions in defiance of the laws of the land and contrary to the decisions of the duly constituted agencies for settling such disputes be warned that no Government based upon such methods has ever succeeded, and that they will go down with everyone else in general ruin if their contest against lawful methods should succeed.

(3) That all persons who in any position are loyally continuing in their duty fulfilling their obligation to the public by continuing at their work with certain danger of humiliation and annoyance and often at risk of bodily injury or loss of life should receive the fullest moral support and physical backing of all good citizens whose comforts are being maintained by their sacrifice.

(4) That in this country the decision in all crises depends upon the moral force and the intellectual judgment of the people. No class or group can make this people do what they do not wish to do, nor can any official, high or low, refuse his duty when an active public conscience is awakened and insistent. Therefore it is the duty of every citizen in this present emergency to take thought of his own personal share in the maintenance of the rights and liberties which are his heritage from 150 years of American citizenship and be ready by influence or force to protect and defend that heritage.

EDWARD ORTON, Jr., *President.*

A true copy.

J. T. DANIELS, *Secretary.*

PETITIONS AND MEMORIALS.

Mr. ROBINSON presented a resolution of the Fort Smith (Ark.) Chamber of Commerce, favoring peaceful settlement of the present railroad strike and full law enforcement against interference with the rights of all persons involved in the situation, which was referred to the Committee on Interstate Commerce.

Mr. McCUMBER presented resolutions of the Fargo (N. Dak.) Trades and Labor Assembly, protesting against the enactment of legislation that may take from a citizen the right to cease employment at will, which were referred to the Committee on Education and Labor.

He also presented a petition of sundry citizens of North Dakota, constituting the governor's committee on rural problems, located at Grand Forks, N. Dak., favoring the enactment of legislation further stabilizing prices of farm products, which was referred to the Committee on Agriculture and Forestry.

He also presented petitions of sundry citizens of Merricourt, Kulm, Forbes, Norma, and Kenmare, all in the State of North Dakota, praying for the enactment of legislation reviving the United States Grain Corporation, so as to stabilize prices of certain farm products, which were referred to the Committee on Agriculture and Forestry.

Mr. MOSES presented petitions of sundry citizens of Ashland, Plymouth, and Manchester, all in the State of New Hampshire, praying that only a moderate duty be imposed on lightweight gloves in the pending tariff bill, which were referred to the Committee on Finance.

He also presented a memorial of sundry citizens of West Ossipee, Mountainview, Ossipee Valley, Tamworth, South Tamworth, and Dover, all in the State of New Hampshire, remonstrating against the passage of Senate bill 2747, the so-called McNary cooperative reclamation bill, which was referred to the Committee on Irrigation and Reclamation.

BILLS AND JOINT RESOLUTION INTRODUCED.

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

By Mr. McCUMBER:

A bill (S. 3844) to exempt interest on farm-land securities from taxation under the revenue act of 1921;

A bill (S. 3845) to amend an act entitled "An act to establish a Veterans' Bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act," approved August 9, 1921 (with an accompanying paper); and

A bill (S. 3846) to amend an act entitled "An act to establish a Veterans' Bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act," approved August 9, 1921 (with accompanying papers); to the Committee on Finance.

By Mr. POMERENE:

A bill (S. 3847) to provide for mothers' pensions in the District of Columbia; to the Committee on the District of Columbia.

By Mr. SMITH:

A bill (S. 3848) for the relief of the heirs of Richard Reynolds, deceased;

A bill (S. 3849) for the relief of Robert J. Kirk; and

A bill (S. 3850) for the relief of Sidney C. Snelgrove; to the Committee on Claims.

By Mr. RANSDELL:

A bill (S. 3851) to repeal certain provisions of Public Resolution 50, Sixty-seventh Congress, approved April 21, 1922, appropriating $1,000,000 for the preservation, protection, and repair of levees under the jurisdiction of the Mississippi River Commission; to the Committee on Appropriations.