will be. The elimination of the increase in the duty on wool will operate similarly.

The proposal to increase the duty on sugar from $1.76 a hundred to $2.40 a hundred, in the face of the report of the Tariff Commission that $1.26 a hundred represents the difference in the cost of production here and in Cuba, has provoked stubborn resistance throughout the country and will give rise to equally vigorous opposition on the floor. Much will be made of the claim, apparently sustained by its report, that the Great Western Sugar Co., producing 58 per cent of our beet sugar, has been earning 40 per cent on its common stock, a claim that is met by the somewhat irrelevant assertion that that amounts to but 7 per cent on its assets. If the sugar raise should not be sustained the phalanx may be irretrievably broken through the combined efforts of the Democrats and the progressive Republicans, who have almost to a man indicated a purpose to fight the bill in so many of its features as to presage its defeat. It is significant that manganese, like all those mentioned as having fallen into disfavor, a western product, is not to have even the modicum of protection afforded it by the House bill should the Finance Committee's recommendation be adopted. It is understood that the progressive Republicans have already effected an organization radically to modify, and, if that be impossible, to beat the bill. They will be aided by a large section of the independent press of the country. The attitude and effective work of the Minneapolis Tribune has been adverted to. The Milwaukee Journal says concerning it: "Under the pious fraud of opening up the tariff for the relief of the farmer manufacturers have come in and demanded an increase in governmental subsidy above the present tariff, which is and has been scandal."

The Chicago Tribune has the following: "It is becoming increasingly apparent that if the door is opened to a revision of the tariff on manufactured goods there will be no closing of the door until scores of items which are in no real need of protection are given it."

The Cleveland Pain Dealer says it "regards the Hawley bill as the worst and most indefensible tariff proposal ever offered for the serious consideration of Congress. Its major purpose, it will be recalled," continues this journal, "was to aid the farmer. The testimony of those who have studied its relation to the farmer is practically unanimous in the opinion that it will take a great deal more out of the farmer's pocket than it will put in."

From the Columbus Dispatch: "The Hawley bill more than neutralizes its farm increases by heavy increases on many articles of which the farmers are buyers, not producers and sellers. The bill is the most striking example of tariff-boosting greed in all tariff history."

The Kansas City Star: "Under the guise of agricultural relief the Hawley bill, as passed by the House, is really a bill for the benefit of the manufacturing interests."

Even the Boston Transcript is moved to say, "The farmer is being bunked on the tariff."

It ought by this time to be universally recognized throughout the farming sections of the country that the struggle over farm relief in any form is one between the industrial interests, on the one hand, intent on getting cheap food and raw material, and the agricultural interests on the other, seeking to secure a fair price for their products—considering the handicaps under which they operate through governmental favor to the rival interests.

This was made manifest in the determined and successful opposition of Senators from the industrial States to the McNary-Haugen bill and to the debenture plan. Both of these forms of farm relief would have elevated materially the prices of farm products, and consequently the cost of food to the laborers in industry, to be followed by a demand for higher wages. The agricultural marketing act, on which such buoyant hopes are based, was conceded because it will not increase the cost of farm products to the consumer. He will pay no more, but the producer will get a slight advance through the elimination of the profit of the middleman. So in tariff legislation. The farmers can get any kind of tariff they ask for on commodities we export, and duties are conceded to still clamor and pass tariff bills of incalculable benefit to manufacturers on some agricultural products—the net value of which is inconsequential. Senator MOSES, of New Hampshire, with his usual impulsive candor, spilled the beans when he said: "Growing resentment is felt throughout the east over what is understood to be the committee's action in boosting the duties on agricultural products—on the things we have to buy and eat, and taking the duties off those things we must sell in order to buy things to eat."

The question before us is not one of the wisdom of the policy of protection. That policy is expressed in the law now in force, and there is no indication of any purpose on the part of the country to abandon it.

The serious problem before us is as to whether it would be wise further to burden agriculture as is proposed in the Hawley bill, even though some branches of agriculture may profit to a limited extent by its operation should it become a law, and specifically as the question is presented to the people of the Northwest whether an additional handicap should be placed upon the raisers of grain, concededly most embarrassed at present, and who get no benefit whatever from the tariff or none of any particular consequence. I repeat that to concede the general advance in tariff rates the Hawley bill will carry, should it pass, to secure the duties asked for on agricultural products is, in the light of indisputable facts, the height of unwisdom. Esau never sold his birthright for a sorrier mess of pottage. But when the consequences in respect to the future of the St. Lawrence route to the sea are considered, it is little less than treason to the great Northwest to promote the passage of that measure.

RECESS

Mr. WATSON. As in legislative session, I move that the Senate take a recess until to-morrow at 12 o'clock noon.

The motion was agreed to; and (at 3 o'clock and 15 minutes p. m.) the Senate took a recess until to-morrow, Thursday, September 12, 1929, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 11 (legislative day of September 9), 1929

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

John W. Garrett, to Italy.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Garrit John Diekema, to the Netherlands.
George T. Summerlin, to Venezuela.

GOVERNOR OF PORTO RICO

Theodore Roosevelt.

SENATE

THURSDAY, *September 12, 1929*

(Legislative day of Monday, September 9, 1929)

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

Allen	George	King	Sheppard
Ashurst	Gillett	La Follette	Shortridge
Barkley	Glass	McKellar	Simmons
Bingham	Glenn	McMaster	Smoot
Black	Goff	McNary	Steck
Blaine	Goldsborough	Metcalf	Steiwer
Borah	Gould	Moses	Swanson
Brock	Greene	Norris	Thomas, Idaho
Brookhart	Hale	Nye	Thomas, Okla.
Broussard	Harris	Overman	Townsend
Capper	Harrison	Patterson	Trammell
Connally	Hastings	Phipps	Tydings
Couzens	Hatfield	Pine	Vandenberg
Dale	Hawes	Pittman	Wagner
Deneen	Hayden	Ransdell	Walcott
Dill	Heflin	Reed	Walsh, Mass.
Edge	Howell	Robinson, Ark.	Walsh, Mont.
Fess	Jones	Robinson, Ind.	Warren
Fletcher	Kean	Sackett	Waterman
Frazier	Keyes	Schall	Watson

Mr. McMASTER. My colleague the senior Senator from South Dakota [Mr. NORBECK] is unavoidably absent. I ask that this announcement may stand for the day.

Mr. FESS. I desire to announce that my colleague [Mr. BURTON] is detained from the Senate on account of illness. I request that the announcement may stand for the day.

Mr. HARRISON. I desire to announce that the Senator from Mississippi [Mr. STEPHENS] is necessarily detained from the Senate by illness in his family. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that the Senator from South Carolina [Mr. SMITH] is necessarily detained from the Senate by illness in his family. I will let this announcement stand for the day.

I also wish to announce that the Senator from South Carolina [Mr. BLEASE] is necessarily detained from the Senate on important business in his State.

I further announce that the Senator from Wyoming [Mr. KENDRICK] is necessarily detained from the Senate on important business in his State.

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

COMMITTEE SERVICE

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, it was

Ordered, That Mr. BROCK be assigned to service on the following committees: Commerce, Banking and Currency, Claims, and Military Affairs.

OUTRAGES UPON JEWS IN PALESTINE

Mr. VANDENBERG presented a resolution adopted at a meeting of citizens at Grand Rapids, Mich., protesting against the recent outrages perpetrated upon the Jews in Palestine, which was referred to the Committee on Foreign Relations.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

BILLS INTRODUCED

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

By Mr. JONES:

A bill (S. 1671) for the relief of Stillwell Bros. (Inc.); to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 1672) granting an increase of pension to Lydia E. White (with accompanying papers); to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 1673) for the relief of Walter W. Newcomer; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 1674) for the relief of Jacob Amberg (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 1675) granting an increase of pension to Mary L. Petigrew (with accompanying papers);

A bill (S. 1676) granting an increase of pension to Jacob Amberg (with accompanying papers);

A bill (S. 1677) granting an increase of pension to Mary C. McKeever (with accompanying papers);

A bill (S. 1678) granting a pension to John H. Cantlon (with accompanying papers);

A bill (S. 1679) granting a pension to Laura E. Todd (with accompanying papers);

A bill (S. 1680) granting a pension to Maybelle G. Dunn (with accompanying papers); and

A bill (S. 1681) granting a pension to George W. Denton (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 1682) for the relief of Ray Eugene Reierson; to the Committee on Naval Affairs.

By Mr. HALE:

A bill (S. 1683) for the relief of John Heffron; to the Committee on Naval Affairs.

By Mr. WATSON:

A bill (S. 1684) granting an increase of pension to Abigill S. Renick (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 1685) to safeguard the life and health of children in the District of Columbia; to the Committee on the District of Columbia.

CHANGES IN NATURALIZATION LAW

Mr. WALSH of Massachusetts. Mr. President, upon the request of several constituents, I recently prepared a brief statement setting forth and explaining as concisely as possible the recent amendments to the naturalization law which became effective July 1 of this year.

In view of the general interest in the naturalization laws and the difficulty in understanding the provisions because of the technical language used I request that this statement be printed in the CONGRESSIONAL RECORD.

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

First. The fee for the issuance of a declaration of intention (first papers) has been increased from $1 to $5.

The fee for filing a petition for naturalization has been increased from $4 to $10.

In all cases where a certificate of arrival is required a fee of $5 is charged for the issuance of said certificate, whether it is issued for a declaration or a petition.

Where a certificate of arrival is obtained prior to the filing of the declaration of intention, it can be used as the basis for filing a petition for naturalization at such time as the declarant is in a position to complete his naturalization.

Second. All aliens who arrived before June 3, 1921, who can not definitely prove the exact time and manner of arrival, or aliens who came to this country without the payment of the so-called head tax before July 3, 1921, will be able to have their legal residence established by the payment of a $20 fee. Applications to establish residence should be made with the nearest immigration office. The establishment of a legal residence is an absolute prerequisite to final citizenship.

Third. One year's residence in the State immediately preceding the filing of a petition for naturalization was repealed, and six months' residence in the county has been substituted.

Fourth. On and after July 1 no declarations of intention (first paper) can be made regardless of the date of arrival of the applicant in the United States until a certificate showing his arrival in the United States for permanent residence has been furnished. Heretofore this procedure was practiced only in the cases of those who arrived after June 3, 1921, by department regulation.

Fifth. In submitting applications for declarations of intention or petitions for naturalization it is necessary that two full-faced photographs of the applicant 2½ inches by 2½ inches be furnished. Such photographs must be unmounted, printed on thin paper, have a light background, clearly show a full front view of the features of the applicant without hat, and must have been taken within 30 days of the date they are furnished. Snapshot, group, or full-length portraits will not be accepted. Each copy of the photograph furnished must be signed by the applicant in such manner as not to obscure the features.

Sixth. Copies of lost, destroyed, or mutilated declarations of intention or certificates of naturalization can be issued by the Commissioner of Naturalization only. The fee for the issuance of these copies is $10.

Seventh. An entirely new feature of the naturalization law is the issuance of what are called certificates of derivative citizenship. Any married woman who claims citizenship through her husband, or any child over the age of 21 years, who claims citizenship through a parent, may, upon the payment of $15 ($5 for the issuance of a certificate of arrival and $10 fee for the issuance of the certificate of derivative citizenship), make application for one of these certificates, and upon satisfactory proof that the citizenship was so derived a certificate will issue.

Eighth. Heretofore depositions necessary to prove residence outside of the State in which the petition was filed were taken by notaries public for a fee, which was usually $5. Hereafter all depositions will be taken by naturalization examiners without charge.

OKLAHOMA SOLDIERS BURIED IN EUROPE

[Mr. PINE asked and obtained leave to have printed in the RECORD a list of the names of soldiers from Oklahoma now buried in Europe. The list referred to was printed in the RECORD of June 19, 1929, page 3282.]

THE SHEARER CASE

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD an open letter from Richard Washburn Child relative to the Shearer case, published in to-day's Washington Post. I ask that the letter may be referred to the Committee on Naval Affairs.

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

[From the Washington Post, Thursday, September 12, 1929]

PACIFIST LOBBIES

(Open letter from Richard Washburn Child, former ambassador to Italy, to Senator BORAH)

MY DEAR SENATOR: The investigation of the Shearer case ought to be undertaken by the Foreign Relations Committee, of which you are chairman. It should be sweeping, i. e., should include not only the shipbuilding companies and their activities which have shocked the President but should extend also to lobbies carried on by employees of church organizations and of fanatic pacifist machines which do not make plain the sources of their funds or prove their freedom from relationship with radical alien internationals or with foreign-inspired propaganda intended to keep the United States in various states of coma in its various relations and defenses.

As between a lobby in favor of shipbuilding companies and one carried on indirectly by some foreign power against the upbuilding of our merchant marine I see no moral difference and condemn each. But we both know that shipbuilding facilities necessary for our defense are becoming depleted and that our merchant marine is not only necessary to our commerce but figures far more importantly in our national defense than is commonly realized. This must be valued correctly, no matter how high is our official purpose to reduce armament.

We were drawn neatly, by propaganda-publicity methods, in the Washington Disarmament Conference into a position where material parity was sacrificed for the gesture of piety.

Colonel McNutt, of the American Legion, wrote a letter to the President this summer, but failed to point out the fundamentals of arms reductions.

The American people to-day are utterly hoodwinked by the published discussions about arms reduction and naval parity with Great Britain.

Cruisers and tonnage hold the public's attention; so does the very remote possibility of war between Great Britain and the United States.

But yardsticks on cruisers and other ships do not create sea-power parity or even measure it. Elements of even greater importance are the strength and number of naval bases, the length of enlistment in the armed forces, and the number of tons of merchant marine, which can by quick conversion carry hitting gun power at a speed sufficiently high to interrupt commerce. To-day there is not even an approach to naval parity. Our naval defense, including all its factors, is hopelessly second or third class. In case of emergency it takes not a season, but years, to build this sea power.

Private citizens can not disclose even if they have access to information as to present negotiations with Great Britain. They may join with the President and you in eager efforts toward agreement for reduction of arms, but in this endeavor, if they wish to protect America, it is absurd to call them "big Navy men."

It takes those who have been initiated into the practical side of diplomacy to understand that the likelihood of war between Great Britain and the United States is remote indeed compared with the possibility of controversy as to our claim to the right to trade with nations with which Great Britain might be at war. The real stake in the game is our right to be free from alien dictation limiting our free commerce. That dictation could not take place if we maintain the power of naval parity to veto dictation. To a certain extent such dictation might be averted by solemn agreement made now with Great Britain for freedom of the seas.

Our only card to play in asking for such an agreement is our present resource to build ships. Once any naval reduction agreement is signed in advance of this, we have thrown our only card overboard. If that is to be our course, we will be scandalously improvident, and any good American will know that his country has been sold again.

Sinister influences are bad enough when they are American but even worse when alien propaganda concealed in pious garb caresses into a fool's slumber.

Sincerely yours,

RICHARD WASHBURN CHILD.

ORGANIZATION OF INVESTMENT TRUSTS

Mr. COUZENS. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Washington Post of to-day in regard to the organization of a $100,000,000 trust firm in New York and a $65,000,000 trust firm in Chicago. I make the request, as at a later time I shall address the Senate on the subject.

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

[From the Washington Post, Thursday, September 12, 1929]

ONE HUNDRED MILLION DOLLAR TRUST FIRM IS ORGANIZED—RELIANCE INTERNATIONAL CORPORATION IS FORMED AT NEW YORK—OFFICERS ARE SELECTED

NEW YORK, September 11 (A. P.).—Plans for another large investment trust, which is to have a fund of more than $100,000,000 at its disposal, were announced to-day.

The new company is to be called the Reliance International Corporation and has been organized as a subsidiary of Reliance Management Corporation. It will operate internationally, thereby supplementing the activities of its parent concern.

Directors of the corporation will include Matthew C. Brush, president of American International Corporation; Harry A. Arthur, vice president of the same company; Ambrose Benkert, vice president of Ames, Emerich & Co.; Marshall Forrest, vice president of Ames, Emerich; Matthew S. Sloan, president of the New York Edison Co.; Charles F. Hazlewood, of Estabrook & Co.; David Friday, economist, and Morton H. Fry, president of Reliance Management Corporation.

CHICAGO, September 11 (A. P.).—Organization of a $65,000,000 investment trust by the Continental Illinois Bank & Trust Co. was announced to-day by Arthur Reynolds, chairman of the board.

Stock of the new corporation, to be known as the Continental Chicago Corporation, will be placed on the market within the next few days. It will be sold in units consisting of one share of common and one share of preferred, at $68.50 per unit.

The initial issues will consist of 1,750,000 shares of common stock of no par value and 750,000 shares of preferred stock with a dividend rate of $3. One million shares of the common stock will be taken and paid for by the Continental Illinois Co., and the remainder will be offered on the open market. Application already has been made to list the stock on the Chicago Stock Exchange.

EXECUTIVE MESSAGES

Sundry messages in writing were communicated to the Senate from the President of the United States by Mr. Latta, one of his secretaries.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. CAPPER. Mr. President, I have here a statement from Chester H. Gray, of the American Farm Bureau Federation, giving a comparison of the rates on agricultural products and the rates on industrial products in the act of 1922 and in the pending bill, as reported in support of the demand of the farm organizations for tariff duties on agricultural products as opposed to duties on industrial products. I would like to have it printed in the RECORD if I may have unanimous consent to do so.

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

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., September 12, 1929.

To the Members of the Senate:

To farmers two big questions stand out prominently relative to tariff adjustment such as the Senate is now engaged upon:

First. Are farm products being adequately protected so that the American farmer can hold the domestic market (which has been promised him) against his foreign competition?

Second. Is agriculture as a whole being placed at the same height of protection which industry enjoys, by eliminating the spread which heretofore has existed between agricultural and industrial rates?

The answer of organized agriculture to the first question is contained in a joint letter of September 8 which all Members of the Senate have received, and which was signed by representatives of 12 farm organizations. In this letter a list of commodities was enumerated upon which rates higher than are contained in the Senate bill are requested without, however, prejudicing many other farm commodities which space did not permit mentioning. Your attention now is directed to the second question above stated, namely, the relationship or spread of protection between agriculture and industry. The American farmer has concluded, and his organizations maintain, that agriculture can not be fully protected and stand on a basis of economic equality with industry until rates of duty on farm products are equal to those on industrial products.

To ascertain the average ad valorem rates on agriculture and industry, there must first be a segregation of products. The American Farm Bureau Federation defines an agricultural product, in tariff matters, as being one upon which the farmer is the prime beneficiary of a rate of duty. An industrial product is one upon which a processor is the prime beneficiary of a rate of duty. With these definitions in mind all schedules in the tariff act of 1922 and in the Senate bill have been examined so that a segregation of agricultural and industrial products could be made. (See Exhibit 1.)

TABLE I.—*Comparison of rates on agricultural products in act of 1922 and in Senate bill*

Schedule numbers and description	Total value of imports 1928 [1]	Total duties collected 1928 [1]	Estimated duties under Finance Committee bill [1]	Average rate of duty converted to an ad valorem basis	
				1922 act	Finance Committee bill
				Per cent	*Per cent*
IV. Wood	$2,486,317	$100,638	$34,933	4.05	1.40
V. Sugar	12,531,623	1,035,852	1,675,738	8.27	13.37
VI. Tobacco	58,946,027	37,177,987	37,177,987	63.07	63.07
VII. General agriculture	153,471,626	34,283,662	50,299,021	22.34	32.77
X. Flax, hemp, jute	4,995,331	391,287	570,886	7.83	11.43
XI. Wool	43,313,665	18,229,443	18,537,550	42.09	42.80
XV. Sundries	81,446,857	Free.	8,144,686	Free.	10.00
Average rates of duty (simple average)				24.61	27.47
Increase of				2.86	
Average rates of duty (weighted average)				28.34	32.60
Increase of				4.26	

[1] Compiled from data of U. S. Tariff Commission.

A segregation of agricultural products in all the schedules shows that the simple average of the rates of duty has been increased in the Senate bill as compared to the act of 1922, 2.86 points; by a weighted average the rates of duty show an increase in the bill over the act of 4.26 points. (See Exhibit 2.)

In a similar way all industrial products in all the schedules of the Senate bill and of the act of 1922 have been segregated in order to see what general increases have been made.

TABLE II.—*Comparison of rates on industrial products in act of 1922 and in Senate bill*

Schedule numbers and description	Total value of imports 1928 [1]	Total duties collected 1928 [1]	Estimated duties under Finance Committee bill [1]	Average rate of duty converted to an ad valorem basis	
				1922 act	Finance Committee bill
				Per cent	*Per cent*
I. Chemicals	$94,418,522	$27,686,466	$28,167,754	29.35	29.83
II. Earths, etc	56,891,033	25,802,163	30,297,862	45.35	53.26
III. Metals	118,277,283	40,004,765	34,901,993	33.82	29.51

[1] Compiled from data of U. S. Tariff Commission.

TABLE II.—*Comparison of rates on industrial products in act of 1922 and in Senate bill*—Continued

Schedule numbers and description	Total value of imports 1928	Total duties collected 1928	Estimated duties under Finance Committee bill	Average rate of duty converted to an ad valorem basis	
				1922 act	Finance Committee bill
				Per cent	*Per cent*
IV. Wood	$23,975,332	$4,092,980	$4,108,434	17.07	17.14
V. Sugar	162,228,020	117,536,257	146,425,048	72.45	90.26
VI. Tobacco	3,372,597	2,136,804	2,136,804	63.36	63.36
VII. General agriculture	75,588,800	18,629,355	28,998,939	24.65	38.36
VIII. Spirits	1,347,013	483,489	591,386	35.98	43.90
IX. Cotton	49,463,539	19,916,330	20,911,879	40.26	42.28
X. Flax, hemp, jute	126,995,325	23,581,904	24,407,770	18.57	19.22
XI. Wool	71,867,321	38,942,222	46,930,550	54.19	65.30
XII. Silk	32,439,262	18,347,719	20,256,956	56.56	62.45
XIII. Rayon	11,410,485	6,016,337	6,143,577	52.73	53.84
XIV. Paper	20,323,344	4,984,210	5,313,105	24.52	26.14
XV. Sundries	230,798,144	63,949,286	73,555,431	27.71	31.87
Average rates of duty (simple average)				39.77	44.45
Increase of				4.68	
Average rates of duty (weighted average)				38.18	43.83
Increase of				5.65	

A compilation of the rates of duty on industrial products by a simple average of such rates shows an increase of 4.68 points. The weighted average of these rates of duty shows an increase of 5.65 points.

Having now ascertained the average ad valorem rates of duty, and their increases in the bill over the act, both by simple and by weighted averages on agricultural and industrial products, it is interesting to compare these averages one with the other.

TABLE III.—*Comparison of agricultural and industrial rates*

	Simple averages		Weighted averages	
	Act of 1922	Senate bill	Act of 1922	Senate bill
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*
Industrial products	39.77	44.45	38.18	43.83
Agricultural products	24.61	27.47	28.34	32.60
Excess of industrial over agricultural protection	15.16	16.98	9.84	11.23
		16.98		11.23
ncrease of spread between industry and agriculture in act of 1922 and Senate bill		15.16		9.84
		1.82		1.39

The simple averages of the ad valorem rates on industrial and agricultural products show an excess of industrial over agricultural protection in the act of 1922 of 15.16 points and in the Senate bill of 16.98 points; by weighted averages the figures are for the act of 1922, 9.8 points excess of industrial over agricultural protection and 11.23 points in the Senate bill.

It is seen, therefore, that no matter whether a simple average, which is sometimes considered as not being wholly accurate, or a weighted average is used, the Senate bill in both cases shows a greater increase for industrial than for agricultural products when compared to the act of 1922. The exact amount of the increase of spread between industry and agriculture in the Senate bill as compared to the act of 1922 by simple average is 1.82 points and by weighted average is 1.39 points.

In other words, the Senate measure in its present form does not lessen the spread of protection which heretofore has existed between industry and agriculture but increases that spread a trifle. In doing this the Senate bill, as reported, merely duplicates the House bill, as passed, in regard to the relative status of protection for agriculture and industry.

On account of these facts it is not only hoped but expected that the Senate in its consideration of the measure now pending will so increase the rates which agriculture has asked for, and which have been brought to the attention of all Senators in the joint letter first mentioned in this communication, that agriculture will be on a basis of equal protection with industry. If such result is not accomplished in the enactment of the forthcoming tariff adjustment, it is difficult to believe that the American farmer will be happy with the outcome of his effort to get adequate protection on his products.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

EXHIBIT 1

Segregation of products in the act of 1922 and in Senate bill

[Definitions: An agricultural product, for the purpose of tariff segregation, is one upon which the farmer is the prime beneficiary of a tariff rate. An industrial product, for the purpose of tariff segregation, is one upon which the processor is the prime beneficiary of a tariff rate]

Schedule numbers and description	Agricultural products	Industrial products
I. Chemicals, oils, paints	None	All.
II. Earths, earthenware, glassware.	None	All.
III. Metals and manufactures of.	None	All.
IV. Wood and manufactures of.	Logs, blocks of briar root and similar wood.	All the rest.
V. Sugar, molasses, and manufactures of.	Molasses, sugar sirup, maple sugar, maple sirup, sugar cane, rare sugars.	All the rest.
VI. Tobacco and manufactures of.	All the rest	Cigars, cigarettes, snuff, cut tobacco stems.
VII. Agricultural products and provisions.	All the rest	Meats and meat products; condensed and evaporated milk; frozen and dried eggs; flour, meal, grain hulls, grain screenings, cereal breakfast foods, biscuits, macaroni; dried and canned apples; canned apricots; dried and canned berries; maraschino and pitted cherries; orange peel, lemon peel, dried and candied citron peel; prepared figs and dates; pitted and stuffed olives; prepared pineapple, plums, prunes, prunelles; jams and jellies; shelled nuts; almond paste, nut pastes, prepared chestnuts; canned beans, split peas, canned peas; canned mushrooms, dried potatoes, potato flour; canned tomatoes, tomato paste; prepared or cut vegetables; prepared chicory; prepared ginger root, coffee substitutes.
VIII. Spirits, wines, and other beverages.	None	All.
IX. Cotton, manufactures of.	None	All.
X. Flax, hemp, jute, manufactures of.	Flax straw, unmanufactured flax fiber, flax tow, flax noils; hemp tow, unmanufactured hemp.	All the rest.
XI. Wool and manufactures of.	Unmanufactured native wools and clothing wools.	All the rest.
XII. Silk and silk goods	None	All.
XIII. Rayon manufactures	None	All.
XIV. Papers and books	None	All.
XV. Sundries	Hides and skins	All the rest.

The following products have been eliminated: Fish, cocoa, chocolate, pignolia and pistachio nuts, cocoanuts, and the free list.

EXHIBIT 2

In computing the simple average, a weighted average for each schedule was secured, and then the average of these weighted averages was calculated.

The weighted average rates were computed, for the act of 1922, by dividing the total duties collected on imports in 1928 by the total value of these imports, and for the new bill, by dividing the estimated duties under the new rates by the total value of imports in 1928. It was assumed, therefore, for the purpose of obtaining a comparable comparison that the total value of imports in the new bill under the new rates would remain the same as under the old rates in the act of 1922. A weighted average of rates was obtained for agricultural and industrial commodities, both by schedules and for the entire bill.

Mr. SIMMONS. Mr. President, in the beginning the Republican Party defended and justified its position upon the question of protection on the ground that the restriction or even the exclusion of foreign competitive products would not increase the domestic price of similar articles produced in this country. It contended in such cases that competition between domestic producers would regulate and control price levels and thus preserve intact, so far as the domestic consumer is concerned, the law of supply and demand.

Every protective tariff act passed by the Republican Party during the last century was advocated, framed, and defended upon this general theory and the rates were largely established

upon the representations and demands of the representatives of the interested industries without reference to any particular measurement of the degree of protection the industries or the specific articles involved were justly entitled to receive.

In the enactment of all these bills, the Morrill bill, the McKinley bill, and the Dingley bill, the Democratic Party attacked the theory that high protective duties would not increase domestic prices or that domestic competition in such cases would regulate such prices upon the basis of supply and demand.

The Democrats insisted that this protective system was largely responsible for the many trusts which were then springing up in the various protected industries in the United States and that domestic competition was thus being suppressed and the American consumers exploited as a result of high tariff and trust prices. But it was not until the early years of the present century that this method of arriving at and fixing tariff duties was openly challenged by Republicans as well as Democrats as unsound and unjust to the consumers of the country, coupled with a demand for the establishment of some certain and definite rule for determining the extent to which the industries should be protected by the imposition of tariff duties.

As a result of this agitation and the constantly and rapidly increasing organization and monopolization of the industries of the country there grew up an insistent demand for tariff reform, especially with respect to the manner of arriving at and levying tariff duties. This demand came not only from Democrats, but from Republicans of high standing. The volume of the protests grew so loud and so compelling that the Republican National Convention of 1908 was constrained to declare its position on this question. That declaration was as follows:

> In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between cost of production at home and abroad, together with a reasonable profit to American industries.

In the face of this solemn pledge of the Republican Party, under the leadership of Aldrich and Payne the tariff act passed a year later, 1909, was framed in utter disregard of the platform pronouncement. Because of this recalcitrant action on the part of the committees of the two Houses which framed that bill, and which were then, as now, dominated and controlled by the eastern industrial interests, there followed a violent schism in the ranks of the Republican Party, which became evident in both branches of the Congress, especially in the Senate, when the bill came up for consideration and discussion.

In the Senate the Republican revolt was led by that great Republican statesman, orator, and patriot from the West, the late Senator Dolliver. He, as did his Republican followers, denounced both the excessive rates carried in that bill and the method of arriving at them as a repudiation of the Republican platform of the previous year. While this fight in the ranks of the Republican Party against the abuses of the principle of protection as exemplified in the so-called Payne-Aldrich Act was strenuous and sometimes bitter, it did not succeed—the protected interests were too thoroughly intrenched—but it forced the general acceptance by the Republican Party, in theory at least, of the principle that tariff rates ought and must be based upon the difference in the cost of production at home and abroad.

In the campaign of 1912, as in 1908, the tariff was the chief issue between the two major parties, but the assault was directed chiefly against the flagrant abuses of that system and the repudiation of the platform declaration with respect to the measure of protection and the arbitrary methods employed in fixing rates in the act of 1909.

ACT OF 1922

The latest Republican tariff act, known as the Fordney-McCumber Act, which is the existing law, was passed in 1922. In the preparation and consideration of this bill but little was heard from its framers and sponsors about the rule of the cost of production and but few of the rates carried in that bill were determined and fixed upon the basis of that rule. The principle of the rule was admitted, but it was contended by the framers of that measure that because of the chaotic conditions with respect to international exchange of products growing out of the industrial, financial, and currency conditions then existing in Europe and in this country, especially in Europe, as a consequence of the World War, it was necessary to disregard the 1908 platform rule and to fix the rates sufficiently high to meet the then existing and further apprehended uncertainties, contingencies, and fluctuations in values and in foreign currencies.

Notwithstanding the fact that rates carried in that bill were the highest ever theretofore established in this country, the Republican administration then in power, through its representatives in Congress, insisted upon writing into the bill, as a further safeguard, the so-called flexible tariff scheme, authorizing the President to increase or decrease the rates written in the bill to a maximum of 50 per cent.

Thus the rates of the Fordney-McCumber Act, which the bill now before us proposes to revise, like all other Republican tariff bills theretofore adopted, were not based upon any definite rule for measuring protection, but were arbitrarily made to meet the demands of the beneficiaries of the tariff, who, in the presentation of their claim, urged with the utmost strenuosity and plausibility the necessity of making them sufficiently high to meet the exceptional business and currency conditions which, as a result of the World War, existed in the principal countries of Europe, with which our exchange of commodities is greatest.

PENDING BILL

Neither the amendments to the present law made by the House, nor the amendments proposed by the Senate Committee on Finance, are fixed upon the basis of the difference in the cost of production here and abroad, but the rates in this bill, like those in the Payne-Aldrich and the Fordney-McCumber Acts, were arrived at and fixed largely in response to the appeals and demands of the beneficiaries of the high and excessive rates which it imposes.

So it will be seen that again the cost-of-production theory as a measure of protection has been disregarded by the Republican Party. The excuse of the framers of the pending bill for not applying this rule or any other definite and fixed rule in ascertaining the rates in the present revision is that the cost of production theory or rule of fixing rates has completely broken down and is impracticable of application because of alleged insurmountable difficulties in securing reliable data as to the cost of production either abroad or at home.

Mr. President, I deny that the rule of the cost of production has broken down. On the contrary, I assert that the evidence proves the contrary. Moreover, I contend that this rule is not only practicable of application, but that it is the only rule yet promulgated which will do justice alike to the industries and to the users and consumers of their products.

In support of this position I call attention to the fact that while there have been but relatively few applications for increases or decreases under the flexible provisions of the present law, the thoroughgoing investigations made by the commission in these applications have shown that reasonably full and reliable data can be obtained both as to the cost of production here and abroad. If it is true—and I am advised that it is—that reasonably accurate data has been secured in these investigations, there would seem to be no reason to believe, if these investigations were sufficiently extended and an adequate personnel employed for that purpose, that the necessary data for a general revision could not be obtained.

To make these investigations effective may require additional legislation, imposing tariff penalizations for refusal to furnish the information desired and requested. But I am satisfied that the difficulties, whatever they may be, are not insurmountable, just as I am satisfied that this rule furnishes the most equitable and just measure for the imposition of tariff protective duties of any yet suggested.

I do not know why Republicans are so anxious to scrap this rule, unless it is because the commission's investigations in pursuance of these applications have shown that in many instances the existing statutory rates upon the products involved are in excess of the difference in the cost of production here and abroad, and that there is need for downward instead of upward revision of many existing rates. This may account for the small number of applications, or the few applications made may mean that the statutory rates of the existing law are reasonably satisfactory to the industry.

However that may be, a study of the pending bill, and especially its flexible provisions, carries at least very persuasive evidence that the Republican Party wishes to abandon its old theory of "cost of production," which it has never applied and which has become a stumbling block in the way of according to the protected industries, who now, as always, have dominated Republican tariff legislation, the full measure of protection which they sought and demanded and would receive in the pending bill, as well as in all other tariff bills enacted by that party.

Careful study will also disclose the fact that the substitute proposed for the cost-of-production rule is the elastic theory of "conditions of competition," a substitution which, if it can be brought about, would perpetuate the uncertain and elastic principles and practices which have heretofore prevailed, as I have pointed out, and still prevail in the framing of Republican tariff legislation.

I shall later discuss, not in detail but in a general way, the difficulties, inconsistencies, incongruities, discriminations, and the general delinquencies of the pending bill, but before doing that I wish to make some general observations with reference to the attitude of the Democratic Party upon the tariff as compared with that of the Republican Party.

Undoubtedly there has been a change—I might say an advance—in the attitude of both parties with respect to the tariff. Neither party has been static; neither now stands where it did many years ago or where it did in the early part of this century. Many of the theories that have been advanced, probably by both parties, with reference to the effect of tariff legislation have been exploded, while some other views with respect to it have been confirmed and their soundness demonstrated. So far as the Republican Party is concerned, evidence shows that it has advanced from the McKinley theory of protection, modified by treaties of reciprocity, to the position of practical exclusion. It does not openly stand for embargo, but that is the effect of many of the rates in this bill.

The Democratic Party, on the other hand, has advanced from the old theory of a tariff for revenue only, to the theory of a competitive tariff. Whatever may have been the former Democratic formula for measuring tariff duties or whatever may have been the interpretation of the meaning of that formula by its tariff legislation, the Democratic Party of the present day stands for a competitive tariff. That is the last declaration of the party upon this question. That declaration is the law of the party and with it I am in hearty sympathy. The Democratic platform declaration of 1928 is in the following language:

> Duties that will permit effective competition, insure against monopoly, and at the same time produce a fair revenue for the support of government. Actual difference between the cost of production at home and abroad, with adequate safeguard for the wage of the American laborer, must be the extreme measure of every tariff rate.
>
> Safeguarding the public against monopoly created by special tariff favors.
>
> Equitable distribution of the benefits and burdens of the tariff among all.
>
> Wage earner, farmer, stockman, producer, and legitimate business in general have everything to gain from a Democratic tariff based on justice to all.

A competitive tariff necessarily involves the question of what shall be the measurement of competition. The platform of the Democratic Party has specifically prescribed that measurement to be the actual difference in the cost of production at home and abroad and declared that that measure should be the extreme limit of every tariff rate.

All taxes of whatever character ought to be based upon some definite and fixed principle, and especially is this true of tariff taxes, because of their insidious nature, collected as they are from the great mass of taxpayers, without their knowing it, in the prices paid for the things they purchase from day to day, aggregating, not thousands, not millions, but billions, of dollars a year, taken from the pockets of the people, sometimes in driblets, sometimes in wads, not on account of the intrinsic value of the articles they purchase, but because of the tariff taxes upon them.

Whatever uncertainty and vagueness exists about the Republican measure of tariff protection, there is none about the Democratic measure. The law of the party speaks in a language that can not be misunderstood. It applies to all industries alike, and alike to raw materials and finished products. I do not want, and the Democratic Party does not want, to see any American industry swamped by foreign competition, but it does not wish to build a wall around this country so high as to practically shut off importation of foreign products and at the same time cut off or unduly restrict the exportation of American products; that would be alike unjust to the domestic producers and consumers and inimical to the national welfare.

In fixing the spread between foreign and domestic cost of production the comparison should be made with industries in this country that are efficiently and economically managed and not with industries that are inefficiently and uneconomically managed. To impose the rate upon the basis of the cost of production of the inefficient units in industry would be penalizing the whole people because of mismanagement or lack of foresight on the part of these inefficient units in properly equipping themselves to meet competitive conditions.

Between a competitive tariff such as that declared for in the Houston platform and a prohibitive tariff such as that provided for in the pending bill, there is an unbridgeable gulf. A prohibitive tariff practically excludes foreign competition; a competitive tariff allows importations when the American price is, by combination or otherwise, raised above the level of a fair and reasonable profit to the producer and thereby protects the consumer against excessive or exorbitant prices and discourages monopolies.

Many of the exclusive rates carried in the bill now before us on the staple products would not only further intrench and fortify existing tariff-sheltered monopolies which have become so oppressive to the taxpayers of the country, but they would be an invitation for further monopolistic organization and control of the products of industry, greatly increasing the cost of living and the burdens now imposed by the tariff and resulting monopolies upon the consuming masses of the country. A purely competitive tariff would restrain the greed of monopoly by opening the door to foreign competition whenever organized industry by monopolistic methods raised the price of the domestic product above the competitive level.

Mr. President, I shall not at this time enter into a detailed discussion of the flexible tariff provisions of the bill, but shall discuss them only in general terms. If this scheme of increasing or decreasing the statutory tariff rates fixed by the Congress, with the broad and elastic discretion conferred upon the President in fixing the bases of valuation and measurement should be adopted, it would invest the President with almost autocratic discretion and power in revising rates fixed by the Congress; indeed, it would even empower him, in some instances, to change the statutory rate in order to grant to the industry a greater degree of protection than can be accorded within the 50 per cent maximum prescribed by the law.

That would mean but one thing, namely, that the Congress of the United States, invested by the Constitution with the sole power to impose taxes, had deliberately delegated a large part of that legislative power to the Executive branch of the Government—taking from the people and giving to the President practically one-half of a power which can kill or make alive; which can destroy or build up. It is an Anglo-Saxon principle that the people, through their legislative representatives, should at all times retain control of the purse strings of the Nation. Talk about centralized government! Nothing would tend to centralize all power in the head of the Government at Washington to as great an extent as the flexible tariff scheme now proposed.

If this bill passes, with the flexible tariff amendments as now written and incorporated in it, I predict there will be in the future but limited demand from the beneficiaries of protection for a general revision of the tariff by the Congress. The flexible scheme as written in the present law has not accomplished the purpose desired by the beneficiaries of protection, because of the "cost of production" limitation imposed upon the President in exercising the powers and discretion given him in it. A strict application of this rule would undoubtedly in many instances result in impeaching the statutory rate and showing its excessive character. Such an outcome would be bad from the Republican point of view; but if the President is given the latitude and discretion in fixing these rates provided in the bill now pending, an entirely new situation would be created, and industries desiring an increase in statutory rates would go to the President and the Tariff Commission instead of coming to Congress for the relief they wish. They would have to deal only with one man instead of having to deal with nearly 600 representatives of the people in the two branches of the Congress.

I shall not now, if at all, undertake to discuss the constitutional question involved in the proposed enlargement of the powers and discretions of the President in exercising the functions bestowed upon him by the provisions of the flexible tariff scheme proposed in the bill before us. Personally I have no doubt as to its unconstitutionality, but there are others here who are much better equipped to discuss that feature of the bill than I am, although I may later have something to say upon that point.

Mr. President, this bill is indefensible, because it not only disregards the purpose and object of the revision as declared by the President in his campaign pledge to convene the Congress in extraordinary session, and reiterated by him both before and after thus convening the Congress, because it not only does not carry out the declared purpose for which the Congress was convened, but defeats it; because instead of removing, as promised, the tariff discriminations against agriculture, it greatly increases and extends those discriminations, and because for every dollar it gives to the farmer, it takes from him several dollars in the increased cost of his purchases.

I am opposed to the bill because it discriminates against the great mass of American consumers in favor of the already overprotected industries; because it will raise the excessive rates of the present law to a basis in many instances but little short, if any, of absolute prohibition and exclusion of competitive products from abroad; because it will greatly increase the tariff taxes now paid by the people in the prices paid in the purchase of protected industrial products which they buy, increasing the

annual burden of tariff taxation imposed upon the consuming masses not thousands or millions but billions of dollars; because it will increase the cost of living, already abnormally high, and encourage further monopolization and price fixing in the overprotected industries.

I am opposed to it because it is violative of sound public policy, in that it sacrifices the interests of the people as a whole in the interest of a relatively few who are already more than amply provided for and encourages monopolistic combinations and secret understandings in restraint of trade and thus tends to promote further arbitrary price fixing, already a national menace.

I am opposed to it because it disregards the fundamental fact that our prosperity depends largely upon our international trade, and imposes undue barriers and restraints which would tend to limit to a highly prejudicial extent our interchange of commodities with the nations of the earth. International trade is based upon interchange of commodities. Purchases from us must largely depend upon purchases by us. Our foreign customers must be permitted to set up credits in this country to discharge their obligations to us, whether resulting from indebtedness, public or private, or from the purchase of American products. Sound public policy requires, as far as consistent with the welfare of the Nation, that unnecessary barriers and restrictions in the international exchange of commodities shall not be imposed. This applies to agriculture as well as industry, and applies to raw materials as well as finished products.

This bill invites not only protests—many have already come from some of our best customers among the nations, couched in diplomatic terms, of course, but nevertheless of menacing import—but it would tend to provoke retaliations and create a psychology among our foreign purchasers which would be inimical if not destructive to our commercial relations with them. Manifestly we can not reduce to a minimum our imports from foreign countries without eventually reducing relatively our exports to such countries.

I am opposed to it because it encourages inefficiency, extravagance, mismanagement, and waste in certain units of our protected industries and penalizes the great mass of American consumers by the imposition of a sufficiently high tariff tax to guarantee profits and prosperity to the lame ducks in the industry, while at the same time increasing to that extent the already excessive rates enjoyed by the efficiently managed units in that industry. The application of this principle to our tariff legislation will not only increase the tariff burdens of the people millions, but billions, of dollars annually and would amount to a practical guaranty against foreign competition in behalf of the sluggish and backward units and further entrench the far-sighted and efficient units of industry in their fight against competition, both foreign and domestic; their fight for absolute exclusion of foreign goods and the stifling and suppression of all domestic competition.

I am opposed to this bill because many of its rates—especially those on agricultural products—are utterly or practically useless, and are calculated, if not so intended, to mislead and deceive those who are supposed to be benefited by them because many of these so-called agricultural duties are mere paper, not to say fake, rates, which serve no good purpose except to mislead and to swell the statistical increase in the average rates upon the schedule to which they apply, and yet the chairman of the committee is wont to refer to the purely nominal increase of duties in these schedules with much gusto!

These useless and ineffective—I will not say quack—duties on farm products should be contemplated by the farmers, whom they thought to mislead, with resentment rather than approval. Agriculture can never attain or even approach tariff equality with the other industries through the imposition of ineffective rates upon its products. The only way the farmer can secure or hope to secure even approximate equality through tariff legislation is by imposing such duties on his products as will or can be effective and by drastic reduction in the duties imposed upon such industrial products as he does not produce and must of necessity buy for farm, home, and family.

Mr. President, the farmer is no suppliant for the crumbs that fall from "the master's table," and the attempt to satisfy his demands for tariff relief by offering him useless or ineffective rates upon his products discounts his manhood and impeaches his intelligence.

The farmers of this country will not get the tariff relief they want and need until they give the special interests, who dominate and dictate the framing of tariffs, to understand that they do not intend to be longer duped or waved aside by polite gestures; until they let these makers of the tariff understand that they want deeds and not promises, bread and not stones.

This bill is unsatisfactory from the standpoint of the American farmer, because it imposes duties upon certain agricultural products extensively produced in this country and of which there are no imports, and therefore the duty is absolutely ineffective; because in many instances duties are imposed upon agricultural products of which a quantity less than 1 per cent of the domestic production is imported, and the duty therefore has no value; because duties are imposed upon many agricultural products the imports of which are so negligible as to make the duty valueless; because duties are imposed upon products which we produce greatly in excess of the domestic demand, resulting in large exportable surpluses which establish the domestic price upon the basis of the world price, and therefore the duty is ineffective; because, by reason of the increase in duty on sugar, the single product of sugar would absorb about one-half of the benefits accruing to agriculture from the total duties imposed upon agricultural products in this bill.

Not only are the duties imposed in this bill unsatisfactory to the farmer, but also to the domestic consumer, because the duties imposed in it greatly increase existing burdens of tariff taxation, adding billions of dollars to the annual cost of the things that the consumer buys.

A rate is a useless rate if there are no importations or if the importations are so small, compared with domestic production, that the tariff rates can not be effective, or, if effective at all, only to an almost vanishing degree. Increases in duties, already sufficiently high, are not for the purpose of protection, but for prohibition and exclusion.

EXCLUSION NOT PROTECTION

When a higher duty is proposed on importations that are small and insignificant as compared to our national consumption, what is sought is not adequate protection but a complete embargo. There was a time when an import of less than 10 per cent of our consumption was not regarded as a competitive menace. Now it seems that an import of 1 per cent is an occasion for heavier defensive armor.

SUMMARY OF OBJECTIONS

Mr. President, having completed the general observations with reference to this bill which I wish to make to the Senate, I wish in a brief way to summarize some of the outstanding objections to the bill and the rates contained in it.

First. It contains many rates and increases upon agricultural products that are useless and ineffective.

Second. It is replete with exorbitant rates on articles which farmers buy.

Third. It contains numerous instances of higher rates on articles used by the masses than on articles of identical use, but purchased principally by persons of wealth or of more than average means.

Fourth. It does not conform to President Hoovers' request for increases on industrial products only when there has been a slackening of employment due to imports. In many cases increases have been granted to industries which have been very prosperous under the present tariff act.

Fifth. It is full of inconsistencies and unfair discriminations.

Sixth. It increases rates on many articles, even though the imports under the present tariff act have been negligible.

Seventh. It encourages inefficiency by many of its increases.

Eighth. Its excessive increases on many articles imperil our trade with European countries; and, finally,

Ninth. By its liberalization of the flexible provisions, enlarging the powers and discretion of the President, the latitude allowed the President in the imposition of additional duties is dangerously expanded.

Mr. President, I have stressed and I shall further emphasize in the data I shall now proceed to submit to the Senate the distressing predicament of the American farmer, because I have come to feel that the dominant party in Congress, in the preparation of this legislation, have forgotten his need for help in stemming the tide of admittedly constantly increasing poverty, in the hullabaloo raised over the necessity of helping our prosperous industries to become still more prosperous.

In connection with the observations I have made with respect to rates I wish to present and briefly to discuss certain data which I have prepared with the help of tariff experts with reference to certain rates proposed in the bill.

Mr. WALSH of Massachusetts. Mr. President, will the Senator permit an interruption?

Mr. SIMMONS. Certainly.

Mr. WALSH of Massachusetts. Were the experts who assisted the Senator from North Carolina in preparing the data he is about to submit furnished to him by the Tariff Commission?

Mr. SIMMONS. Yes; by the Tariff Commission and the Treasury Department.

Schedule 7 covers all the dutiable animal and vegetable products produced, with the exception of textiles, wood, paper, hides, and sugar. The following table shows the treatment these agricultural and food products have received by the Senate committee bill:

Schedule 7	Schedule "F"	Raw wool (pars. 1101 and 1102)	Sugar (par. 501)
Value of imports	$287,722,762	$39,431,845	$161,272,154
Total duties	86,411,678	16,999,207	146,042,782
Increase in duties	22,417,605	169,517	28,888,783
Average rate ... per cent	[1] 32.66	43.11	90.56

[1] Tariff Commission figures.

This is upon all the agricultural products, including all food, feeds, and the raw material entering into clothing that are dutiable, we import in value $327,154,607, excluding sugar. The duties upon these products, at the rates reported to the Senate, applied to the 1928 imports, would be $103,410,885, an increase in duty of $22,587,122, average rate of duty 31.61 per cent.

The corresponding figures for the single food product—sugar—is, value of imports, $161,272,154; total duty, $146,042,782; increase in duty, $28,888,785; average rate, 90.56 per cent.

The question is, How many farmers are assisted by this duty of $103,000,000 and how many by this $146,000,000 duty?

Every farmer in the country pays part of the latter tax, that on sugar, while the number engaged in producing sugar is comparatively small.

The entire duty upon animals and meat at the proposed rates is only $8,750,041, or less than 6 per cent of the corresponding duty on sugar alone. The entire duty on dairy products under the proposed rates is $11,978,304, about 80 per cent of which is on cheese, most of which can not be produced here. This is about 8 per cent of the duty upon sugar. The protection granted to the poultry and eggs industry is $2,752,838, or less than 2 per cent of the protection granted sugar. The duties suggested on cereals, and all products thereof, are $2,489,411. This covers wheat, corn, rye, oats, barley, buckwheat, rice, and all products therefrom, including feeds, soy-bean cake and meal, breakfast foods, cakes, biscuits, and so forth, and is still less than 2 per cent of that given sugar.

To summarize, under the provisions of the committee bill the duties on all these agricultural products are increased $51,475,907 over those under the present law. Of this the increased protection given to sugar is $28,888,785, or over 56 per cent of the total, while the balance on these agricultural products is given only 44 per cent.

Of the total duties under the Senate bill, amounting to $249,453,667, the protection given sugar is $146,042,782, or over 58½ per cent, while the balance of this total, 41½ per cent, is the protection thinly distributed among the multitude of other agricultural products.

Of course, it is very clear that the duty on the importations of sugar does not measure the amount that the bill will add to the burdens of the sugar consumer, because the price will be raised on every pound produced by all producers of sugar in this country and in the islands to the extent of the duty placed on the importation of sugar.

The increase in the duty on corn from 15 cents per bushel in the act of 1922 to 25 cents per bushel in the Senate bill is a good example of a useless increase. The domestic production of corn has varied from 2,500,000,000 to 3,000,000,000 bushels since 1920, while during that same period the imports of corn have never been as much as 5,000,000 bushels a year. The imports have thus been only a small fraction of 1 per cent of the domestic production. The price of imported corn has averaged over a dollar a bushel, which shows that the imports come in only when there is a shortage in the domestic supply, and the price is fairly high. As a matter of fact, the imports of corn have consisted in most years of only a few shiploads of Argentine flint corn, landed at San Francisco, Seattle, and New York. A large part of the corn landed in New York has been reexported with benefit of drawback in the form of corn products. The remainder of the imported corn, both on the Atlantic and Pacific coasts, has been used as poultry and pigeon feed, since the flint corn is peculiarly desirable for that purpose.

To hold out the promise to the American farmer that an increase in the duty on corn can raise the price of corn is to insult his intelligence. It is certainly handing him a gold brick, if anything could be so.

The increases in the duties on mutton and lamb, in paragraph 702, are largely ineffective. The rates have been increased from 2½ cents per pound in the act of 1922 to 5 cents per pound in the Senate bill on mutton, and from 4 cents per pound in the act of 1922 to 7 cents per pound in the Senate bill on lamb.

The domestic production of mutton and lamb during the past 10 years has varied between 500,000,000 and about 650,000,000 pounds, while imports, which are mainly from Canada, have been only about 1 per cent of domestic production. Prior to 1927 Argentina was the principal source of imports, but there is now an embargo on imports from that country because of the hoof-and-mouth disease there. It is a well-known fact that frozen lamb from Australia and New Zealand finds practically no market in this country. An attempt was made to import frozen mutton and lamb directly after the war, but there was so little demand for it in the United States that most of it was reexported to England and the Continent. Combined mutton and lamb imports for 1927 amounted to only four-tenths of 1 per cent of the domestic slaughter.

The increase in duties on pork and bacon in paragraph 703 are excellent examples of the ineffectiveness of the increases in rate. The duty on pork, fresh, chilled, or frozen, is increased from three-fourths of 1 cent per pound in the act of 1922 to 2½ cents per pound in the Senate bill. The duty on bacon and ham is increased from 2 cents per pound in the act of 1922 to 3¼ cents per pound in the Senate bill. The largest imports of fresh pork which we have ever had were 14,500,000 pounds imported in 1927, while domestic production in that year was at about the average figure of 8,500,000,000 pounds; the imports are therefore infinitesimal compared with the domestic production.

The domestic production of hams, bacon, and shoulders in 1925—the latest year for which figures are available—was over 3,000,000,000 pounds, while imports were only a small fraction of 1 per cent of that amount. Imports were only a fraction of 1 per cent of exports. Exports of cured-pork products from the United States, which equal in volume the exports from all other countries combined, amounted in 1925 to about 500,000,000 pounds and in 1928 to 289,834,000 pounds. In addition, we export from 700,000,000 to 800,000,000 pounds of lard annually.

The increase in the duty on reindeer meat is rather ridiculous. The rate is increased from 4 cents per pound in the act of 1922 to 6 cents per pound in the Senate bill. Just how this increase is going to help the American farmer is difficult to ascertain. In 1928, 1,810,000 pounds of reindeer meat were shipped to the United States from Alaska. In that same year 3,198 pounds, valued at $973, were imported from Norway.

The duties on barley, oats, rye, and buckwheat are also ineffective, because imports are negligible in comparison with the domestic production, and we usually have an exportable surplus of these grains.

The duty on cereal breakfast foods remains unchanged at 20 per cent, but there does not appear to be a reasonable explanation of any duty. Domestic production is estimated at over 1,000,000,000 pounds, and exports in 1928 were more than 6,200,000 pounds, while imports were less than 60,000 pounds. About half of the imports came from Canada, which in turn was our chief customer, taking about 25 per cent of our exports.

The increase in duties on spices and spice seeds are useless to the American farmer because, with the exception of a very few of the seeds mentioned in this paragraph, none are produced in the United States. The only result of having duties on products such as black pepper, white pepper, cinnamon, cloves, and so forth, is to raise the price to the consumers. The only two spices of importance produced in the United States are mustard seed and dried hot red peppers. The increase of the duty on red peppers may assist the growers in Mississippi and Louisiana, where in recent years there has been established a farm industry for these products. Aside from this duty, the increases in rates in this paragraph are useless to the farmers.

Paragraph 775 in the agricultural schedule covers chocolate and cocoa, sweetened and unsweetened. The duty on these products in the act of 1922 was 17½ per cent ad valorem but not less than 2 cents per pound. The rate has been changed to 3 cents per pound on unsweetened chocolate and cocoa, and 40 per cent ad valorem on sweetened chocolate and cocoa. Just how these increases are going to benefit the American farmers it is difficult to understand.

The following figures show the production of chocolate in the United States in 1927:

Production	Quantity	Value
Sweet chocolate:	*Pounds*	
Plain	20,709,701	$5,122,724
With nuts	3,068,263	768,637
Milk chocolate:		
Plain	64,652,270	19,445,882
With nuts	53,585,323	17,765,750
Total	142,015,557	43,102,993

Principal States in production: New York, Massachusetts, California.

Imports in 1928	Quantity	Value
Chocolate:	*Pounds*	
Sweetened	4,001,374	$1,265,997
Unsweetened	323,531	92,501
Total	4,324,905	1,358,498

Very small additional imports subject to the 2-cent per pound minimum duty. (Only about 9,000 pounds in 1928.)

The imports of chocolate, which consist mainly of chocolate bars, both with and without nuts, come principally from the Netherlands, Germany, and Switzerland. It will be seen from the above figures that imports are only about 2 per cent in either quantity or value of domestic production, and yet the rates have been raised.

The exorbitant rates of duty on articles the farmer buys is illustrated by the duty on whiting, watches, pocketknives, scissors, pliers, arms, fishing tackle, saws, handkerchiefs, lace, wool wearing apparel, women's felt hats, leather gloves, brushes, dolls, pencils, and pipes, and many articles used by the farmer in building his home and operating his farm, furnishing his house and his kitchen as well as his table.

EXORBITANT RATES ON ARTICLES WHICH THE FARMER BUYS

The bill is replete with exorbitant rates.

This bill increases the rates on scores of articles which are in most common use by farmers and their families. In paragraph 20 of Schedule 1 an enormous increase is made on whiting, which is the chief ingredient used in making putty. This rate is increased from an average of 25.27 per cent in the tariff act of 1922 to 118.11 per cent in the Senate bill.

If he desires to buy a watch, he will probably find that the price has gone up, because the rate has been increased on watches (par. 367) from 47.60 per cent to 70.01 per cent.

The rate on pocketknives (par. 354) has gone up from 98.77 per cent in the act of 1922 to 147.32 per cent in the Senate bill, while on scissors, shears, and clippers (par. 357) the excessively high rate of 104.44 per cent in the act of 1922 is not reduced. On pliers, nippers, and pincers (par. 361) the rate has gone up from 60 per cent to 75 per cent, while on breech-loading small arms it has gone up from 55.40 per cent to 63.88 per cent.

Just why there should be any increase on many of these metal manufactures in common use by farmers it is difficult to understand—for example, the domestic production of scissors and shears in 1927 was valued at $4,813,527, while imports were valued at $279,649 in the same year. Imports were, therefore, only 6 per cent of the domestic production, yet there was no decrease in duty—the duty remaining at 104.44 per cent.

The domestic production of pliers and pincers and nippers was estimated to be between eight and ten million dollars in 1918, although there are no recent official figures of production. The imports of these articles in 1928 amounted to only $265,990—a negligible amount in comparison with domestic production—and yet the rate has gone up on these articles from 60 per cent in the act of 1922 to 75 per cent in the Senate bill.

Why should the duty on breech-loading small arms have gone up from 55.40 per cent in the act of 1922 to 63.88 per cent in the Senate bill, when imports in 1928 were only $476,212, as against a total domestic production of shotguns and rifles in 1927 of $12,559,000? Our exports exceeded our imports in 1928; exports of rifles and shotguns, which go principally to Canada, Australia, and Latin America, were valued at $1,072,154, or more than twice as great as our imports of such articles.

Among the farmers' principal diversions are hunting and fishing, and it is hard to see why the tariff rates should be increased on rifles and shotguns when we export twice as many as we import. Moreover, fishhooks and fishing tackle are subjected to a duty of 45 per cent ad valorem under the act of 1922, and the rate remains the same in the Senate bill.

Why should there be a duty of 20 per cent on cross-cut saws, mill saws, and so forth (par. 340), when, as the Tariff Information Summary of the Tariff Commission says:

> The saw industry has been developed to a higher state of perfection in the United States than in any other country largely because of the great domestic market based on the American lumber industry. The excellence of the American saw is generally recognized in foreign countries, and the market for it is world-wide. The domestic production of saws was valued at $22,627,990 in 1927, and exports were valued at $2,105,989, while imports were valued at less than $100,000.

The rate on linen handkerchiefs (par. 1016) goes up from an equivalent rate of 44.15 per cent in the act of 1922 to 51.39 per cent in the Senate bill.

The rate on lace and embroidered articles (par. 1529) goes up from 81.49 per cent in the act of 1922 to 89.18 per cent in the Senate bill.

The rate on wool wearing apparel (par. 1115) goes up from 56.40 per cent in the act of 1922 to 70.13 per cent in the Senate bill.

One of the commodities in paragraph 1115, wool wearing apparel, is the wool felt hat for women, which has been so popular in recent years. The rate on such hats in 1928 was 56.33 per cent, and a very substantial increase has been granted, the exact amount of which can not be ascertained because of the different brackets in the paragraph, but the net result probably will be to substantially increase the price of women's hats.

Leather gloves have been amply protected for many years, and yet the rate on such gloves (par. 1532) has been raised from $4 per dozen pairs not over 12 inches in length, on women's and children's gloves, the kind principally imported, to $5.50 per dozen pairs not over 12 inches in length. The average rate collected on such gloves in recent years has been about 50 per cent. The effect of this change in the specific duty will probably be to raise the duty to the vicinity of 66⅔ per cent on such products.

The duty on brushes having pyroxylin handles goes up from 60 per cent in the act of 1922 to 120 per cent in the Senate bill (par. 1506), while the duty on dolls composed of pyroxylin (par. 1513) goes up from 60 per cent to 70 per cent.

The duty on mechanical pencils (par. 1551) goes up from 32.62 per cent in the act of 1922 to 47.62 per cent in the Senate bill.

The duty on pipes and smokers' articles (par. 1552) goes up from 59.92 per cent in the act of 1922 to 71.46 per cent in the Senate bill.

The bill also increases rates on many manufactured articles, as well as agricultural products, even though imports are negligible.

In this connection I would call attention to the increases on cornstarch, glass tableware, monumental granite, iron in pigs, maple sirup, inlaid linoleum, brooms, linseed oil, bricks, mirrors, plywood, factory butter, oranges, cottonseed, timothy seed, canned peas, cotton towels, shoes.

These are merely illustrations of the principle which runs through the bill.

RATES ON MANY ARTICLES INCREASED, EVEN THOUGH IMPORTS ARE NEGLIGIBLE

Cornstarch—Paragraph 85

The duty on cornstarch has been raised from 1 cent per pound in the act of 1922 to 1½ cents per pound in the Senate bill, although imports in 1927 were only 7 tons, valued at $747, as against a domestic production of 506,083 tons, valued at $32,316,879. Imports are therefore practically zero, and it is not understandable why there should be any increase in the duty.

Glass tableware—Paragraph 218

The duty on glass tableware, an article of common use, has been increased from 55 per cent in the act of 1922 to 60 per cent in the Senate bill, although imports were only approximately $1,000,000 in 1927 as against a domestic production of approximately $11,000,000. Imports were therefore about 8 per cent of the domestic consumption.

Monumental granite—Paragraph 231

The rate has been increased on monumental granite, unmanufactured, from 15 cents per cubic foot in the act of 1922 to 25 cents per cubic foot in the Senate bill, although the imports were valued at only $213,387 in 1927 as against a domestic production of $7,654,932. The value of imports was, therefore, only 2.71 per cent of the value of domestic consumption.

The rate on manufactured granite has been increased from 50 per cent in the act of 1922 to 60 per cent in the Senate bill, although imports in 1927 were valued at only $313,787, as against a domestic production of $48,462,006. The value of imports were, therefore, only sixty-four one-hundredths of 1 per cent of domestic consumption.

Iron in pigs—Paragraph 301

The duty on iron in pigs—"pig iron"—has been increased from 75 cents per ton in the act of 1922 to $1.50 per ton in the Senate bill, although imports in 1927 were only 132,568 tons, as against a domestic production of 8,977,889 tons. Imports were, therefore, only 1.46 per cent of domestic production.

Maple sirup—Paragraph 503

The duty on maple sirup has been increased from 4 cents per pound in the act of 1922 to 6 cents per pound, although imports in 1927 were only 15,919 gallons, as against a domestic production of 4,672,000 gallons. The imports were only forty-three one-hundredths of 1 per cent of the domestic consumption.

Inlaid linoleum—Paragraph 1020

The duty on inlaid linoleum has been increased from 35 per cent to 40 per cent, although imports in 1927 were only valued at $708,143, as against a domestic production of $19,100,680. The value of imports was only 3.57 per cent of the value of domestic consumption.

Brooms—Paragraph 1506

The rate on brooms has been increased from 15 per cent in the act of 1922 to 25 per cent in the Senate bill, although imports in 1927 were only $10,731, as against a domestic production of $18,444,912. The imports were, therefore, less than one-tenth of 1 per cent of domestic consumption.

Mirrors

The House bill calls for an increase in the mirror duty from 36.71 per cent to 45.34 per cent, with our imports of less than one-half of 1 per cent of our national consumption.

The House bill raises the duty on plywood (imports from Finland and Russia) from 33.33 per cent to 40 per cent, although imports are only one-third of 1 per cent of national consumption.

Our imports of factory butter are slightly over one-half of 1 per cent, yet we clap on a higher duty, raising it from 33.3 per cent to 38.84 per cent. That would seem to settle New England and Canadian butter.

We import only one-tenth of 1 per cent of our orange supplies, but that one-tenth of 1 per cent must be attacked by raising the duty from 57.94 per cent to 61.08 per cent.

About the same situation applies to grapefruit.

Our imports of cottonseed are one-tenth of 1 per cent of our consumption, yet the Hawley bill takes pains to raise the duty on cottonseed from 21.24 per cent to 32.39 per cent.

Similarly, with timothy seed the import is one-tenth of 1 per cent, but more protection is called for in the House bill, which raises the duty from 21.82 per cent to 30.55 per cent.

We must defend ourselves against an import of three-tenths of 1 per cent of canned peas by raising the duty fivefold, or from 6.46 per cent to 32.73 per cent.

Imports of unsweetened chocolate, somewhat less than one-half of 1 per cent, are given a raise in duty from 18.55 per cent to 35.75 per cent.

So of cotton towels, our imports of twelve one-hundredths of 1 per cent are considered a menace against which the tariff wall is raised from 27.68 per cent to 32.68 per cent.

Our imports of men's and boys' shoes are less than one-half of 1 per cent, but the new bill takes these shoes from the free list and applies a duty of 20 per cent. So of the women's and misses' shoes, taken from the free list and subjected to a 20 per cent duty because of an import of sixty-seven one-hundredths of 1 per cent of our national consumption.

Let an illustration or two be given: Last year Denmark purchased from us goods to the amount of over $47,000,000. Our Danish purchases amounted to about $4,000,000. With the balance of trade already heavily against the Danes, we place a practical embargo on Danish butter. The Danish butter we exclude is, by a commercial irony, largely the product of corn, cottonseed cake, and other concentrates purchased from us by the Danes. Naturally the Danes are turning for their cattle feeds to German and Russian barley.

Germany purchased from us last year goods to the value of more than double her sales to the United States. It would take a long list to recite the German articles on which we have imposed tariffs that are well nigh prohibitive.

Similarly, we sold the United Kingdom last year $847,277,000 worth of goods as against their sales to us of $348,435,000. In proportion as we grow stronger and more powerful we watch with a more jealous eye the cotton, linen, woolen textiles which come from Great Britain along with high-speed tools and certain specialties.

Our imports of Bermuda celery are only three one-hundredths of 1 per cent of our home production. Another set of thinkers are demanding a higher duty on eggs in the shell. Under the existing duty—8 cents a dozen—we are importing one foreign egg to about 7,595 domestic eggs that we use. This single intrusive egg is hardly up to par as fresh eggs go, being a pickled duck egg from China. Will this Chinese duck egg break the American egg market?

HIGHER RATES ON ARTICLES USED BY THE MASSES THAN ON ARTICLES USED BY PERSONS OF WEALTH

There are numerous instances of higher rates assessed on articles used by the masses than on articles of identical use which are purchased principally by persons of wealth or more than average means.

Some striking illustrations of this are found in the woolen schedule. The rate on raw wool remains at 31 cents per scoured pound, as it is in the act of 1922, but the rates on wool wastes—the material which is manufactured into the so-called "shoddy," or "reworked wool," are materially increased.

The rate on wool rags, for example, is increased from 7½ cents per pound in the act of 1922 to 24 cents per pound in the Senate bill. Such an increase must materially enhance the price of the cheaper woolen fabrics. It is a matter of common knowledge that the wool manufacturing industry has been far from prosperous during the past few years. The public is using less and less wool clothing and the styles in women's dress have considerably decreased the amount of woolen dress goods used.

The increase in the duty on wool rags is certainly not calculated to relieve the situation for the wool manufacturers. On the other hand, it may help the woolgrowers by forcing the manufacturers to use more of the new wool and less of the reworked wool; yet, the woolgrowing industry is prosperous at the present time. The output of wool in the United States has increased from about 250,000,000 pounds immediately following the war, to about 350,000,000 pounds in 1928, and prices of wool and of mutton and lamb have been good.

It seems unnecessary to penalize the mass of the people who use the cheaper grades of wool cloth in order to assist the woolgrowers who are now enjoying a substantial rate of duty on their product and are in a very favorable position at the present time.

The imposition of a higher rate of duty on the cheaper goods than on the more expensive goods is characteristic of the wool schedule. The following table showing the imports of wool blankets illustrates this principle. It will be noted that the equivalent ad valorem rate on imports valued at not more than 50 cents per pound was 82 per cent, while it is less as the higher value brackets are reached. The rate on imports valued at more than $1.50 per pound is only 55.73 per cent.

The average annual imports under the act of 1922, to December 31, 1927, by value classifications, were as follows:

Wool blankets	Quantity (pounds)	Value	Duty	Value per pound	Equivalent ad valorem rate	Equivalent specific rate (per pound)
Valued at not more than 50 cents per pound	44,023	$44,023	$12,496	$0.346	82.00	$0.284
Valued at more than $1 per pound	150,255	111,483	76,801	.742	68.89	.511
Valued at more than $1 but not more than $1.50 per pound	86,135	103,073	61,917	1.197	60.07	.719
Valued at more than $1.50 per pound	64,650	152,100	84,761	2.353	55.73	1.311

The same principle is illustrated by the rates which have been imposed in the present bill on oriental rugs and carpets (par. 1116). The rate on such rugs and carpets in the act of 1922 was 55 per cent ad valorem. The rate in the Senate bill is 50 cents per square foot but not less than 45 per cent ad valorem.

People of average means have been able to furnish their homes with oriental rugs in the past few years as they never have been able to do before. Turkish rugs, for example, have been sold at retail for $125 for 9 by 12 foot rugs. This has contributed to the tasteful decoration of the average American home, and a duty on such rugs will be a matter of concern to large numbers of American citizens. The duty of 50 cents per square foot will amount to $54 on a rug of the size mentioned above, and will probably shut out importations or will raise the price to a point where the average person will not be able to afford it. This has been done in spite of the fact that the domestic production of wool carpets and rugs in 1927 was valued at approximately $165,000,000, while the importations of carpets and rugs of all kinds, including both oriental and machinemade, were valued at about $20,000,000 or not over 12 or 13 per cent of the domestic production.

FLEXIBLE TARIFF PROVISIONS

Mr. President, the act of 1922, the House bill and the Senate committee bill, all delegate to the President the power to investigate the effectiveness of any rate of duty. If he determines that the statutory rate is too low or too high he may increase or decrease such rate of duty, not in excess of 50 per cent of such rate. He may also change the classification of such article. If he finds that as yet the domestic and foreign article is not on a parity he may transfer the ad valorem rate of duty upon the imported article to the American selling price. In such case he may decrease the statutory rate of duty not in excess of 50 per cent, but he can not increase it.

In the 1922 act such investigation is based upon the cost of production. In the House bill and in the Senate committee bill it is based upon the conditions of competition. Both these bills

contain a paragraph defining the method of ascertaining the differences in conditions of competition. He may use the cost of production of both the domestic and the imported article, or the price at which the domestic article is freely offered for sale, or the price or value set forth in the invoice of the imported article, or its import cost as defined in the act. Also any advantage granted in a foreign country. These provisions are not contained in the act of 1922.

The Senate committee bill also added a definition of cost of transportation. This limits this cost to that of carrying the foreign article from areas of substantial production in the principal competing country to the principal port of importation in the United States. It also allows in the case of the domestic article the cost of transporting the article from the areas of substantial production that can be reasonably expected to ship the article to the principal port of importation into the United States of like or similar articles.

This provision would be sufficient sometimes to result in a transfer to the American selling price. For example, the price of the foreign article, meant for sale in St. Paul, is computed to be $100 free of duty at New York. The competing article—American—is valued in St. Paul, the principal market in the United States, and where it is produced, at $175. The duty is 50 per cent. The cost of transportation from St. Paul to New York is $15.

1. Under act of 1922 and House bill:
   Imported article, $100 plus $50 duty, $150.
   Domestic article, $175.
   Increased rate needed.
   Imported article, $100 plus 75 per cent duty, $175.
   Domestic article or parity, $175.
2. Under Senate committee bill:
   Imported article, $100 plus $50 duty, $150.
   Domestic article, $175 plus $15 transportation, $190.
   Increase needed.
   Imported article, $100 plus 75 per cent duty, $175.
   Domestic article, $175 plus $15 transportation, $190.

American valuation needed:
   Domestic article, $175 plus $15 transportation, $190 (a).
   Imported article, $100 plus 50 per cent on (a), $195.
   Duty too large, needs reduction.
   Domestic article, $190.
   Imported article, $100 plus 47.37 per cent on (a) or parity, $190.

COST IN ST. PAUL

Senate committee bill:	
Imported article, $190 plus $15 transportation	$205
Domestic article	175
Difference in favor of domestic	30
House bill:	
Imported article, $175 plus $15 transportation	$190
Domestic article	175
Difference in favor of domestic	15

The Senate committee bill doubling this difference.

Mr. President, in conclusion, I have but one observation which I wish to make with reference to the pending bill, that it is a bill which, taken as a whole, has less to commend it to the favorable consideration of the American people than any tariff bill which has ever heretofore passed the threshold of the Senate.

Mr. SMOOT obtained the floor.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Allen	George	King	Sheppard
Ashurst	Gillett	La Follette	Shortridge
Barkley	Glass	McKellar	Simmons
Bingham	Glenn	McMaster	Smoot
Black	Goff	McNary	Steck
Blaine	Goldsborough	Metcalf	Steiwer
Borah	Gould	Moses	Swanson
Brock	Greene	Norris	Thomas, Idaho
Brookhart	Hale	Nye	Thomas, Okla.
Broussard	Harris	Overman	Townsend
Capper	Harrison	Patterson	Trammell
Connally	Hastings	Phipps	Tydings
Couzens	Hatfield	Pine	Vandenberg
Dale	Hawes	Pittman	Wagner
Deneen	Hayden	Ransdell	Walcott
Dill	Heflin	Reed	Walsh, Mass.
Edge	Howell	Robinson, Ark.	Walsh, Mont.
Fess	Jones	Robinson, Ind.	Warren
Fletcher	Kean	Sackett	Waterman
Frazier	Keyes	Schall	Watson

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present. The senior Senator from Utah is entitled to the floor.

Mr. SMOOT. Mr. President, repeated assaults by Democrats and their allies upon the proposed but still unperfected Republican tariff bill have a familiar sound. Change the date from 1929 to 1922 and all these attacks harmonize with former antiprotection criticisms. Files of the metropolitan newspapers from June, 1921, to October, 1922, teem with bitter condemnations and dire predictions from Democratic leaders and other enemies of adequate protection.

In his campaign address in Boston, October 15, 1928, Candidate Hoover called attention to these criticisms and predictions in the following language:

> The Republican Party stands for protection, and on coming into power in 1922 it enacted again a protective tariff to agriculture and industry. Every argument urged by our opponents against the increased duties in the Republican tariff act has been refuted by actual experience. It was contended that our costs of production would increase. Their prophecy was wrong, for our costs have decreased. They urged that the duties which we proposed would increase the price of manufactured goods; yet prices have steadily decreased.
>
> It was urged that, by removing the pressure of competition of foreign goods, our industry would fail in efficiency. The answer to that is found in our vastly increased production per man in every branch of industry, which, indeed, is the envy of our competitors. They asserted that the enactment of the tariff would reduce the volume of our imports. Yet during the last seven years our total imports, particularly of goods which we do not produce ourselves, have greatly increased. They predicted that with decreasing imports it would follow that our sales of goods abroad would likewise decrease. Again they were wrong. Our exports have increased to unprecedented totals.
>
> In fact, every single argument put forth by our opponents against us at that time has proved to be fallacious. The tariff written by the Republican Party in 1922 has been accompanied by everything which our opponents predicted that the tariff would prevent. It has been accompanied by employment and prosperity.

Despite efforts of the Democratic candidate for President in the 1928 campaign to quiet fears of business interests should the Democratic Party again be placed in power and in control of the Government, the leaders of the party of theorists, in and out of Congress, are again turning their batteries and machine guns upon the proposed tariff bill long before its several schedules and provisions must be submitted to the Senate, then to a conference committee, and finally to both Houses of Congress on the question of agreeing to the conference report.

ATTACKS LOSING FORCE

These repeated attacks obviously are losing much of their force because ill timed and premature and serve only to stir up the country unnecessarily and arouse antagonism falsely. If there is any "tariff mess" on the eve of debate in the Senate, it is of Democratic and antiprotection origin. The situation has marked resemblance to that of 1921–22. Prosperity will inevitably follow the readjusted tariff of 1929 as was the case following the 1922 tariff.

The extra session of Congress was called by President Hoover to accomplish as much farm relief as is possible by means of legislation; first through the creation of a Federal Farm Board; second, by readjusting the tariff wherever needed. President Hoover expressed the purposes of this session in the following language, embodied in his message to Congress:

> I have called this special session of Congress to redeem two pledges given in the last election—farm relief and limited changes in the tariff * * *.
>
> In considering the tariff for other industries than agriculture, we find that there have been economic shifts necessitating a readjustment of some of the tariff schedules. Seven years of experience under the tariff bill enacted in 1922 have demonstrated the wisdom of Congress in the enactment of that measure. On the whole, it has worked well * * *. Nevertheless, economic changes have taken place during that time which have placed certain domestic products at a disadvantage and new industries have come into being, all of which creates the necessity for some limited changes in the schedules and in the administrative clauses of the laws as written in 1922.
>
> It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years, and a consequent decrease of employment due to insurmountable competition in the products of that industry * * *. What we need to remedy now is whatever substantial loss of employment may have resulted from shifts since that time.

"Limited changes" in President Hoover's mind doubtless meant revision in agricultural and industrial schedules of 1922 law wherever investigation revealed a necessity due to unfair foreign competition, resulting in less domestic activity and less employment.

"LIMITED CHANGES"

The House previously rejected the McMaster resolution calling for wholesale lowering of industrial tariffs alone. The Senate refused to limit revision to agriculture. Thus, both House and Senate were free to readjust the 1922 tariff whenever and wherever conditions justified changes, either in farm products or manufactured goods. The position of both House and Senate in the matter of tariff readjustment appears to harmonize with a fair interpretation of President Hoover's special message.

The Committee on Ways and Means and the Committee on Finance labored long and industriously to bring about the desired result, having in mind adequate protection under existing economic conditions. It seems to me the Republican members of the two tariff-making committees deserve praise, not reckless condemnation, for their work, regardless of differences of opinion. Judging from the acid comments of some of the Democratic leaders and their allies, the Republican members deliberately sought to curry favor with a selected few to rob and betray indiscriminately. Patriotic and patient efforts to adequately protect all sections, the East as well as the West and the South as well as the North, manufacturers as well as agriculturalists, have been characterized as a gross betrayal of the people and a wicked bargain with special privilege. A monstrously false indictment!

TRYING CONDITIONS

The tariff battle of 1922 was fought under trying conditions immediately following the World War and the disturbance of commerce, trade, and rates of exchange. Protection won in the face of the combined opposition of importers and internationalist and free-trade theorists. This year these powerful forces are augmented by enormous private American financial interests in foreign industries, willing, apparently, to sacrifice American welfare and American protection on the altar of international free trade founded on an international tariff framed at Geneva. Most of the publicity proclaimed outcry against the proposed tariff has been fostered and promoted by foreign interests and American interests with a foreign background. Certain foreign protests recently paraded by the Democrats and their allies were propaganda from un-American and international sources to break down protection if possible. The answer is that the tariff is a domestic matter, and an American tariff must be framed and put into force by the American Congress and administration. No foreign country has a right to interfere.

Mr. WALSH of Massachusetts. Mr. President, will the Senator permit an interruption?

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

Mr. SMOOT. I yield.

Mr. WALSH of Massachusetts. I want to ask the Senator if he was not strikingly impressed in the hearings by the extent to which American capital is investing money in industries abroad?

Mr. SMOOT. I may say to the Senator that I have in my office a statement showing approximately what the amount of the investment abroad is, and when it is revealed it is going to surprise the American people.

Mr. WALSH of Massachusetts. Does not the Senator think that if this continues it is going to result in a different attitude toward the tariff from capitalistic sources in America?

Mr. SMOOT I have just said so in the statement I made, and I could extend my remarks along that line in perhaps even more positive terms.

Mr. President, the United States does not presume to interfere with the tariff policy of any foreign country. Nearly every country in Europe is emulating the United States in developing self-sufficiency under a program of protection and attaining domestic prosperity. To surrender our national prestige and power on the altar of internationalism and international tariff machinery located at Geneva would be a colossal blunder.

SECTIONAL JEALOUSY

The threatened jealousy between the West and the East growing out of the tariff is nothing new. The same arguments used now by the leaders in the agricultural West were used in every tariff battle before and after the Civil War. In the last two Congresses bitter speeches against the East, particularly New England, were made by western Members. Economic history repeats itself. When industry migrated to the Middle West and even the far West, the jealousy disappeared and the benefits of protection were acknowledged. The fact that hundreds of petitions from agricultural interests in the West and from legislatures of Middle West States urging higher tariff duties on agricultural products is a demonstration that agriculture admits the benefits of national protection. The readjusted tariff proposed, when perfected, will be a response to agriculture as well as to industry crippled by intense and unfair foreign competition.

It is asserted by some that the increases in rates on agricultural products are more than offset by increases in rates on manufactured goods. This statement is not justified by the facts. The ad valorem increases on agricultural commodities over the 1922 tariff far outweigh increases on manufactured articles based on 1928 imports. In fact, many of the increases on manufactured goods are compensatory because of increases on what might be called raw materials allied to agriculture.

Mr. HARRISON. Mr. President, will the Senator yield to me?

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

Mr. HARRISON. I will not interrupt the Senator from Utah if he does not wish me to do so.

Mr. SMOOT. I should like to conclude my statement, and then I shall be glad to answer any questions the Senator desires to propound.

Mr. HARRISON. Very well.

THE TARIFF AND PRICES

Mr. SMOOT. Mr. President, it is claimed that all these increases in tariff rates on manufactured goods over 1922 add to the costs of the farmer to the extent of the increase. It was so stated on this floor to-day. This is a favorite Democratic theme and is now freely used by their allies bent upon making the tariff doubly unpopular with farmers. The claim is based on the assumption that the price level of commodities is increased to the extent of the increased tariff imposed, thus adding to the farmer's cost of living. This is a fallacy. Between 1922 and 1928 the price level of all commodities including those on the free list and on the protected list varied, regardless of the tariff. Prices in general dropped regardless of increases in tariff rates. The price level has little to do with the tariff. The tariff simply tends to reduce supply in the domestic market, and to that extent protects the domestic producer or manufacturer against unfair foreign competition. The tariff acts on price levels only indirectly. Price never responds directly to the tariff.

It is misleading and, I might add, false to measure either the benefit or injury of a tariff by the amount of the tariff. It is confusing and disturbing to tell a consumer of an American-manufactured article that a tariff of 50 per cent on the foreign competitive manufactured article adds 50 per cent to the price of a similar American article. The tariff undertakes to limit the foreign competition in the American market, but does not undertake to fix the price of the domestic competitive article. Seldom is the domestic price raised to the full amount of the tariff imposed on the foreign article. The price of the domestic article is determined wholly by domestic competition and cost of production. Democrats and their allies tell the farmers that a tariff on manufactured goods is a "tax" which adds to the price of the article the exact amount of the tariff. Also, they tell the farmers that a tariff on agricultural products is of no benefit to them because it does not raise the price of farm products. Both statements can not be true.

THE CASE OF SUGAR

Take the case of sugar, which has been referred to here to-day. The people of the United States consume annually approximately about 6,000,000 tons of granulated or refined sugar. About one-half comes from Cuba, about one-quarter from our insular possessions and Hawaii, and about one-quarter is produced in continental United States. The beet and cane sugar industry of the United States is very important and must be protected as far as possible. When the tariff on sugar was raised in 1922 it was charged by the Democrats and their allies that the increased duties would cost the American consumers of sugar anywhere from $100,000,000 to $300,000,000 every year. Housewives, manufacturers of candy and other articles in which sugar is used were told this startling tale. As a matter of fact, the retail price of sugar declined and was at the lowest level between 1927 and 1928. A slight increase in the tariff on sugar, as proposed, can not add to the per capita cost of sugar in the United States more than a few cents every year, if anything. The price of sugar is likely to drop, unless the world's production is curtailed. Unless the production shall be curtailed, I say now that the price of sugar will drop even though a tariff rate of 5 cents a pound were imposed. However, in the meantime an increased tariff will materially aid the domestic manufacturers of sugar, will aid the 100,000 farmers growing sugar beets, and will employ thousands of wage earners. Beet sugar must be looked upon as an agricultural product, for its manufacture depends upon the growing of sugar beets. No scientific or scholastic formula or demonstration by rule can dismiss from the minds of the public the need of an adequate protection to American beet and cane sugar.

"SCIENTIFIC FORMULAS"

Efforts of experts, scientists, and self-constituted groups of economic professors and students to demonstrate by formula or

by decimals just how much one group of citizens is "taxed" or benefited by a tariff are not only misleading and deceptive but practically useless. To divide the citizens of the United States into two classes—producers and consumers—crediting the benefits of the tariff to producers and imposing all the burdens on consumers, is utterly futile, because no such separation of our citizens is possible. All of those outside of jails and asylums and similar institutions are both producers and consumers.

To undertake to measure the benefits of protection to agriculture by multiplying the products of the farm by the tariff imposed; and to measure the burdens upon the farmers by multiplying the articles consumed by farmers, by the tariff placed on the manufactured goods the farmers consume, and strike the difference between those two results is not only unscientific but a defiance of all agricultural experience. Yet this is the method employed by some groups of scientists to demonstrate that the tariff injures the farmers more than it benefits them.

The benefits and burdens of a tariff can not be measured scientifically, for the tariff is not a scientific but a business question, involving labor and wages, competition, and reasonable profit to capital invested. Manufacturers and producers know more about it than theorists. An ounce of experience is worth more than a pound of theory. Ridicule and abuse is futile in the face of experience and facts.

INCONSISTENCY

It is rather inconsistent for critics of the proposed tariff to charge that it does not carry out the pledges of the Republican Party to protect agriculture to the same degree that industry is protected, and at the same time charge that a tariff does not and can not protect agriculture because, forsooth, the farmer has a surplus. It must not be overlooked that the American farmers sell from 85 to 95 per cent of their products, with the exception of wheat and cotton, to American consumers in the American markets.

In a campaign speech Candidate Hoover declared that approximately $900,000,000 worth of foreign farm products were imported annually which American farmers might produce. In his message to the special session President Hoover said:

> An effective tariff upon agricultural products that will compensate the farmer's higher costs and higher standards of living has a dual purpose. Such a tariff not only protects the farmer in our domestic market but it also stimulates him to diversify his crops and to grow products that he could not otherwise produce, and thus lessens his dependence upon exports to foreign markets. * * * It seems but natural, therefore, that the American farmer should ask that foreign access to our domestic market should be regulated by taking into account the differences in our costs of production.

The proposed tariff, so bitterly assailed by the Democrats and their allies, raises tariff rates on many foreign farm and kindred products in response to the appeals of farmer organizations, legislatures, and President Hoover. These farm organizations, legislatures, and the President thus admit the benefits of the tariff to the farmers. Furthermore, many of these appeals came from the States of the Northwest—Minnesota, Wisconsin, the Dakotas, Nebraska, Montana, and Wyoming—the center of the sources of criticism.

THE FARMER'S MARKETS

Since the farmer's markets are in the smaller cities and industrial communities scattered all over the country, it would seem the part of wisdom to keep these thousands of smaller industries on the road to prosperity rather than submit them to unfair foreign competition and perhaps ultimate ruin. Protection is not so much for the big institutions as for the thousands of smaller ones making hundreds and thousands of different kinds of commodities and employing wage earners consuming agricultural products. These institutions are essential to the economic and industrial welfare of the whole United States. To condemn protection because a few gigantic concerns are the beneficiaries is a narrow view of protection. As a rule, these few gigantic concerns are indifferent about protection, since they can compete with the world. But how about the thousands that have no foreign markets and do not seek foreign markets, depending wholly on a domestic market of high purchasing power maintained by high wages and high living conditions under the shelter of a protective tariff?

AD VALOREM RATES

Approximately 20 or 25 per cent of the tariff rates are ad valorem or mixed—that is, a combination of specific and ad valorem. Assessment of ad valorem rates on foreign or invoice valuation is admittedly unsatisfactory. It is unjust to the domestic manufacturer, invites undervaluations, and causes loss of revenue to the Treasury. President Hoover touched on this point in his special message when he said:

> Furthermore, considerable weaknesses on the administrative side of the tariff have developed, especially in the valuations for assessments of duty. There are cases of undervaluations that are difficult to discover. * * * I believe it is desirable to furnish to the Treasury a sounder basis for valuation in these and other cases.

In his annual report of 1928, the Secretary of the Treasury calls specific attention to many glaring cases of detected undervaluations. The proposed tariff suggests that the domestic sales price of the imported commodity be the basis of assessment of ad valorem duties instead of foreign or invoice value, the detailed changes in ad valorem rates being required to be worked out by the Tariff Commission and reported to Congress before January 1, 1932.

The theory that tariff rate should be determined by the difference in domestic and foreign cost of production has proved well night impractical, since it is difficult in many instances to ascertain foreign cost of production. Practically the only thing an American manufacturer is interested in is the actual competition he is compelled to meet in the American markets. It is suggested that this, or competitive conditions in the American markets, be the essential factor in determining the proper rate of duty. Such a plan, it is believed, will afford the American manufacturer and producer full protection without the use of foreign cost of production. Such a plan, it is believed, will supplement the plan of assessing ad valorem duties on the domestic sales price of the imported article.

Obviously, neither the House nor Senate bill is perfect. No tariff bill is. However, both bills embody the broad principles of adequate protection. When perfected by the friends of protection, the bill will fulfill the pledge of the Republican party, the promise of President Hoover and the Republican administration.

The Republican Party during the campaign, and the administration after inauguration, promised the people a readjusted tariff to meet new economic conditions since 1922. The proposed tariff, when perfected by its friends, will fulfill the party's promise. Despite all criticisms to the contrary, the proposed tariff, in the main, meets the requirements of President Hoover both in regard to agriculture and industry. It gives to the American farmers a larger proportion of the American markets, and aids industry only "where there has been a slackening of activity * * * and a consequent decrease of employment due to insurmountable competition." These are the words of President Hoover in his message to Congress.

The 1922 protective tariff brought prosperity, increased both exports and imports, caused a steady increase of the wage level, and at the same time produced a steady decline in the price level. The proposed bill simply repairs the slowed-down American industrial activity and impaired American employment.

PLACING THE BLAME

If the confusion and suspicion aroused by the Democratic leaders and their allies in and out of Congress result in alterations on free-trade or low-tariff lines, such as the Underwood tariff of 1913; if the bill fails of passage because the Democrats and their allies are determined to rule or ruin, the responsibility will be placed where it belongs. The people elected a Republican President and Congress in order that a readjustment of the tariff might be in the hands of the friends of protection. If that mandate is rejected and defeated by a group or a section of the country, the people will know where to place the blame.

In his Boston campaign speech of October 15, Mr. Hoover, the Republican candidate for President, said:

> Those who believe in the protective tariff will, I am sure, wish to leave its revision at the hands of that party which has been devoted to the establishment and maintenance of that principle for 70 years.

The American people who responded to that appeal will resent an attempt by the Democrats and their allies to take from the Republican Party the trust they, the people, imposed in Congress and the President. The Democratic Party, judged by its vocal spokesman, is attempting to foist another 1913 "competitive tariff" on the country. The Democratic Party is still a low or competitive-tariff party. It can not escape from its historic past, written all over the pages of tariff history for more than half a century. It is aided by sectional forces boding no good to the country. It is abetted by groups of internationalists who are willing to betray American interests and surrender the spirit of nationalism. The Republican Party is the only party that has ever given the American farmers any degree of protection. It would seem strange for the agricultural groups to seek relief by allying themselves with the party that placed almost every farm product on the free list, or gave farmers inadequate protection in 1913.

Protection is as necessary to the United States as it ever was. It persists regardless of what some call international economic changes and international financial obligations and exigencies. Powerful forces are at work to break down American protection. They lurk in the international economic conferences held in Europe, in American schools of economics, and in the cloistered halls of theoretical universities. No greater calamity could come to the United States and our people than blind obedience to these forces.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

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

Mr. SMOOT. I yield.

Mr. TYDINGS. I have listened with great interest to the Senator's recital of where the President stood last fall. Can the Senator say now whether or not the President of the United States is in favor of the tariff bill as it comes to the Senate?

Mr. SMOOT. I have never asked the President. I know, however, that the President is in favor of protection.

Mr. TYDINGS. But the Senator says that the kind of protection he has given is the kind of protection the President advocates. Therefore he should be able to answer my question.

Mr. SMOOT. That is my opinion and I express it now. I have not any doubt but that the President would sign the bill; but I have never asked him, nor has he ever told me, and I am not going to say what the President will do unless I know.

Mr. TYDINGS. But the Senator says he has done what the President says he stands for.

Mr. SMOOT. If I have not, then I have made a mistake. My opinion is that I have done what he stands for, however, or that the committee has.

Mr. TYDINGS. May I ask the Senator another question—just a short question?

Mr. SMOOT. Certainly.

Mr. TYDINGS. The Senator says his party was given control of the Government with a mandate from the people to enact a tariff along the lines he has indicated. Inasmuch as his party has that mandate, according to his statement, and inasmuch as it has a President in the White House, a majority in the Senate, and a majority in the House, how in the world can the Senator blame it upon the Democrats, who he says are out of tune with this policy, if the bill is not enacted into law?

Mr. SMOOT. I think the bill is going to be enacted into law.

Mr. TYDINGS. But the Senator said that if the bill fails the blame will be placed upon this side of the aisle. How can he charge us with failure when his party is in power in all branches of the Government?

Mr. SMOOT. Perhaps I ought to modify my statement by saying that three-quarters of the blame will be on the other side of the aisle.

Mr. TYDINGS. What does the Senator mean by "the Democrats and their allies"?

Mr. SMOOT. Those who will vote with them on this bill.

Mr. TYDINGS. Ah! Then the Senator means Republican Senators who are out of accord with the Senator's position?

Mr. SMOOT. Who are not in favor of the bill; and I am talking now on the tariff question.

Mr. TYDINGS. So the Senator's theory is that if a party is intrusted with power and given a majority in both branches of the Government, if a portion of the party in power do not care to accept the policy outlined by the Senator, the fault is not in the lack of unity in his party but rather in the unity of the Democratic Party?

Mr. SMOOT. No; I did not go that far. I think there is a lack of unity on both sides of the Chamber. That is what I think.

Now, Mr. President——

Mr. BROOKHART. Mr. President——

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

Mr. SMOOT. Just a moment. At the close of the speech delivered by the senior Senator from North Carolina [Mr. SIMMONS], the Senators who listened to it were rather of the opinion—at least I was—that the agriculturists of this country were not in favor of the rates we have imposed on agricultural products. He criticized them severely, saying they were altogether too high.

I hold in my hand a document addressed to the Members of the United States Senate, dated September 8, 1929, signed by 12 representative farm organizations and representatives of the farm interests of this country. This document complains rather bitterly that the Finance Committee has not increased the rates more.

Mr. WALSH of Massachusetts. What is the date?

Mr. SMOOT. The date is September 8. It is not very long; perhaps I had better read it. I do not know whether the Senator from Mississippi has received a copy of it or not.

Mr. HARRISON. Oh, yes; I read it this morning; and it has been put into the RECORD already to-day. Under the Republican economy program it might be a good idea to put it in the RECORD again, and following out the charge of delay to us, the Senator might read it.

Mr. SMOOT. The Senator wants to go on now with his speech, and I am perfectly willing that he should; but I will say to the Senator from Massachusetts, and to any other Senator who desires to know just what it is, that this document is already in the RECORD—although I think everyone here has received a copy—and I would like very much to have Senators who want to know what it contains read it in the RECORD to-morrow.

Mr. HARRISON. Mr. President, before the Senator concludes——

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

Mr. SMOOT. Yes; I was through.

Mr. HARRISON. I am quite sure the Senator does not want to leave a wrong impression on those who have heard him. Would the Senator have us infer that he has not conferred with the President relative to this tariff bill?

Mr. SMOOT. The rates in this bill?

Mr. HARRISON. As to any part of this tariff bill.

Mr. SMOOT. Absolutely not.

Mr. HARRISON. He has not discussed even sugar with him?

Mr. SMOOT. I have not mentioned the sugar rates to him.

Mr. HARRISON. And he has not mentioned sugar to the Senator?

Mr. SMOOT. He has not.

Mr. HARRISON. There is no candy split between them, then?

Mr. SMOOT. No; the retail candy people, who are making more than a hundred per cent on every pound they sell, did not ask for anything.

Mr. GEORGE and Mr. FLETCHER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I am through.

Mr. GEORGE. I desired to ask the Senator whether he had received a second letter from the farm group; that is, from Mr. Chester H. Gray, representing the farm bureau, which appears in the press of this morning?

Mr. SMOOT. Chester H. Gray's name is on this list to which I have referred.

Mr. GEORGE. That is, the letter of September 8?

Mr. SMOOT. Yes.

Mr. GEORGE. All I wanted to know was whether the Senator, the chairman of the Finance Committee, had gotten the second letter from Mr. Gray.

Mr. SMOOT. No; I have not.

Mr. GEORGE. In view of some of the statements made by the Senator in his prepared address, perhaps it might not be amiss to ask whether or not Mr. Gray is correct in his second letter, and since the Senator did not receive it, let me read a little of it:

> According to Mr. Gray the weighted average ad valorem rate on agricultural products has been increased from 28.34 per cent in the act of 1922 to 32.60 per cent in the Finance Committee bill, or a rise of 4.26 points, while the weighted average ad valorem rate on industrial products has been increased from 38.18 per cent to 43.83 per cent, or a rise of 5.65 points.
>
> The weighted average in the Senate bill on industrial products is 11.23 points higher than the rate on agricultural products, he says, while in the act of 1922 this difference is 9.84 points—an increase of the spread between industrial and agricultural protection in the bill of 1.39 points.
>
> When simple averages instead of weighted averages are used, Mr. Gray added, the excess of industrial over agricultural rates is shown to be 15.16 points and 16.98 points in the act of 1922 and in the Senate bill, respectively, an increase of the spread between industrial and agricultural protection of 1.82 points.

Some days ago the Senator reminded the Democrats and the country that general speeches would not be indulged in, but that he and his conferees would be prepared to answer with facts and figures. To-day the Senator, in his prepared address, warns us against the pitfalls into which we will be bound to tumble headlong if we listen to anybody reciting decimals and points and figures and things of that kind; and he takes occasion to say to us that the tariff is not a scientific but is a

business proposition, and that an ounce of experience is worth a great deal of theory.

Let us take occasion to say to the chairman of the committee in all kindliness that nobody has ever disputed that the tariff is an effective instrument and aid to those to whom it is given. We are quite businesslike enough to know that it is a business proposition; but if it is a business proposition, and if the Senator is going to answer us with facts and figures, as he told the country he would, and if Mr. Gray's figures, contained in his second letter, are at all correct, I want to ask the chairman of the Finance Committee if he has not widened the disparity between the agricultural and the general industrial groups of the country. Mr. Gray's figures indicate it.

Mr. SMOOT. Mr. President, I have not seen the figures to which the Senator now refers. I will, however, look at them just as soon as I have an opportunity.

Mr. GEORGE. I want the Senator to look at them, because if we are to be answered by facts and figures, these facts and figures contained in the second letter certainly ought to have the respectful attention of the chairman of the Finance Committee.

Mr. SMOOT. They will, and I will say that the weighted percentage averages are quite different from the percentage rates that are imposed on each paragraph. The weighted averages comprehend all of the articles together, and then a compilation is made as to what the correct percentage rate is on all. There may be a very high rate on an article while there is a very small amount of importation of that article; there may be a very low rate, with a great quantity of imports, and the weighted average would not give the average percentage rate as usually used.

Mr. REED. If the Senator will yield for a suggestion——

Mr. SMOOT. I yield.

Mr. REED. I thank the Senator.

Mr. GEORGE. I thought I had the floor; I asked the Senator from Utah a question. But I yield to the Senator from Pennsylvania.

Mr. REED. May I suggest that I think the trouble comes in the selection of commodities called "agricultural"? There are a number of products clearly agricultural mixed in the schedules where they would not at first blush be expected to be found. For example, casein, which is clearly a product of skimmed milk, and an agricultural product, occurs in the chemical schedule. A number of other products, like raw wool, are clearly agricultural, and yet they are in the schedule that deals with manufactures of wool, which are clearly not agricultural.

I took the figures a week or so ago and tried to cull out the purely agricultural items from the other schedules, and I do not recall the exact figures, and I would rather not give them from memory anyway, but my recollection is that the weighted average showed that the percentage of increase on the farm products was more than twice as much as on the products of our mines and our factories. I will get the exact figures and put them in the RECORD. I think that is where Mr. Gray is wrong. I respect Mr. Gray and the ability with which he has urged his case, but I am perfectly certain that the figures he is using are not correct.

Mr. SMOOT. Mr. President, will the Senator from Georgia yield just in this connection?

Mr. GEORGE. I yield.

Mr. SMOOT. I want also to call the Senator's attention to the fact that certainly as to the weighted productions, Mr. Gray has not taken into consideration the agricultural products, the rates on which are increased, which go into a manufactured article, and thereby result in a raise in the rates on manufactured goods. Mr. Gray has not taken that into consideration.

Mr. GEORGE. I am commending the communication to the Senator. He read the first letter from Mr. Gray, and I am calling his attention to the second letter, and I am now taking occasion to say that Mr. Gray gives not only the disparity between the average protection given to general industrial products and agricultural products, but he gives the simple averages between the two groups.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Georgia permit me to make an inquiry at this juncture?

Mr. GEORGE. I yield to the Senator.

Mr. WALSH of Massachusetts. I would like to ask the Senator from Utah, who has referred to the efforts of his committee to apply the principle of the tariff to the agriculturalists of the country, if he believes that the rates levied upon agricultural products in this bill will increase the prices of agricultural products to the benefit of the farmer?

Mr. SMOOT. As to most of them, they will.

Mr. WALSH of Massachusetts. Does he believe the duties levied in this bill will increase the prices to the consumer of manufactured products?

Mr. SMOOT. In some cases, yes; in other cases, no.

Mr. WALSH of Massachusetts. Then the statement which has been accredited to the Senator in the press, that the tariff duties do not increase prices, is not true?

Mr. SMOOT. In some cases they do.

Mr. WALSH of Massachusetts. So the Senator admits that these rates will be effective in certain instances in increasing the prices to the consumers of agricultural products, but that these rates will be effective in other instances in increasing the prices of the industrial products?

Mr. SMOOT. Perhaps I can explain in this way: Some of the importers, as was stated by the Senator from Michigan [Mr. COUZENS] yesterday, bring in goods on which they make profits ranging all the way from 300 to 1,200 and 1,500 per cent, and a great number of such articles were exhibited in this Chamber during the consideration of the act of 1922.

Mr. WALSH of Massachusetts. I did not want to delay the argument of the Senator from Georgia. I simply wanted to know whether the Senator from Utah thought these tariff duties would be effective in increasing prices to the consumers, both as to agricultural products and manufactured products.

Mr. SMOOT. I can answer in this way, if they do increase them, it will give the farmer here the absolute market, because the foreigner will have to pay the extra tax.

Mr. WALSH of Massachusetts. The only way you can help the farmer is to increase the price of what he produces. Is not that true?

Mr. SMOOT. That is true.

Mr. WALSH of Massachusetts. And that is the reason why you have levied in this bill tariff duties for the benefit of the farmer, to increase the prices.

Mr. SMOOT. Yes. I think the increase in the duty on butter, for instance, is going to increase the price of butter in the United States. I think the increase in the duty on peanuts is going to give the farmer raising peanuts a benefit. I have no doubt about it. But there are many commodities as to which the foreigner can cut the price he already enjoys; but, of course, he wants to make as much money as he can.

Mr. WALSH of Massachusetts. The Senator has in mind the sweeping statement attributed to him in the press, has he not, the sweeping statement that tariff duties do not increase prices; and the Senator does not agree with that statement?

Mr. SMOOT. On some things, of course, they do or else they would not be effective. In other cases they do not.

Mr. WALSH of Massachusetts. I thank the Senator from Georgia.

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

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Florida [Mr. FLETCHER]? He has been trying for several minutes to obtain recognition.

Mr. GEORGE. I am glad to yield now to the Senator from Florida.

Mr. FLETCHER. I wanted to ask the Senator from Utah before he got away from it, though it is rather late now, this question: I would be glad to have his comment on the statement which has been submitted to the Senate and to Senators generally signed by a number of associations. The Senator has referred to it in some way, but he made no comment on it. I want to inquire whether he is in sympathy with the views expressed in that document or whether he controverts and disagrees with those views?

Mr. SMOOT. There are some rates asked for in the document with which I do not agree. I have not read it clear through. It was handed to me while the Senator from North Carolina [Mr. SIMMONS] was addressing the Senate. Glancing hurriedly through it, I am quite sure some of the rates should be granted and others certainly should not be granted. I could not say offhand which they were, because I have not studied it carefully.

Mr. FLETCHER. I have seen the document and it impressed me as being a strong document, and I wanted to have the Senator's comment on it.

Mr. HARRISON. Mr. President, will the Senator from Georgia permit me to ask the Senator from Utah a question?

The VICE PRESIDENT. Does the Senator from Georgia yield for that purpose?

Mr. GEORGE. I do.

Mr. HARRISON. A good deal of the speech of the Senator from Utah was directed at some of the Democratic Members of the Senate, criticizing them for having said that some of the rates on agricultural products would not be effective. Did not the Senator, in his report on the bill, say that many of the

rates on agricultural products were mere paper rates and useless?

Mr. SMOOT. I was referring to the statement made by the Senator from North Carolina [Mr. SIMMONS]. On some of the items referred to by him I could not agree with him at all.

Mr. HARRISON. But there are many increases carried in the bill and many tariff duties laid upon agricultural products that are not worth anything, according to the Senator. Is not that the idea?

Mr. SMOOT. I would not say that. Some claim the tariff on wheat is not effective. It is effective at times, and at times it is not effective. There is no question about that.

Mr. HARRISON. What about corn?

Mr. SMOOT. Corn is exactly the same.

Mr. HARRISON. What about barley?

Mr. SMOOT. On barley it is effective.

Mr. HARRISON. Does the Senator recognize the language which I am about to read? Here is a statement which the Senator himself, I presume, phrased in 1910. The Senator will recall that in 1910, when he was one of the great leaders of this body, he, together with other distinguished Senators of that time, were appointed on a committee to investigate the relations of the tariff on agricultural products and what effect it had and whether it was of any benefit. On that committee with the Senator from Utah was Mr. Gallinger, Mr. Lodge, Mr. Crawford, and Mr. McCumber, the latter being one of the coauthors of the last monstrosity of tariff legislation. Those Senators I know worked hard. The Senator no doubt will bear me out in that statement, because they were all industrious Senators. In the report which the Senator from Utah and those Senators signed I find this statement:

> The tariff on the farmer's products, such as wheat, corn, rye, barley, cattle, and other livestock, did not and could not in any way affect the prices of those products.

So the Senator has changed his opinion?

Mr. SMOOT. No; I have not. At that time that was true. At times now it is true, and in the future it may be true as to those very items. I admitted it here as to corn. It is very seldom it is effective as to corn, although the corn producers appeared before the committee and said it is effective at times. We all know whether it is effective on wheat. Sometimes it is effective; sometimes it is not effective. If we should raise 1,500,000,000 bushels of wheat in this country it would not be effective at all. But if we had to import wheat, and if we did not produce the amount of wheat that would be consumed, it would be effective at once.

Mr. WALSH of Montana. When did that condition exist?

Mr. SMOOT. It has not existed except during such times as there was a shortage in the world's crop.

Mr. WALSH of Montana. When was the time we ever imported any wheat?

Mr. SMOOT. Nearly every year.

Mr. WALSH of Montana. Oh, yes; we import a limited amount of high-grade protein wheat; but how much?

Mr. SMOOT. I have not the figures here.

Mr. WALSH of Montana. It is 18,000,000 bushels.

Mr. SMOOT. Yes; and sometimes a great deal more than that.

Mr. WALSH of Montana. It is 18,000,000 bushels out of a total of 600,000,000.

Mr. SMOOT. Yes; I signed the report referred to by the Senator from Mississippi.

Mr. BARKLEY. Mr. President, will the Senator from Georgia yield to me to enable me to ask the Senator from Utah a question?

The VICE PRESIDENT. Does the Senator from Georgia yield for that purpose?

Mr. GEORGE. I yield.

Mr. BARKLEY. The Senator from Utah stated that some of the agricultural rates are useless paper rates. I want to ask the Senator what object was attempted to be served by the majority members of the Finance Committee in giving to the farmers a large number of useless paper rates in the bill?

Mr. SMOOT. I want to say to the Senator that they wanted an increase over and above the present rate on wheat, for instance. I do not think it will do them any good.

Mr. BARKLEY. I am not speaking of wheat.

Mr. SMOOT. And corn and rye.

Mr. BARKLEY. The Senator said in reply to a question of the Senator from Mississippi [Mr. HARRISON] that a large number of agricultural rates are paper rates and useless. I want to find out what was in the minds of the majority members of the Finance Committee when they put in the bill rates that admittedly are paper rates and of no benefit whatever to the farmer.

Mr. SMOOT. I can not say anything more than I have already said, that wherever there is an overproduction in the United States and we are compelled to export, under ordinary circumstances if we have to go to the world market with our surplus we will get the world price.

Mr. WALSH of Montana. I think the Senator answered the question when he said the rates were given because they were asked for.

Mr. BARKLEY. I suppose, too, the question was answered by interviews which the Senator gave to the newspapers, in which he said that many of the rates on agricultural products were mere guesses.

Mr. SMOOT. Oh, that is mere newspaper talk.

Mr. SIMMONS. Mr. President——

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

Mr. GEORGE. I yield.

Mr. SIMMONS. I want to add that I think one of the reasons why the majority gave these admittedly useless rates to the farmer was that they hoped to mislead and deceive him into believing that they were conferring upon him certain great tariff privileges. Then another reason for it was that they could go to the farmer and say, "We have greatly increased the average rate imposed upon your articles. We have added 9 or 10 per cent," I believe it is claimed, "to the agricultural rates carried in the House bill or in the former tariff act, while we have added only 3 or 4 per cent to the rates on finished or manufactured products. We have done better by you than we have done by the industrials."

Mr. BARKLEY. Even though it is only on paper.

Mr. SIMMONS. Yes; even though it is only on paper it enables them to make a showing.

Mr. BARKLEY. I thank the Senator for the accuracy of his answer.

Mr. BROOKHART. Mr. President——

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

Mr. BROOKHART. I desire to ask the Senator a question.

Mr. GEORGE. Is it a question that the Senator from Iowa wishes to ask me or the chairman of the Finance Committee?

Mr. BROOKHART. I wish to ask the chairman of the Finance Committee a question.

Mr. GEORGE. I think in behalf of the chairman of the Finance Committee I will decline to yield any further until I have made a very brief statement, and then I will yield the floor.

The VICE PRESIDENT. The Senator from Georgia declines to yield further.

Mr. GEORGE. Mr. President, I had not intended to address the Senate this afternoon, but I wish to call the attention of the chairman of the Finance Committee to the latest statement made by Mr. Gray, in which he gives the average ad valorem weighted average rate of protection to general industry and to agriculture. Since the question of the effectiveness of agricultural rates has been referred to by the chairman of the Finance Committee and has entered into the general discussion, I am going to ask permission to enter in the RECORD not the whole, but portions of a report made by Professors Hibbard, Commons, and Perlman, of the University of Wisconsin, with the assistance of a staff of economists and statisticians, excerpts from which have, of course, been given the public from time to time.

First, I want to offer and ask to have inserted in the RECORD Table No. 2 of the compilation. Table No. 2 gives the average farm cash income from specified crops and livestock enterprises from 1923 to 1925, inclusive. It is a very helpful table.

Then I offer Table No. 3, which gives the number of farms reporting specified crops and classes of livestock for the same period. I call attention to the fact that the total number of farms is given as 6,371,640.

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

The tables referred to are as follows:

TABLE II.—*Average farm cash income from specified crop and livestock enterprises, 1923–1925* [1]

Commodity	Average cash income	
	Amount (million dollars)	Per cent of total
Cotton and seed	1,692	17.66
Dairy products	1,535	16.02
Hogs	1,145	11.95

[1] Source: U. S. Department of Agriculture, Bureau of Agricultural Economics, Division of Statistical and Historical Research, Washington, D. C.

TABLE II.—*Average farm cash income from specified crop and livestock enterprises, 1923–1925*—Continued

Commodity	Average cash income	
	Amount (million dollars)	Per cent of total
Beef and beef cattle	802	8.37
Wheat	773	8.07
Corn	450	4.70
Eggs	334	3.49
Truck crops	274	2.86
Tobacco	268	2.80
Potatoes	246	2.56
Farm forest products	190	1.98
Hay	183	1.91
Oats	167	1.75
Poultry	159	1.66
Apples	152	1.58
Sheep	135	1.41
Calves	133	1.39
Wool	90	.94
Sugar and sirup crops	88	.92
Legume seeds	85	.89
Oranges	72	.75
Other fruits	72	.75
Grapes	56	.58
Flax	50	.53
Barley	44	.46
Rice	42	.44
Rye	30	.31
Nuts	22	.23
Grapefruit	14	.15
Lemons	13	.14
All other	264	2.75
Total	9,580	100.00

TABLE III.—*Number of farms reporting specified crops and classes of livestock* [1]

[Total number of farms, 1925, 6,371,640]

Commodity	Number of producing farms	Per cent of total
Cotton and seed	1,931,307	30.31
Dairy products	3,728,587	58.52
Hogs	3,618,624	56.79
Beef and beef cattle	2,061,925	32.36
Wheat	1,300,492	20.41
Corn	4,195,922	65.85
Eggs	5,505,617	86.41
Truck crops [2]		
Tobacco	396,352	6.22
Potatoes	2,323,810	36.47
Farm forest products [2]		
Hay	3,588,209	56.32
Oats	2,172,229	34.09
Poultry	5,505,617	86.41
Apples	2,982,226	46.80
Sheep	430,738	6.76
Calves [2]		
Wool	430,738	6.76
Sugar and sirup crops	146,786	2.30
Legume seeds [2]		
Oranges	57,065	.90
Grapes	1,459,218	22.90
Flax	104,405	1.64
Barley	357,521	5.61
Rice	11,476	.18
Rye	230,196	3.61
Nuts	231,171	3.63
Grapefruit	21,865	.34
Lemons	15,852	.25

[1] Source: Department of Commerce, Bureau of the Census, United States Census of Agriculture, 1925.
[2] Not reported separately.

Mr. GEORGE. Then I wish to offer Table No. 5 in the compilation in which these distinterested economists indicate the effectiveness of the rate of the present tariff as applied to farm products.

The VICE PRESIDENT. Without objection, it is so ordered. The table referred to is as follows:

TABLE V.—Effectiveness of the present tariff:

Commodities on which the tariff is fully effective: Flax, olive oil, soy-bean oil, sugar, and wool.

Commodities on which the tariff is partially effective: Buckwheat, butter, casein, milk and cream, sheep, lamb and mutton, swiss cheese, and wheat—high protein wheat only.

Commodities on which the tariff is ineffective: Barley, blackstrap molasses, cheddar cheese, coconut oil, corn, cotton and jute, cottonseed oil, eggs, oats, rye, wheat—other than high protein.

Mr. GEORGE. I commend this table to the attention of the senior Senator from Utah [Mr. SMOOT]. The table shows that on all of the farm products and related livestock products the rates of the present tariff act are found to be effective only on flax, olive oil, soy-bean oil, sugar, and wool—aside from sugar and wool perfectly negligible products so far as total domestic farm production is concerned, with the further exception of flax which may be produced in greater quantity.

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

Mr. GEORGE. Certainly.

Mr. SMOOT. Does the Senator mean that a duty on nuts, raisins, fruit, figs, potatoes, and tomatoes has no effect upon prices here?

Mr. GEORGE. I am reading to the Senator the result of the investigation of these economists.

Mr. SMOOT. Oh, the professors that I referred to?

Mr. GEORGE. Yes.

Mr. SMOOT. Oh, yes; they are professors.

Mr. GEORGE. I hope the professors will survive the Senator's reference to them. These economists, with a very able and capable staff of statisticians, have said that the present tariff is effective only on the five enumerated farm and livestock products. These same economists say that the tariff is partially effective upon an additional list which I am about to read and that list includes buckwheat, butter, casein, milk and cream, sheep, lamb and mutton, Swiss cheese, and the high protein quality in wheat which, as the Senator from Montana [Mr. WALSH] has stated, represents something like 18,000,000 bushels out of the total annual production in this country.

The same professors say that the tariff is entirely ineffective; that is, that it is entirely noneffective on barley, blackstrap molasses, cheddar cheese, coconut oil, corn, cotton and jute, cottonseed oil, eggs, oats, rye, and wheat other than a small percentage of the wheat that contains a high protein content.

Mr. President, whatever the Senator from Utah may think of these professors, and however much he may deride them, they have made a disinterested study of the tariff and have given their reasons for their conclusions; and since something derogatory to professors in general has been injected into the debate by the Senator, I am going to ask that this entire compilation stating the reasons upon which the conclusions are based shall be printed in the RECORD, with the exception, of course, of the foreword and of the tables which I already have asked to have included in the RECORD, and with the exception, also, of the biographical sketches of these very eminent scientists who have furnished this disinterested study to the country.

The PRESIDING OFFICER (Mr. DALE in the chair). Is there objection to the request of the Senator from Georgia? The Chair hears none.

The matter referred to is as follows:

AGRICULTURAL TARIFFS

(Statements based on investigations under the direction of Benjamin H. Hibbard, John R. Commons, and Selig Perlman, of the University of Wisconsin)

I. FIBERS

Wool

Tariff effective: It is proposed to raise the duty on scoured wool from 31 cents to 34 cents per pound. If this is done, it is likely that the American wool producer will receive the full benefit of the 3-cent increase in the duty.

Under the present rate the woolgrowers in Texas, Montana, Wyoming, Utah, California, Ohio, etc.—6.8 per cent of the farmers—are getting an annual average benefit of $43,000,000. Under the proposed rate they will probably get $47,000,000, a total additional benefit of $4,000,000. These amounts include the benefit derived from "pulled wool," since the tariff on live sheep of $2 per head is effective as a wool tariff and not as a mutton tariff.

The effectiveness of the wool tariff can be seen by the fact that during the last six years the price of scoured wool in Boston averaged 26 cents higher than in London. If allowance is made for differences in grading and transportation costs, amounting to 5 cents, it is found that the present duty of 31 cents is fully effective. The increase of 3 cents per scoured pound should also be effective in the future.

In order that the woolen mills may be able to sell their product in competition with foreign producers they are protected against foreign competition on manufactured wool by compensatory duties designed to offset the increased cost due to the tariff on wool. In addition, it is now proposed to give to the manufacturers, on about one-third of our woolen imports, an extra ad valorem rate over and above this compensatory duty.

Cost to consumer: The revenue of the Government from the imports of wool, woolen goods, and other woolen materials averages $69,000,000. This amount, added to the farmers' benefit of $43,000,000, increases the total annual cost of wool and woolens about $112,000,000. To this

must be added the increased cost on all shoddy, mungo, and other wool substitutes domestically produced and consumed, or about $13,500,000, together with the carrying charges of interest, insurance, and taxes, probably $6,000,000, making the cost to the ultimate consumer approximately $131,500,000.

Tariff not pyramided: The wool passes through several hands before it reaches the ultimate consumer in the form of clothing. These are the wool buyer, the spinner, the cloth manufacturer, the clothing manufacturer, and the retailer, all of whom add these increased original costs to their expenses. It is claimed also that they obtain increased profits by reason of these increased tariff costs; and it is generally estimated that the original cost of the tariff, $131,500,000, is marked up and snowballed or pyramided until it costs the ultimate consumer over $300,000,000.

But we do not find that this total mark-up has been effective. In the present period of depression of the woolen industry many manufacturers have been unable to pay the usual dividends or even, at times, to cover the costs. Others have greatly increased their efficiency, thereby reducing costs.

The consumption of men's woolen clothing has fallen off since 1925 on account of the high prices of garments. Lower-priced woolen garments had to be made, with some reduction in quality. Rayon and silk have been substituted for wool in women's wear.

Since 1925 the tariff costs have not generally been pyramided, as alleged. All of the costs, including the increased tariff costs, have been in part distributed among producers along the line, instead of falling wholly upon the ultimate consumers. The proposed increase in the tariff adds a proportionally heavier burden on the industry and on the consumers.

Raw cotton and jute

At the present time both cotton and jute are on the free list. Although cotton growers have asked for a tariff on long-staple cotton and raw jute, these commodities have been continued on the free list in H. R. 2667. It is doubtful whether the duties requested would be of any benefit to the cotton growers.

Largest agricultural export: Cotton is by far our largest agricultural export. The production of cotton during the past five years has averaged about 15,000,000 bales, of which approximately 47 per cent has been exported. Since cotton is so decidedly on an export basis, it is almost universally recognized that the tariff can be of no benefit whatever to the cotton producer of the South.

Since cotton fibers vary in length and quality, cotton is graded accordingly. The efforts of those desiring to aid the cotton farmer through the tariff have been directed toward increasing the price of long-staple cotton and increasing the demand for the lower grades of domestic short-staple cotton. They expect to accomplish the former by a duty on imported long staple and the latter by inducing the substitution of the cheaper grades of cotton by a duty on jute.

Long-staple production exceeds consumption: Our domestic production of long-staple cotton is about 700,000 bales annually. Our imports of this grade during the past four years have averaged nearly 265,000 bales annually. Our exports of long-staple cotton have averaged 715,000 bales, thus leaving about 250,000 bales for domestic consumption.

Long-staple cotton is produced in the Mississippi Delta region, the Salt River Valley in Arizona, and small alluvial regions in Arizona, New Mexico, and California. The chief consumers of long-staple cotton are the rubber tire, the thread, and the fine yarn and fine cotton goods industries.

It is expected that a tariff on long-staple cotton will compel domestic users to cease importation of these grades from Egypt and other countries and use domestic long staple in its stead. Even though imports of long staple be entirely excluded and domestic long staple be substituted, there would still be about 450,000 bales of long staple to be sold on the export market. It is doubtful, therefore, whether any benefit could be derived from this duty. It is argued by manufacturers that this substitution would not take place. They contend that they would be obliged to continue importations of Egyptian cotton because of its superiority for their purposes. Since there is no tariff experience, except a short period in 1921–22, on which to base conclusions, it is impossible to say to what extent this substitution would take place. Even though the substitution should be complete, domestic producers would still have the problem of controlling their production of domestic long staple which would still remain on an export basis.

Cotton and jute substitution: The purpose of the proposed duty on raw jute is to encourage the substitution of cheaper grades of cotton where jute is now being used.

Jute is a soft fiber obtained from the jute plant in India. It can not be raised in the United States. The United States takes from 65 to 75 per cent of India's exports. The fiber is soft and pliable, easily spun, from 4 to 8 feet in length, cheaper than cotton, and makes a good, strong material for the manufacture of burlaps and bagging. It is also used for covering cotton bales, cordage, and twine, caulking water pipes, upholstery, insulation work, and the manufacture of twilled jute cloth. The preponderant use of jute is found in the field of agriculture, which uses from 60 to 70 per cent of our consumption, and where burlap bags and wrapping enter into the marketing of many products, particularly potatoes, Pacific coast wheat, cotton, mill feeds, sugar, and fertilizers.

We have developed a domestic manufacturing industry which exports jute manufactures to many nations, although most of the burlap is manufactured in India. The consumption of jute and jute products has been constantly increasing.

During 1928 jute averaged about 7 cents and cotton about 19 cents per pound. Should a tariff on jute force the substitution of cotton bags, it is estimated by the United States Tariff Commission that the cheapest cotton bag capable of competing with jute bags for ordinary use will cost close to 20 cents as compared to about 12 cents for jute bags.

Farmers chief users of jute: If the duty on jute is made so high as to force the substitution of cotton, the cotton growers will receive the benefit of this increased demand and any additional costs resulting from such substitution will be borne by the public, chiefly the farmers. If, on the other hand, the rates are not made high enough to force this substitution, consumers will pay higher prices with no benefit to the cotton growers. Moreover, since cotton growers and other farmers use from 60 to 70 per cent of the jute products consumed in this country, they will be obliged to pay the major part of any increased cost. Should jute imports be prohibited, India would be obliged to turn to cotton production on a still larger scale. This in turn will replace a large part of our foreign demand for cotton. It is doubtful, therefore, whether this duty would be of any substantial benefit to the cotton producers.

Because of these and other facts the subcommittee on flax, hemp, jute, and the manufactures thereof recommended that jute be allowed to remain on the free list. This committee stated that a jute duty would have "a detrimental effect on the old and well-established domestic jute manufacturing industry"—and that "evidence is insufficient to prove conclusively that the benefits which might accrue to domestic cotton growers and cotton manufacturers would be such as would justify the higher prices and this added cost which would inevitably result."

II. SUGAR AND BLACKSTRAP MOLASSES

Sugar

Inasmuch as H. R. 2667, passed by the House of Representatives, fixes the rate on sugar at 2.4 cents per pound (equivalent to 2.5682 cents on a refined basis), we are now able to calculate the probable effects of this duty.

Cost to consumer increased: The present duty on Cuban sugar is 1.7648 cents per pound on raw sugar, which is equivalent to 1.8875 cents on refined. However, the actual wholesale price for granulated sugar for domestic use in New York City averaged during 1927 and 1928 2.056 cents per pound higher than that sold for export. This measures the amount of the tariff paid directly by the purchaser of sugar. When this amount finally reaches the retail purchaser it is augmented by about 12 per cent to 2.305 cents per pound. The proposed increase in the tariff to 2.4 cents per pound on raw sugar (2.5682 on a refined basis) will, according to the same computation increase this burden from the present 2.305 cents to 3.068 cents per pound.

Domestic production small: There has been a tariff on sugar since 1789. This duty has been used for both revenue and protection. The purpose of the protective tariff is to aid the domestic industry, American beet and cane producers, however, produced only 18 per cent of our total consumption in 1928, our island possessions 32 per cent, and Cuba the remaining 50 per cent.

Sugar producers benefit: In so far as the tariff helps to increase the price of sugar, it aids the domestic industry. The domestic beet and cane interests favor the increased duty because they hope to increase the price of their product so as to make a better return on their investment and encourage domestic beet and cane production. The present duty on sugar has been effective in raising the relative price of sugar above what it would be without the tariff. Assuming that the full benefit of the duty is passed back to the growers, the American farmers are getting an annual benefit of about $43,000,000 from the present tariff. Under the proposed tariff this benefit will be increased to $59,000,000 annually.

Distribution of burden: The tariff duty must be paid by the American purchaser of sugar. There is, however, some question whether the duty is paid by the ultimate consumer or whether it is absorbed by manufacturers of products in which sugar is used. It is estimated that from 60 to 75 per cent of the sugar used in the United States is consumed directly in the home. The remaining portion is used by manufacturers, bakers, hotels, and other dispensers of food products. According to the above calculations, every consumer of sugar pays approximately 2.305 cents per pound, as a result of the tariff, on the sugar which he purchases at retail, and the manufacturer pays at least 2.056 cents per pound on the sugar which he purchases at whole-

sale. It is practically impossible to ascertain by measurement whether all or any particular portion of the latter amount is passed on to the consumer. This additional cost must, however, be borne by some one. Other conditions remaining unchanged, if the manufacturer is to make the same profit which he made prior to the tariff, he is obliged to pass on this duty to the consumer in some form.

The present sugar duty cost the American public about $289,000,000 during the year 1928. The average farm family consumes about 405 pounds of sugar annually in all forms; the urban family about 432 pounds. On the assumption, which is carried through the following calculations, that in the long run the sugar tariff is paid by the consumer, the annual cost of the present sugar duty is equivalent to about $9 per farm family and about $10 per urban family. The present tariff burden will thus be increased nearly $4 per family, making the annual total cost to the American public $384,000,000, or about $13 per farm and $14 per urban family. To the extent that the duty is absorbed by the manufacturer the actual burden on the family is decreased. The total burden to the Nation, however, remains the same.

Burden double the revenue: The Federal Government, however, derived an average annual revenue of $135,000,000 during the seven years 1922–1928. This is equivalent to less than one-half the cost to the consumer. The proposed tariff will net the Government $160,000,000 annually, if imports do not decrease, and will cost the consuming public an additional $95,000,000, or a total of $384,000,000.

Net loss to all farmers: Less than 3 per cent of the American farmers get about $43,000,000 annually under the present tariff; and all of the farmers pay about $60,000,000, a net loss of $17,000,000 to all farmers. Under the proposed tariff a few farmers will get about $59,000,000 based on present production. All farmers will pay nearly $77,000,000 in increased prices. This tariff, therefore, represents a net loss to all farmers of $18,000,000 per year.

Islands greatest beneficiaries of sugar duty: Sugar is admitted free of duty from Hawaii, Porto Rico, the Virgin Islands, and the Philippines. Imports from Cuba are subject to a duty 20 per cent less than the full-rate duty to which all other foreign countries are subject.

The original intention of the protective tariff was, however, to benefit American producers. The present sugar duty has been of greater benefit to the island producers than to the American industry. These island producers now obtain an annual benefit of about $75,000,000 based on 1928 production. Under the proposed rates they will probably get a benefit of $103,000,000 or an increase of $28,000,000 on the basis of 1928 production. It is so well recognized that the island producers are the chief beneficiaries of the tariff that the American sugar beet interests have urged some limitation on free importation of sugar from these sources.

The bounty plan: In an attempt to aid the domestic beet industry, without at the same time compelling the American consumer to make this large contribution to the island producers, it has been suggested in Congress that the domestic industry be aided by a bounty of 2 cents per pound to be paid directly to domestic producers.

If a bounty of 2 cents per pound had been paid on domestically produced sugar, it would have cost the Government nearly $46,000,000 in 1928. In addition to this the Government would have had to forego the collection of some $118,000,000 customs revenue on cane sugar imported in that year. Thus, the real cost under the bounty plan in 1928 would have been approximately $164,000,000 as compared with a cost of nearly $289,000,000 under the present tariff. The American people might thus have saved approximately $125,000,000 under the bounty plan. This plan would, however, tend to deflate the island producers.

A sugar bounty law was in operation in this country from July 1, 1891, to August 28, 1894. The act of October 1, 1890 (26 Stat. 567), entitled "An act to reduce the revenue and equalize duties on imports, and for other purposes," provided for a bounty of 2 cents per pound to domestic producers of sugar. This act continued in effect until superseded by the tariff act of 1894. Under the bounty provision, according to annual reports of the Secretary of the Treasury, a total of $29,783,603.40 was paid to the cane, beet, sorghum, and maple sugar producers of this country.

Blackstrap molasses

Benefit to corn growers doubtful: The Corn Belt farmers have asked that the tariff rate on blackstrap molasses be increased from one-sixth cent per gallon to 8 cents per gallon. The new tariff bill as passed by the House of Representatives May 28, however, made no change in the rate. Contrary to the expectations of the Corn Belt representatives, the gain to corn growers due to any increase in duty is extremely problematical, while it would result in higher prices for alcohol and alcohol products.

Blackstrap molasses, prior to 1914 considered largely as waste, is now a useful by-product of the sugar industry. Since the World War, technical methods have been developed by which this material can be converted into industrial or ethyl alcohol. Consequently plants have been constructed on the seaboard or in other favorable locations for the utilization of molasses, about two-thirds of which is imported from Cuba. To-day approximately 85 per cent of the industrial alcohol used in this country is made from blackstrap.

Increased use of corn for alcohol unlikely: It is contended that a high tariff on blackstrap will compel the alcohol manufacturers to substitute corn for molasses, thus increasing the demand for corn by about 40,000,000 bushels and excluding the importation of some 200,000,000 gallons of molasses from Cuba. While this argument sounds plausible on its face, there are several factors which will hinder if not entirely prevent this shift from taking place. These factors are:

(1) The manufacture of alcohol from corn is a more expensive process. Fifty-seven of the sixty plants in operation during 1928 were fitted to convert the sugar present in molasses into alcohol. In order to use corn as a raw material, those plants would have to equip themselves with facilities for first converting the starch in corn into sugar. This would involve the expenditure of considerable sums of money for equipment, and would at the same time increase the cost of producing alcohol by adding to the capital charges, making an additional process necessary, in addition to the use of a higher-priced raw material.

(2) The freight charges to bring corn to the seaboard plants will be a large part of the total cost, since most of the existing alcohol plants are located on or near the seaboard outside of the Corn Belt.

(3) The production of alcohol from soft wood waste and by synthetic methods, now being done on a small scale, will be encouraged. To-day there are at least four ways in which alcohol may be produced without the use of a sugar or starch substance as the raw material. A small incentive is all that is needed to induce men to start the production of alcohol by these new methods.

(4) Some plants will continue to use domestically produced molasses and molasses admitted, duty free, from our insular possessions. It is possible that about half our present consumption of blackstrap molasses might be furnished by our domestic producers and our insular possessions. To the extent that cheap molasses was available, the use of corn would not be stimulated.

In the face of all these facts bringing elements of uncertainty into the alcohol industry, it is quite unlikely that the alcohol producers would rebuild their present plants or open new ones nearer the supply of corn. Molasses would continue to be used as the chief raw material in the manufacture of alcohol, and synthetic methods now in actual use would gradually be developed. The corn farmer, therefore, can expect little or no benefit from a tariff on blackstrap molasses.

III. GRAINS

Wheat

High protein wheat benefited by duty: The present tariff on wheat is 42 cents per bushel. No increase is being requested. Since 25 per cent of our annual crop is exported, the price is fixed in the world market. Due, however, to grading, the tariff is of some benefit to the growers of high protein wheat.

Prior to the tariff the only wheat which was imported was the high protein wheat grown in Canada. Since the tariff of 1922 only one-tenth of 1 per cent of our total consumption has been imported. The average effectiveness of the tariff since 1922 is approximately 9.8 cents per bushel on one-half of the hard wheat, which is 26 per cent of our total production. This gives an annual average benefit of $17,600,000 which goes chiefly to farmers in three States—Montana, Kansas, and North Dakota. Since wheat is a billion-dollar crop, this benefit is only about 2 per cent of the total value. For reasons mentioned below, it is doubtful whether this is a net benefit to the entire group of wheat farmers.

Protein content now recognized: To most people, wheat is wheat. But to the miller who must make the flour which the bakeries and the American housewife will buy, wheat is distinguishable into harder and softer grades. There are at least five distinguishable classes of wheat—Hard Red Winter, Soft Red Winter, Hard Red Spring, White Wheat, and Durum. These are further distinguishable into grades according to protein content. The reason for protein recognition is that the miller has found from experience that in order to make a dependable flour which will give an even-textured and well-raised loaf of bread, he must either use all hard wheat or a mixture of hard wheat with soft, since the harder wheats have the higher protein content. Until recently close attention was not given to grading by the buyer, so that a farmer who had a low-protein wheat probably got as much as the one having wheat of a high protein content. Now the millers pay a higher price for the high protein than they do for the lower-protein wheat. In this sense, therefore, the increased benefit accruing to the hard-wheat growers is due partly to the greater attention paid to classification and to the resultant lower price which other wheat growers are getting for their product.

Production continues above consumption: In view of the futility of tariff aid, some hope has been expressed that the American wheat grower will get the benefit of the tariff when domestic consumption catches up with production. If this should happen, the price of American wheat

would not be fixed upon the world market at Liverpool, but in the tariff-protected American markets. There is little evidence, however, to indicate that this expectation will be realized in the near future.

The production of wheat in the United States since the war has averaged 804,000,000 bushels. Present indications are that this production will, if anything, increase. Domestic consumption averages 597,000,000 bushels, while the balance of 207,000,000 bushels, or about 25 per cent of the total crop, is exported either as wheat or flour. There is little prospect, therefore, that domestic consumption will soon equal production.

Looking abroad, conditions are no better. The foreign market seems to be decreasing, due to the prohibitive tariffs being placed by Germany, France, and Italy against American wheat and the increasing production in those countries as well as in Russia, Canada, and Argentina.

Flax

Duty effective: Flax is one of the farm products on which an addition to the present tariff will help the grower. The proposed addition to the tariff of 23 cents per bushel should yield the flax producers additional benefits amounting to about $3,500,000.

This benefit will go chiefly to farmers in the States of North Dakota, Minnesota, South Dakota, and Montana. The cost will be borne directly by the 32 linseed-oil mills in the United States located principally at Minneapolis, Buffalo, and New York, and indirectly by the consuming public.

Under the present tariff of 40 cents per bushel (this rate was increased to 56 cents per bushel by presidential proclamation on May 14, 1929) on flaxseed the annual total benefit to the flax growers, 1.6 per cent of the farmers of the country, is equivalent to $5,600,000, or $53 per farm. Under the proposed tariff of 63 cents the benefit would be increased to $9,100,000, or $88 per farm.

Increase beneficial: Since flax is imported, the present tariff is effective both as a revenue measure and for purposes of protection to the local grower. Although the duty is now 40 cents, our western growers get a benefit of only 25 cents per bushel. This is due to the fact that it costs them approximately 15 cents more to get their seed to the Buffalo market than it costs their competitors in Canada.

It is not possible to estimate exactly how much the farmer will get if the tariff is increased to 63 cents as proposed; but it seems likely that he will get at least 15 cents per bushel additional benefit, upon which basis the preceding estimate is made.

Production increases slowly: While in Russia, flax is grown both for the straw to be used for linen and the seed for linseed oil, the chief use of flax in the United States is for crushing the seed into linseed oil. During the past five years we have produced 54.2 per cent of the total flaxseed used, importing the balance from Canada and Argentina. We also import a small amount of linseed oil which is equivalent to a proportionate amount of flaxseed. Due to the fact that flax can not be grown continuously on each farm, the production can not be increased at a very rapid rate. Thus, unlike butter, there is not much likelihood that the production of flax will be increased sufficiently to make the tariff ineffective.

While the proposed increase in the tariff is arousing both Canada and Argentina, it is a case in which the increased duty will be of benefit to the flax farmer. This benefit will be balanced by the increased cost to themselves and all other farmers who buy paints, varnishes, linoleum, oilcloth, patent and imitation leather, printers' ink, putty, soft soaps, and other linseed products.

Corn

Duty ineffective: The present tariff of 15 cents per bushel on corn is practically ineffective. The proposed increase to 25 cents in the House bill will likewise be of no benefit to the corn producers.

Although corn is our largest domestic grain crop, it yields a relatively small cash income to the farmer. This is due to the fact that 84 per cent of the crop is used directly on the farm for animal and poultry feed. About 10 per cent enters into the organized corn markets. Our corn imports are insignificant—seven one-hundredths of 1 per cent of our corn production.

Corn price dependent on pork: The bulk of the corn which is used by the farmer as feed finally enters the world market as hog products and is, therefore, dependent upon the price of pork and lard. The greater portion of that which enters the channels of trade directly, on the other hand, is converted into corn meal, corn oil, cornstarch, glucose, grape sugar, and allied products, all of which are also on an export basis.

Any attempt, therefore, to raise the relative value of corn in the United States will be unsuccessful in the near future unless the value of the direct products of corn can be increased. This is difficult because we export 28,000,000 bushels of corn and corn refinery products, and a billion pounds of pork and lard, which is equivalent to 165,000,000 bushels of corn. The corn which enters the hog market alone consists of 40 per cent of our total annual production.

Pork and lard are in competition with foreign producers and are, therefore, definitely on a world market basis as our competitive system is at present organized. Unless, therefore, some means is devised to raise the price of pork and lard, the tariff on corn is destined to be ineffective.

The corn-hog ratio: Corn illustrates well the interdependence of farm prices. There appears over a period of years a quite definite relationship between corn and swine prices which is called the corn-hog ratio. This ratio varies with relative changes in quantities of hogs and corn.

During the past 25 years, with the exception of the war period, at the average prices prevailing, the corn-hog ratio has been approximately 11.25 to 1. This means that 11.25 bushels of corn will buy 100 pounds of live hog. If hogs are worth $10 per hundredweight, corn at this ratio would be worth about 90 cents per bushel.

As the price of hogs rises, the farmer increases his production, with a resultant rise in the demand and price of corn. But the quantity of hogs which the meat packers can profitably convert into pork and lard depends upon the prices which these products will bring in European markets. These prices are in turn related to other meat prices. Since the price of corn is dependent primarily on the price of meat animals and since meat prices are determined in the world market, there is little possibility that a tariff on corn can be effective.

Barley

Since 1922 the duty on barley has been 20 cents per bushel. The evidence shows that the American farmer has thus far received practically no benefit from it, except during the exceedingly short feed crops in 1924. Although an increased rate was requested, no change was made in the House bill.

Barley is produced chiefly in Wisconsin, Minnesota, North Dakota, South Dakota, and California. Approximately 75 per cent of the barley produced is consumed within the county in which it is grown as feed for livestock. The balance is marketed in Minneapolis, Milwaukee, Chicago, Duluth, and Omaha. The 15 per cent surplus which is sold abroad is sufficient to make the price of barley in the United States dependent upon European buyers. The duty is, therefore, without effect.

Oats

The duty on oats is practically without value to the farmer.

Inasmuch as the price of oats is dependent upon the world market, the present duty of 15 cents per bushel has not been effective. With the exception of a few months in 1924, the price of American oats has not been any higher than that of the competitive Canadian crop. No increase in the rate is proposed by the House.

While oats ranks third among the cereal crops of the United States, it constitutes only 1.7 per cent of the total farm cash income. This is due largely to the fact that about two-thirds of the crop is used by farmers for horse and livestock feed. The chief benefit to be derived by the farmers from a rise in the price of oats, even could it be accomplished, would be only on the third which they sell for commercial purposes. They do not, of course, receive any real benefit from a rise of price of that portion of the product which they themselves use.

Rye

The duty on rye is practically without value to the farmer.

In spite of the fact that 48 per cent of our total crop of rye is exported, representatives of the farmers asked that the present import duty of 15 cents per bushel be increased to 30 cents. This request has not been granted. There are no rye imports. There seems, therefore, to be no occasion either for the present or increased duties.

Prior to the war, rye production averaged 38,000,000 bushels annually. During the period 1923–1927, it averaged 55,000,000 bushels, of which an average of 26,000,000 bushels was exported. The price of rye has accordingly been fixed in the world market. Since the proportion of the domestic production exported is increasing there is no reasonable basis for believing that import duties can be of any benefit whatever to the producer of rye.

Buckwheat

One hundred and thirty thousand buckwheat growers, mainly of New York and Pennsylvania, who produce over one-half the total buckwheat crop of about 14,000,000 bushels annually will benefit somewhat from the proposed tariff increase. The House bill increases the tariff on buckwheat from 5 to 12 cents a bushel. The total tariff benefit will be negligible because there is no natural, well organized buckwheat market; and prices depend largely upon local conditions.

The United States, since 1921, has been definitely on an import basis. Virtually all imports of buckwheat originate in Canada. Large amounts of Canadian buckwheat have entered this country from 1922 to 1925, inclusive; 360,000 bushels were imported in 1924 and 320,000 bushels in 1925. During this period buckwheat prices received by New York producers exceeded, on the average, the prices of Ontario, Canada, by 28 cents a bushel. In 1926 and 1927 this margin of New York over Ontario decreased to 12 cents and imports dropped off sharply.

IV. LIVESTOCK AND PRODUCTS

Cattle and beef

At present there is a duty of 1½ cents per pound on cattle weighing less than 1,050 pounds, 2 cents per pound on cattle weighing 1,050

pounds or over, and 3 cents per pound on fresh beef and veal. These rates were enacted in the Fordney-McCumber Act of 1922. During the period 1913–1920, these commodities were on the free list.

The tariff bill, passed by the House of Representatives May 28, 1929, changes these rates to 2 cents per pound on cattle weighing less than 800 pounds; 2½ cents per pound on cattle weighing 800 pounds or over, and 6 cents per pound on fresh beef and veal.

Present duty effective: The existing rates have been effective since they were enacted. The average annual benefit to cattle raisers from this tariff has been about $270,000,000, based upon production of beef cattle during 1926, 1927, and 1928. On the basis of federally inspected cattle (in which case accurate statistics are available) the benefit is $181,000,000 annually. Since it is estimated that federally inspected cattle comprise only about two-thirds of the total, this amount has been augmented accordingly to $270,000,000. This benefit is equivalent to about $147 per producing farm. The per capita cost to consumers averages about $2 annually.

Proposed duty partially effective: It should be noted that the rates proposed on beef are 100 per cent higher than those now in effect, while the cattle rates are increased by a much smaller percentage. The beef rates should make the importation of fresh meat prohibitive. Some live cattle may, however, continue to come in under the proposed rates, so long as beef prices remain high. The change in live cattle classification will have a tendency to stop the importation of "feeders"—cattle imported from Canada by American farmers for fattening in this country. It appears that the proposed increases will be partially effective in the immediate future. Whether or not, however, they will continue to be beneficial for any length of time is problematical.

Factors determining future effectiveness of the tariff: The future effect of the tariff will be determined by the nature and extent of the variations of the relation between the supply and demand for beef. This relation is extremely complex and subject to a great many limiting factors. The most significant of these are the following:

1. The trend of domestic production and consumption.—Whether American cattle and beef will be sold on a domestic or world market.

2. The beef cycle.—Whether production is stable, increasing, or decreasing.

3. Domestic competition among producers.—Whether domestic competition is such as to maintain or undermine the higher domestic price even though we do not go on an export basis.

4. The elasticity of demand.—The extent to which the consuming public will pay higher prices for beef before substituting other foods, especially pork, which is now on a world market.

These factors are discussed below.

1. The trend of domestic production and consumption.—Beef is now on the border line between a domestic and a world market. The future effectiveness of the tariff, therefore, depends partially upon whether the trend of beef production and consumption puts us on a world or domestic basis.

Prior to 1910 the United States not only satisfied its own needs but exported beef. During the period 1910–1928 we have sometimes been on a domestic and other times on an export basis. Since 1920 we have been importing beef and beef animals. As explained below, the tariff has been effective during the latter period. Should, however, production again increase so as to put our beef upon a world market, as pork now is, the tariff will become ineffective.

At present Argentine cattle and beef are excluded by quarantine which was made effective January 1, 1927. Cured and canned beef, however, is still imported from South America. Our imports of live cattle and beef have, however, come chiefly from Canada. During the period 1914–1920, when both of these products were on the free list, our imports of live cattle were 3.41 per cent and fresh beef and veal 1.23 per cent, the total being 4.42 per cent of our total slaught. During this entire period there was a tendency for Canadian and English prices to equal and even go above American prices. However, as soon as the Fordney-McCumber bill was enacted, imports were cut in half. During the period 1922–1928 imports of live cattle were only 1.73 per cent and fresh beef and veal 0.44 per cent, the total being 2.17 per cent of our slaughter.

As a result of high beef prices imports again increased in 1927–1928 to about 4 per cent of our own slaughter. There was also a marked rise in the American price above the Canadian and English prices directly following the enactment of the present tariff law.

The above figures show that the proposed increases in duty, if totally prohibitive, will exclude imports of from 2 to 4 per cent of our own slaughter. Since imports vary with prices the effectiveness of the tariff also varies.

Our exports have declined faster than our imports. During the period of the present tariff (1922–1928) exports have declined to ½ per cent of our slaughter as compared with 5.1 per cent in the period 1914–1921. This decline in both imports and exports shows that domestic beef production and consumption are becoming more nearly equal so that we are now on the border line between an importing and an exporting basis.

2. The beef cycle.—The trend will determine the effectiveness of the duty over the long-term future. The beef cycle, however, will condition its effectiveness over relatively shorter periods of time.

In the past the production of beef has moved in a cycle of approximately 15 years. For example, the number of beef animals on the farm increased steadily from 1913 to 1919 and then decreased from 1920 to 1928. Allowing for off-setting factors, prices tend to move inversely with the beef cycle. During the past three years prices of cattle have been steadily rising. It is expected, however, that the present stage of the beef cycle will soon terminate and that animals on the farm will begin to increase in number.

This cycle illustrates the lag in the adjustment of production to prices. This lag is due to physical factors, namely, the time required to breed and bring additional animals to maturity. Should the cycle of beef production turn definitely upward under the impetus of present high prices, it is possible that the tariff will become less effective in the immediate future.

3. Domestic competition among producers.—It is generally acknowledged that the tariff will be ineffective if production increases sufficiently to put American beef on the world market, as is now the case with pork. It is not always seen, however, that the tariff may become ineffective even though all domestic production is sold on the domestic market.

Should we be entirely on a domestic basis, there are three possible situations: The tariff may be (1) fully effective, (2) partially effective, (3) ineffective.

The condition which will actually prevail will depend upon internal competition among producers. If production is restricted the tariff may remain fully effective as in the case of wool. If production increases moderately, the tariff may be only partially effective, as is now the case with butter. If production increases greatly, the tariff may become ineffective as in the case of mutton.

4. The elasticity of demand: In addition to the effect of the aforementioned factors, the effectiveness of the beef and cattle tariff is conditioned by the amount of beef that consumers will buy at various prices. This is called the elasticity of demand for beef. All of the cattle produced can be sold at some price. Under normal conditions the price obtained per pound increases as production decreases. These price variations are not direct and simple—they are dependent upon many other factors, among which are the condition of business, the level of prices, the national income, habits of consumption, etc.

Producers often assume that if they are getting a high price for their products they can increase their profits by increasing their output. They soon find, however, that as production increases they are obliged to lower their prices in order to sell the increased output. In 1922, for instance, the price of beef averaged about 14.9 cents and per capita consumption was 68 pounds. During 1928 the price of beef and veal averaged 21.9 cents and we were able to sell only 58 pounds, or 10 pounds per capita less than in 1922. These conditions lead to the following questions to which only an approximate answer can be attempted—this answer, however, being based upon past experience:

A. If we exclude all Canadian cattle and beef, how much higher price will be paid for the present remaining domestic beef production through the next few years?

B. Can the present price be maintained if domestic beef production increases?

A. Based upon the experience of 1926–1928, if the price of beef were raised 3 cents per pound, the proposed increase in the duty, consumption would fall from about 65 pounds (average consumption of this period) to 56 pounds annually. Hence, not all of the present beef production could be sold at an increase of 3 cents in the price. This is substantiated by the fact that since 1926 beef prices rose considerably, the per capita consumption has decreased about 8 pounds. Packers also complaining that they have difficulty in disposing of beef profitably at present prices. From this we may conclude that the additional tariff is not likely to be totally effective.

Should the tariff keep out all imports, the domestic price would be totally dependent upon domestic production. Based upon prices and changes in per capita consumption during the past three years, it appears that the total domestic production could be sold at about 1 cent per pound higher than present prices.

B. During the period 1926–1928 consumption has fallen 13 pounds per capita while prices of beef and veal have increased 5.2 cents per pound or for every 1.5 per cent increase in the price consumption fell 1 per cent. These figures apply only within a narrow range. If, then, domestic production should increase by about 10 per cent, prices would probably fall about 15 per cent.

Eggs

Duty ineffective: The present tariff on eggs in the shell is 8 cents per dozen, on frozen eggs 6 cents per pound, and on dried eggs 18 cents per pound. The bill recently passed by the House of Representatives changes the first two rates to 10 and 8 cents, respectively, and leaves the duty on dried eggs unchanged. These rates will have practically no effect on domestic egg prices.

No other form of livestock or crop is so widespread in the United States as the keeping of chickens. Chicken keeping as an agricultural enterprise is carried on by 90 per cent (5,505,617 out of 6,371,640) of the farmers. Poultry and poultry products make up 5.1 per cent of the average cash income of the farmer, as compared with dairy products, which compose 16 per cent, and with livestock, which compose 23.2 per cent. Chickens are kept largely as a small side line to produce food for the family and pocket money for grocery trade. The estimated annual value of eggs and poultry is, one year with another, greater than the estimated value of the wheat crop.

Our imports of eggs in the shell in 1928 were less than two-hundredths of 1 per cent of domestic production. The present tariff has had no discernible effect on these egg prices, and it is likely that the increased rate will also be without effect.

Dried and frozen eggs: In 1921 our imports of dried eggs were 11,000,000 pounds, imports of frozen eggs were 25,000,000 pounds. In 1928 these imports were 9,000,000 and 15,000,000, respectively. This shows that the tariff caused imports of dried eggs to decrease by 2,000,000 pounds and of frozen eggs by 11,000,000 pounds. Since dried and frozen eggs are required for industrial use, though they are interchangeable to a limited extent, these decreased imports were more than supplied by the frozen-egg industry in the United States, which at the same time increased its production by 83,000,000 pounds. This has resulted in the substitution of approximately 16,000,000 dozen domestic for an equivalent amount of foreign eggs, which is but eight-tenths of 1 per cent of our domestic production. This substitution has probably had a tendency to strengthen the domestic price.

Dried eggs are used by manufacturers of prepared cake and pastry flour. All dried eggs are imported from China; 8,669,992 pounds imported in 1928 represent about 1 per cent of our domestic production. The present tariff has not resulted in the establishment of a dried-egg industry in this country.

Frozen eggs are shipped into the United States from China. Before being shipped they are broken, prepared as whites, yolks, or mixed eggs, placed in containers, and frozen. These eggs are used chiefly by bakers. Our imports in 1928 consisted of 15,000,000 pounds, which is only 11 per cent of our domestic production of frozen eggs. Should these imports be entirely excluded, a market would be furnished for only 14,000,000 dozen of low-grade eggs. This would be equivalent to an increased demand for eggs equivalent to one-twentieth of 1 per cent of our present production.

Since egg prices are contingent upon so many other factors, it is difficult to measure the effect of such a slight increase in demand. It appears, however, to be negligible.

Pork

The rates of duty now in effect on hogs and pork products are those enacted by the Fordney-McCumber Act of September, 1922. The present duty on swine is one-half cent per pound; fresh pork, three-fourths cent per pound; bacon, hams, shoulders, and other pork, prepared or preserved, 2 cents per pound; lard, 1 cent per pound; lard compounds and substitutes, 4 cents per pound.

H. R. 2667, which recently passed the House of Representatives, raises the duty on swine to 2 cents per pound; pork, fresh, chilled, or frozen, to 2½ cents per pound; bacon, hams, shoulders, and other pork, prepared or preserved, 3¼ cents per pound; lard, 3 cents per pound; lard compounds and lard substitutes, 5 cents per pound.

Duty ineffective: The present rates have practically no effect on the price of hogs and hog products in the United States. The proposed rates, although more than 100 per cent higher, are also destined to be of no benefit to the pork producer. Not only has the tariff failed to increase the American prices above those prevailing in Canada and Great Britain but the price of pork and, especially, lard has generally remained lower in the American than in the foreign markets. This is, of course, what may be expected in view of the fact that pork and lard are among our chief agricultural exports.

Pork on an export basis: The United States is by far the world's greatest exporter of pork and its products, while the United Kingdom is the largest importer. Next to the United States as exporting nations stand Denmark, the Netherlands, and Canada. Next to the United Kingdom as importers are Germany, Cuba, and Italy. Pork exports from the United States vary much more than lard exports. This is due to the fact that the per capita consumption of pork tends to vary with its relative price, while the consumption of lard is relatively stable.

Our exports of pork for the period 1922–1928 have averaged 578,000,000 pounds or 6.6 per cent of our total slaughter. Our lard exports for the same period have averaged 833,000,000 pounds or 33.5 per cent of our total slaughter. Due chiefly to the high price of beef, domestic consumption of pork has increased about 8 pounds per capita in 1928 over 1926. The per capita consumption of lard in the United States appears to remain steady around 15 pounds. At the same time, our pork exports declined to 3.6 per cent of our total slaughter. In the last three years there has been a tendency for imports of fresh pork, bacon, and hams to increase. However, these imports still constituted only about four-tenths of 1 per cent of our total slaughter during the period 1926–1928.

The 10 States having the largest number of swine are Iowa, Illinois, Missouri, Nebraska, Minnesota, Indiana, Ohio, South Dakota, Kansas, and Georgia. In 1928 the value of hogs on farms and elsewhere in the United States was $740,000,000, while the corresponding value of beef was $460,000,000 and of beef cattle $910,000,000.

The heavy domestic production of hogs, our large pork and lard exports, and the failure of the domestic price to stay above the foreign price all point to the conclusion that neither the present nor proposed duties on pork and pork products are of any substantial benefit to the hog producer. Inasmuch as these duties have practically no effect on prices, they do not increase the cost to the consumer.

SHEEP, LAMB, AND MUTTON

Increased duty ineffective: The present tariff on sheep is $2 per head; on fresh lamb, 4 cents per pound; on fresh mutton, 2½ cents per pound. The duties proposed in the bill which recently passed the House are $3 per head, 7 cents, and 5 cents per pound, respectively.

These changes will be practically of no benefit to the sheep producers.

Our imports of sheep and lambs come chiefly from Canada. They are equivalent to about 1 per cent of our annual production.

Imports and prices seasonal: While the tariff covers both sheep and lambs, the bulk of our slaughter consists of lambs. Lamb prices are subject to both cyclical and seasonal movements. The cyclical movements cover a period of approximately 10 years. They are due, among other factors, to changes in lamb production. The seasonal movement consists of a gradual rise in prices beginning about March. The peak is reached about June, from which point prices decline until about October. The relation between Chicago and Canadian lamb prices is not consistent. During the months of April, May, June, July, August, and September the two prices remain quite close together, Toronto generally being higher than Chicago. During this period the tariff is practically without effect; imports are small—about one-half of 1 per cent of our total slaughter.

During the months of October, November, December, January, February, and March, when lamb prices decline both in the United States and Canada, there is a tendency generally for Chicago prices to remain above Canadian prices. During this period Canadian imports are about double those of the summer period. The tariff has a tendency at this time to exclude Canadian sheep which might come in. Due, however, to the small volume of imports even at this period, less than 1 per cent of our production, it is difficult to estimate accurately the benefit due to the tariff at this season. It appears, however, that the benefit is equivalent to $1 per head.

Present duty effective as a wool duty: The lamb tariff must, however, be considered in relation to the present wool tariff of 31 cents per scoured pound. Since the fleece on the bodies of live sheep pays no tariff on "wool," the importer of live sheep really brings in from 2 to 3 pounds of wool without paying the wool duty. He could, therefore, afford to pay about 60 cents to $1 more per head in Canada, allowing for freight and other charges, than would be the case were wool in the free list. It may be said, therefore, that the duty on sheep and lambs is effective only as a wool tariff. This is substantiated by the fact that there is practically no benefit from the tariff on dressed lamb.

Substitution of pork: This points to the fact that at present this country raises practically all of the lamb and mutton which we consume. An increase in the tariff will probably shut out the few lambs which we now import. Since, however, lamb and mutton must compete for the consumer's dollar with other meats, notably pork, of which we have a large surplus over domestic needs, it is not likely that the prospective increase in the tariff will be of any appreciable benefit to the American sheep producer.

V. DAIRY PRODUCTS

Butter

Duty partially effective: The present tariff of 12 cents per pound on butter gives the butter producers of the United States $125,000,000 annually. It is proposed to raise the rate to 14 cents. This proposed increase will probably be futile because the present tendency of production is such that no tariff legislation can help the farmer increase the amount he is now receiving.

Under the present tariff of 12 cents the farmer is receiving a benefit of 6 cents per pound above the London or world market price. Hence, the tariff of 12 cents is not now fully effective. If the rate is raised to 14 cents, as proposed, it will have practically no effect. It will neither help the producer nor burden the consumer.

Butter production increasing: The reason for the relative ineffectiveness of the tariff is the increase in butter production in this country. The production in creamery butter in 1922 was 1,153,515,000 pounds; in 1928, 1,478,457,500 pounds; and is still on the upgrade. The total production of all grades of butter has risen from 1,824,609,000 pounds in 1922 to 2,075,000,000 pounds in 1928. So long as butter production continues to increase at the present rate the price of butter is likely to decline. Regardless of any upward revision in the tariff the farmers' benefit will probably decline to about 5 cents per pound or only $100,000,000 annually during the next few years.

Since the imports of butter are practically negligible, the tariff on butter is useless as a revenue measure but it does function, as intended, as a protective measure. It can protect against foreign competition but it can not protect the farmers from competition against one another when they increase their production.

Proposed increase in duty ineffective: Should the tendency to increase production continue indefinitely into the future, the American production will probably become so great that we will be unable to use the butter produced in the United States and become butter exporters. Should this situation develop the price of butter will decline to such an extent that the tariff will be of no benefit whatever to the producing farmers.

Of the 6,300,000 farmers in the United States about half produce butter. During the past few years the annual average benefit to each producing farm from this tariff was approximately $33. As noted above, this amount will probably decline in the next few years. Thus the proposed increased duty of 2 cents on butter is destined to be ineffective.

Milk and cream

The Fordney-McCumber Tariff Act of 1922 placed a duty of 20 cents per gallon on cream and 2½ cents per gallon on fresh milk. The proposed increase in the House bill to 48 cents on cream and 5 cents on fresh and sour milk will virtually exclude imports from Canada and thereby benefit the American producer.

Related to butter price: The prices of milk and cream are related to butter and cheese prices. When the tariff on butter practically stopped its importation, Canadian producers shipped in their milk and cream. These were manufacured into butter on this side of the border, thereby avoiding the butter tariff. This was possible because the duty of 2½ cents per gallon on fresh milk was equivalent to only about 7 cents per pound on butter; and the present cream duty is equivalent to about 6 cents on butter. The proposed rates, however, will be equivalent to the higher rates on butter and cheese.

Imports tend to depress price: The milk and cream now imported come from Ontario and Quebec and are consumed in Boston, New York, Philadelphia, and contiguous territory. The Canadian producers who ship to the United States are for the most part within an area of about 20 miles of the American border. These producers can ship either to Montreal and other Canadian cities or to New York and Boston, depending on the market. The markets and uses of milk and cream differ enough so as to necessitate independent analysis.

The American creameries receiving the Canadian milk convert about 60 per cent of it into butter and other dairy products. They pasteurize and ship the remaining 40 per cent into New York for fluid use. Most of this milk comes in over the present tariff chiefly during the period of heavy milk production—May to September—and tends to depress the domestic price. That which is manufactured into butter competes with the domestic milk available for this purpose and tends to affect this market.

The cream imported, on the other hand, is of more significance, though equivalent to only one-fifth of 1 per cent of our total production. Like milk, it is shipped into this country chiefly during the summer months. The New York price of cream has been about 25 cents per gallon above Montreal during the last two years, the differential varying between 14 cents in April, 1924, to 47 cents in December, 1927. It is practically impossible to measure the quantity of cream being kept out by the present duty of 20 cents.

Should the proposed duty of 48 cents become effective, however, it will probably entirely exclude imports from Canada. The total consumption of the New York and Boston markets will then be met by domestic producers. It appears that New England dairymen will not increase their production sufficiently to meet the demand. The price should, therefore, rise high enough to encourage the necessary shipments of 3,000,000 to 4,000,000 gallons annually from the mid-West. Since this will require the payment of an additional freight rate of 10 cents per gallon the price of cream will probably rise by this amount. This will aid the New England producers accordingly and will directly benefit the mid-West by increasing its market, and indirectly aid by raising butter prices. All dairymen will benefit to the extent that the domestic butter market will be strengthened.

Magnitude of benefits indeterminable: The magnitude of the benefit under the present and proposed tariffs is difficult to ascertain because of the smallness of the imports and the relatively unorganized state of the milk and cream markets. The fact, however, that imports will be entirely prohibited places upon domestic producers the responsibility of producing and marketing their products in such a manner as to insure themselves a good price. While in the past few years those imports have had merely a seasonal effect, at present their influence is spread throughout the year.

Whether the tariff on milk, cream, butter, and other dairy products can be made more effective depends entirely upon the extent to which domestic producers cease competing against one another and thus prevent decreases in the domestic price. Increasing production of dairy products at the present time, however, indicates that internal competition will keep prices of these products from going unduly high.

Cheese

Although many kinds of cheese are used in the United States, the tariff is significant only in relation to cheddar and American-made Swiss cheese. Other grades of cheese are noncompetitive with American production.

Duty ineffective on cheddar: The present tariff of "5 cents per pound, not less than 25 per cent ad valorem," on cheddar cheese is ineffective because we produce practically our entire consumption. Canada, our chief competitor, ships her cheese abroad. Only during the extraordinary depression of the London price in 1926–27 did Canada export appreciable quantities to the United States. The proposed increase in the tariff on cheddar cheese to "7 cents per pound, but not less than 35 per cent ad valorem," will probably be ineffective.

Duty partially effective on Swiss: The present duty on Swiss cheese of "7½ cents per pound, not less than 37½ per cent ad valorem," gave the American producers an average price of 7.7 cents above the Basel, Switzerland, price during the first 10 months of 1928. The average annual benefit amounts to about $1,650,000. Of this, Wisconsin gets 80 per cent, or $1,320,000. If the duty has been fully effective it would have made the differential of the domestic above the world price about 11½ cents (or 37½ per cent ad valorem) instead of 7.7 cents. The duty is therefore only 70 per cent effective.

Due to the fact that the Committee on Ways and Means did not differentiate between "Swiss" cheese and other cheeses in the proposed tariff act, H. R. 2667, the proposed duty on Swiss cheese is decreased to "7 cents per pound, but not less than 35 per cent ad valorem." This is such a small decrease as to be practically insignificant. The benefit to our producers will be about 7½ cents per pound under the proposed rate instead of the 7.7 cents now obtained under the present rate. The total annual benefit will be about $1,600,000 instead of $1,650,000, and the total annual cost to consumers will be about $2,790,000 instead of $2,860,000.

Casein

The present duty on casein is 2½ cents per pound and is left at that rate in the House bill. Representatives of the farmers ask that this duty be increased to 8 cents per pound. If granted, this increase will be of a very small indirect benefit to American milk producers.

Casein is made from skim milk. It is used chiefly in the manufacture of coated paper; and in smaller amounts for the production of insecticides, paints, medicines, textiles, and other products. The consumption in 1927 was 42,000,000 pounds, of which about 60 per cent was imported. The tariff of 1922 has already stimulated casein production in Wisconsin, Minnesota, and New York. The effect of the additional tariff would be to increase further the use of domestic skim milk for this purpose.

Possible benefit small: Since farmers usually sell their milk to the creameries and condensers at a contract price, the utilization of the skim milk would first benefit these plants. Should the tariff be put high enough to prohibit imports entirely these manufacturers would be able to use some of the skim milk now wasted and divert part of that now used for skim-milk powder and sold for hog feed. By doing this the increased tariff on casein would benefit the milk plants by about $2,500,000 annually. If the farmers are able to get an increased price in their milk contracts so that the entire amount would be passed back to them, it would be equivalent to about a half cent per hundred pounds of milk, or only four-tenths of 1 per cent of the total value of their milk. This is equivalent to only about 50 cents per farmer annually in the five chief milk-producing States.

VI. VEGETABLE OILS

Cottonseed oil

Duty ineffective: The present duty on cottonseed oil is 3 cents per pound and no increase is being proposed. Since the United States is on an export basis, the American price of cottonseed oil is determined in the world market, and the duty on this vegetable oil is practically without effect. The difference which generally exists between the Hull, England, price and the price at New York City in favor of the American price is very largely due to the superior grade of oil produced in the United States as compared to the Egyptian product quoted on the English market. This price differential, however, has rarely reached 3 cents per pound, the full amount of the duty.

Cottonseed oil ranks first among the vegetable oils in both consumption and production in the United States. In 1926 the output was 1,760,530,000 pounds, an amount equal to over half the vegetable oil annually consumed in this country.

The United States produces about 44 per cent of the world's output of cottonseed oil. Exports have declined greatly since the war even in the face of heavy production, due to increased domestic consumption. In 1914 exports totalled 216,000,000 pounds of oil, while in 1928 they equaled but 52,000,000 pounds.

Imports of cottonseed oil have decreased under the 3-cent duty from 9,458,000 pounds in 1920 to 394 pounds in 1927. Imports, compared to the domestic output, have always been inconsiderable in quantity and have consisted almost entirely of a very low-grade oil from the Far

East, which was used in soap making. Of the domestic output, about 1 per cent is used for this purpose, so consequently imports never really competed with the domestic oil.

The extremely short crop of cotton in 1922 greatly reduced the United States exports of cottonseed oil and tended to increase the world price of this oil. European countries chose to shift their purchases to the cheaper oriental crude oils rather than buy the more expensive United States refined cottonseed oil. (Soy-bean oil appears to be more acceptable as a food oil in European than in American markets.)

The United States has lost the European market because of this shift in demand and now exports its annual surplus chiefly to Canada, Mexico, and Cuba.

Coconut oil

Source of supply shifted—Duty ineffective: The effect of the present duty of 2 cents per pound on coconut oil has been to change the source of supply of crude oil rather than to raise its price. The duty has brought about a shift in the source of our imports from other countries to the Philippine Islands, who are allowed to export to us free of duty. The result of this shift has been a decided handicap on soap manufacturers who had built up a business on the cold process of soap making—a process for which the Cochin and Ceylon oils formerly imported are suitable but to which the Philippine oil is not.

In 1914 the imports from the Philippines were 62,200,000 pounds and from other countries 31,700,000 pounds. In 1926 imports from the Philippines equaled 245,100,000 pounds, while from other countries they amounted to but 300,000 pounds. In the meantime the quantity of oil produced in this country from imported copra (which is partially dried coconut) increased from 38,100,000 to 255,000,000 pounds.

Use for oleomargarine increasing: Coconut oil is to-day the chief oil used in the manufacture of oleomargarine, a substitute for butter. In 1918, 62,000,000 pounds of coconut oil were used in connection with 107,000,000 pounds of oleo fats and 46,000,000 pounds of natural lard to make 327,000,000 pounds of oleomargarine. In 1928, 141,000,000 pounds of coconut oil were used in connection with 51,000,000 pounds of oleo fats and 25,000,000 pounds of natural lard to make 307,000,000 pounds of oleomargarine.

The present tariff bill proposed to continue the duty at 2 cents per pound. As long as coconut oil and copra from the Philippines are allowed to come in duty free, the sole effect of the duty will be to shift the source of our imports to the Philippines without increasing the domestic price of coconut oil.

Olive oil

Duty effective: The present duty of 6½ to 7½ cents per pound on olive oil is effective to the full amount of the tariff. In 1925 six-tenths of 1 per cent of domestic consumption consisted of domestic oil, so the consumers paid the average duty of about 7 cents per pound on the 99.4 per cent imports and six-tenths per cent on domestic production.

Olive oil is a relatively unimportant by-product of the domestic industry, and the output in 1925 was actually less than in any year since 1920. Olive growers carry on their industry for the fruit primarily, and their prosperity is not substantially affected by the price of olive oil.

After the duty was raised in 1921 and 1922 imports of olive oil actually increased from 30,000,000 pounds in 1920 to 90,000,000 pounds in 1925, but since 1925 imports have decreased to 83,000,000 pounds in 1928. Under the olive-oil duty revenue receipts increased from $975,825 in 1920 to $6,217,547 in 1925.

Cost to consumers far exceeds farmers' benefit: It is proposed to increase the duty to 6½ cents and 8½ cents per pound. American consumers will continue to bear the burden of about 7 cents per pound on the total consumption of about 84,000,000 pounds of olive oil in order to give California olive growers a benefit of this amount on the domestic production of about 1,000,000 pounds. The consumer pays over $6,000,000 in direct tariff increases; the producer gains $70,000. Thus, it is virtually a revenue and not a protective tariff.

Peanut oil

Duty effective on higher grades: The present duty of 4 cents per pound on peanut oil is fully effective on the higher grades, but since domestic production is principally of the poorer grades domestic producers do not get the full 4-cent benefit. The new tariff bill provides for continuance of the present duty of 4 cents per pound. The present duty is sufficient, since at no time has the differential of the domestic above foreign prices exceeded the 4-cent duty.

The average benefit on the entire crop received by producers from the peanut-oil duty averaged about 2 cents per pound for the period 1923 to 1927. The total annual benefit on the average yearly production of 9,000,000 pounds amounts to $180,000.

Imports decreasing: The peanut-oil duty has been effective in decreasing imports of peanut oil. In 1920 imports constituted approximately 90 per cent of our domestic consumption. In 1927 imports comprised but 17 per cent of our domestic consumption. At the same time our domestic production has decreased by about 25 per cent, so our total domestic consumption decreased from 107,000,000 pounds in 1920 to about 13,000,000 pounds in 1927. The increased cost of peanut oil brought about by the tariff has greatly lessened its use as a soap oil and decreased our total yearly consumption. In 1927 nearly half our total consumption of peanut oil was used in the production of oleomargarine.

Domestic peanut oil is nearly altogether a salvage product made from culls and spoiled peanuts and marketed primarily as a soap oil.

Soy-bean oil

Duty effective: The present duty of 2½ cents per pound on soy-bean oil is effective in increasing the difference of domestic above foreign prices by the full amount of the tariff. It is proposed to increase the duty to 5 cents per pound. This increase will probably be fully effective, since the duty on linseed oil, the present chief competing product of soy-bean oil as a drying oil, has just recently been increased by presidential proclamation from 3.3 cents to 4.16 cents per pound, thereby increasing the price of linseed oil. These two oils, soy bean and linseed, maintain a definite price relationship as drying oils, and increasing the price of linseed oil by increasing the duty permits the duty on soy-bean oil to be increased to 5 cents per pound without causing a substitution of linseed oil for soy-bean oil.

The soy-bean oil tariff has not brought about the development of a domestic soy-bean oil industry. It has brought about the practical discontinuance of this oil as a soap and food oil.

The average benefit received from the tariff on soy-bean oil amounts to 2½ cents per pound for an annual domestic production, which in 1927 and 1928 equaled approximately 3,000,000 pounds. Hence the total annual benefits amount to $75,000.

A salvage product: Soy-bean oil is a relatively unimportant by-product in the United States, soy beans being grown primarily as a forage crop and for introducing nitrogen into the soil. Only those beans which are unfit for planting are used in making the oil. Soy-bean oil is, therefore, a salvage product which is made from what would normally be a waste product but which has been put to a productive use.

Of the soy-bean oil consumed in the United States, less than one-third is of domestic origin. Imports might be excluded by increasing the duty and the price of domestic oil raised to a point where farmers would find it profitable to grow soy beans directly for the oil. Too great an increase in the duty, however, might so increase the price of soy-bean oil as to lead to the practical discontinuance of its use as a drying oil, just as the present duty has led to the near discontinuance of its use as a soap and feed oil.

EXHIBIT

TABLE I.—*Summary of present and proposed duties on specified agricultural commodities*

Commodity	Present duty	Duty proposed in H. R. 2667[1]
Barley	15 cents per bushel	20 cents per bushel.
Beef	1½ cents, 2 cents, 3 cents per pound.	2 cents, 2½ cents, 6 cents per pound.
Blackstrap molasses	⅛ cent per gallon	⅛ cent per gallon.
Buckwheat	10 cents per hundredweight	25 cents per hundredweight.
Butter	12 cents per pound	14 cents per pound.
Casein	2½ cents per pound	2½ cents per pound.
Cheese	5 cents per pound or 25 per cent.	7 cents per pound or 35 per cent.
Cocoanut oil	2 cents per pound	2 cents per pound.
Corn	15 cents per bushel	25 cents per bushel.
Cotton	Free	Free.
Cottonseed oil	3 cents per pound	3 cents per pound.
Eggs—dried, frozen	8 cents per dozen, 6 cents and 18 cents per pound.	10 cents per dozen, 8 cents and 18 cents per pound.
Flaxseed	40 cents per bushel	63 cents per bushel.
Jute	Free	Free.
Milk and cream	2½ cents and 20 cents per gallon.	5 cents and 48 cents per gallon.
Oats	15 cents per bushel	15 cents per bushel.
Olive oil	6½ cents and 7½ cents per pound.	6½ cents and 8½ cents per pound.
Peanut oil	4 cents per pound	4 cents per pound.
Pork	½ cent to 4 cents per pound	2 cents to 5 cents per pound
Rye	15 cents per bushel	15 cents per bushel.
Sheep, lamb, mutton	$2 per head, 4 cents and 2½ cents per pound.	$3 per head, 7 cents and 5 cents per pound.
Soy-bean oil	2½ cents per pound	5 cents per pound.
Sugar	1.7648 cents per pound	2.4 cents per pound.
Wheat	42 cents per bushel	42 cents per bushel.
Wool	31 cents per pound	34 cents per pound.

[1] House bill, H. R. 2667 was passed by the House of Representatives on May 29, 1929.

TABLE IV.—*Population in the United States, total and farm, 1922–1928*

Year	Total[1]	Farm[2]
1922	109,893,003	30,200,000
1923	111,693,474	29,800,000
1924	113,727,432	29,400,000
1925	115,378,094	28,981,668
1926	117,136,000	28,502,000
1927	118,628,000	27,853,000
1928	120,013,000	27,690,000
Average	115,209,857	28,919,381

[1] Source: Statistical Abstract of the United States, 1928, p. 3.

[2] Source: United States Department of Agriculture, "The Agricultural Situation," April, 1929. All figures are as of Jan. 1 of year specified. The estimate as of Jan. 1, 1929, was 27,511,000.

Mr. SACKETT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. I yield.

Mr. SACKETT. Does the Senator from Georgia agree with the conclusions to which those professors have come?

Mr. GEORGE. Yes; in the main I do.

Mr. SACKETT. The Senator sat through all the hearings on the Finance Committee and has heard the various schedules discussed. Does the Senator know of any case where an increase of tariff rates in the agricultural schedule has been recommended by the Senate committee that was not asked for by representatives of the farmers?

Mr. GEORGE. I was not on the subcommittee of the Finance Committee which considered the agricultural schedule, but I am going to assume that all the increases were asked for.

Mr. SACKETT. And they were all backed up by statements made——

Mr. GEORGE. By some farm representative.

Mr. SACKETT. By the ones who came before the Finance Committee.

Mr. GEORGE. As I have stated, I did not hear the discussion of the agricultural schedule.

Mr. SACKETT. The Senator would not want to say, would he, that in granting increases in the agricultural schedule the Republican members of the Finance Committee had simply granted paper increases or had offered paper increases and that it was done with malice aforethought, to fool the farmer, after the farmers' representatives had asked for them and had made their representations?

Mr. GEORGE. The chairman of the Finance Committee, in the report from which the distinguished Senator from Mississippi [Mr. HARRISON] read, stated that they were paper raises; that they were fictitious raises; and that led to quite a lengthy discussion, which the Senator from Kentucky heard, but, notwithstanding the fact that the farmers have asked for increased duties upon agricultural products, I have no hesitancy in saying that many of them will be entirely ineffective, and it is known they will be ineffective by every member of the committee, in my judgment.

Mr. SACKETT. Then, does the Senator think the agricultural rates in the bill should be reduced?

Mr. GEORGE. It will be entirely immaterial whether some of them are reduced, because some of them will be ineffective.

Mr. BROOKHART. Mr. President——

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

Mr. GEORGE. I yield to the Senator.

Mr. BROOKHART. I should like to call the attention of the Senator from Georgia to the fact that the Finance Committee expects to make all of these raises effective by a debenture plan to the extent of three hundred or four hundred million dollars a year, so that the surplus may be purchased and thereby the farmers may get a better price for their products.

Mr. GEORGE. It could be thus made effective, Mr. President, but I am sorry that that proposition does not seem to be the approved view of the members of the Finance Committee.

However, I am going to remind Senators of this: There is not any need of saying that we have given farm relief when we have framed what we know to be purely paper schedules. Such action can not accomplish anything even if farm leaders have asked for the increased rates. Our highest duty is to be frank with ourselves and frank with the people of the country. I am perfectly willing to say that the Finance Committee is not open to criticism merely because it has granted increased rates upon many products, although there is a serious doubt whether such increases will be even partially effective in some cases—I might say in many cases—because I think that whatever tariff formula is adopted and adhered to by the Republicans or the Democrats or by any group holding differing political opinion in this country, that formula ought to be most liberally construed in favor of agricultural products at this time and that the farmers and their representatives should have recognition given to their views and wishes just so far as it can be done. However, I am going to now say to the Senator from Kentucky and to all Senators on the other side of the Chamber that giving due consideration to certain well-known factors the whole farm problem is this: We have so advanced the cost levels in the United States that the farmer can not sell his products at the level of the world's price, if I may express it in that way, at a profit.

Mr. BLAINE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Wisconsin?

Mr. GEORGE. I yield to the Senator.

Mr. BLAINE. If the Senator from Georgia will permit an interruption, I desire to call his attention to the fact that farm machinery is on the free list. I also desire to call to his attention the fact that the rates in the metal schedule place a burden upon the farmer because of the increased cost of machinery of not less than $100,000,000 a year; and I propose to demonstrate that fact beyond any doubt before the debate on the tariff bill shall have been closed.

Furthermore, the tariff rates under the steel schedule have increased the operating expenses of the railroads of this country per annum by half a billion dollars, the result of which has been to increase the freight rates, and such increased freight rates have depreciated the price of farm products. Therein, in my opinion, lies the difficulty with the tariff question so far as it relates to the farmer.

Mr. GEORGE. I thank the Senator for his suggestion; but I do not want to go into that field of tariff discussion to-day. There will be other days when we will be compelled to make such unhappy excursions into the various ramifications of the bill; but what I am saying—and I am saying it seriously—that the farm problem in so far as there is a farm problem not brought about by more or less temporary factors, is simply this: That we have so advanced the cost levels in the United States that the farmer can not sell at a profit his products at the world price level.

How have we advanced his cost levels? I do not say that the tariff is entirely responsible for the advanced cost levels, but I do say that it is partially and even chiefly responsible. I do not believe that any serious-thinking man will deny that statement.

There may be many contributing causes; there are various causes contributing to the raising of general cost levels in the United States, but the tariff is one of the chief contributing causes. There is not a doubt about that, for to assert the contrary is to admit the utter worthlessness of the tariff, is to abandon the home-market argument and the scale of living and the general conditions of labor in the United States. Of course, the tariff has advanced cost levels.

The Democratic Party has always said, and yet says, that the solution of the problem is not in the giving of tariff rates to the farmer, though in so far as we can give him effective rates or partially effective rates, we should make those rates just as liberal as we can possibly make them, but that we should be consistent and square our action with honesty of purpose. That is not only the Democratic position, it is the position of the eminent economists, Republicans, every one of them, so I am advised. Certainly they accept the protective principle. But not only is it the opinion of these gentlemen, but it was the opinion of Alexander Hamilton himself, who gave to the country the protective policy. Let me remind the distinguished chairman of the committee that Mr. Hamilton's famous report was on manufactures, not on agriculture; indeed, it had nothing to do with agriculture. His report was for the single purpose of building up industry in a predominantly agricultural country.

To the extent that we raise the weighted average, the direct percentage average, or what not, of the industrial schedules above the agricultural schedules, conceding every one of the rates on agricultural products to be fully effective, to that extent we accentuate the farm problem; to that extent we add to the burden of the farmer; to that extent we magnify and make more malignant the real farm problem in the United States.

Mr. President, the tariff can not apply to agricultural products when such products are on an export basis, when the great bulk of the products, or even a considerable per cent of them must be exported. There is not a serious-minded man on the other side of the aisle who will controvert that statement. Would a tariff duty on cotton do us any good when we are exporting 60 per cent, say, of our raw cotton every year? The Members of the Senate know it would not. I have never asked for such a duty.

We have been given a tariff rate on peanuts. I happen to grow them, and I myself asked for the duty. It is no indication, let me say to my friend from Kentucky, that a rate on an agricultural product is effective merely because a farmer asks for it. I am a farmer, and I went before the Tariff Commission and asked that the tariff duty on peanuts be raised, and the Tariff Commission raised it. Now let me tell the Senator what happened.

Mr. SACKETT. Mr. President, will the Senator tell me, then, why he asked for it?

Mr. GEORGE. I thought it might be effective. The tariff generally had been effective in the case of manufactured commodities and the farmers who grew peanuts, in their despera-

tion, were willing to try anything. So I asked for the increased duty. Now, let me tell the Senator what happened. The Tariff Commission granted us an increase in the duty on peanuts, but since that good day peanuts—I am speaking now of the Spanish nut grown in the Southeast and not of the big jumbo nut grown in Virginia and the Carolinas—have sold on the market for less than the actual duty. In other words, the duty under the recommendation of the Tariff Commission, which had the approval of President Coolidge, in February of this year, I believe, amounts to more than $80 a ton, and yet in Georgia we are to-day selling our Spanish nuts of the No. 1 grade for less than $70 a ton.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. GEORGE. I will.

Mr. REED. At the time the Senator asked for the increase were nuts being brought in from abroad?

Mr. GEORGE. They were.

Mr. REED. After the increase were nuts brought in?

Mr. GEORGE. No; I do not think so.

Mr. REED. Naturally they would not be if they sold for less than the amount of the duty.

Mr. GEORGE. That is true.

Mr. REED. The tariff was effective, then, to that extent, was it not?

Mr. GEORGE. No. Let me say to the Senator it was just another case where the honest farmer was misled by Republican propaganda.

Mr. REED. Oh, no——

Mr. GEORGE. Let me answer, and when I explain I think the Senator will see the point.

Some peanuts were being brought in, but they happened to be chiefly, at least, the big peanuts grown in North Carolina and Virginia. They were not the nuts known as the Spanish nut. There were some importations, as I think, of Spanish nuts; and to the extent that the tariff might have been effective in excluding the Spanish nut it might be said that there was some indirect benefit to the farmer in that way, but not in price.

Mr. REED. And to the extent that the large nuts were kept out, just to that extent was so much competition removed from the growers of the large nuts in Virginia?

Mr. GEORGE. I can not say what happened to their prices, because we do not grow those nuts.

Mr. REED. I am not asking about the prices.

Mr. GEORGE. It so happens that the large nuts and the small nuts are not competitive.

Mr. REED. I understand. I am not asking about the prices of the large ones; but it must be perfectly obvious that it was a benefit to the growers of the kind of nut that had been coming in if the result of this action was that those nuts no longer came in.

Mr. GEORGE. I can not answer as to the big nuts. I am answering as to the Spanish nuts.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. I do.

Mr. BARKLEY. As I understand the Senator, by shutting out altogether the little nuts, and by restricting the big nuts, you got your price down from $80 to $70?

Mr. GEORGE. Yes; we finally succeeded in getting it down to $70. It is not quite $70 now; it is just a little under $70. It is between $65 and $70; but that is how the tariff operates.

Mr. SMOOT. Then it can not operate both ways, can it? The other Senator has just claimed that this bill is going to cost the country billions of dollars—billions of dollars.

Mr. GEORGE. I am not talking about how it operates on other products.

Mr. SMOOT. The Senator says that in this case the tariff has not done a particle of good, because the product is selling for less than the tariff rate; so that it can not work both ways.

Mr. GEORGE. Oh, no, Mr. President! I reminded the Senator that Mr. Hamilton's famous report was on manufactures, and the tariff will work on manufactures; but it does not work on agricultural products as a general proposition. There are exceptions to the statement, and I have fairly put them in in the language of the three University of Wisconsin professors.

I put in their arguments so that you may read their arguments; but I am proceeding to say on my own judgment that where the farm product is on an export basis, as in the case of cotton, you can not get any benefit from the tariff, of course; and where the farm product is on an export basis, as in the case of wheat, you can not get any benefit except upon that limited percentage of the crop which is not of the general quality—that is, the high-protein content which is represented roundly, as the Senator from Montana said, by some sixteen or eighteen millions out of the average annual production.

Mr. SACKETT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. Let me finish this statement, and then I will yield to the Senator.

Mr. SACKETT. I desire to ask a serious question, if I may.

Mr. GEORGE. I am talking seriously.

Mr. SACKETT. I know the Senator is, and that is the reason why I desire to ask a serious question.

We have studied this bill for a long time. We have tried to draw a bill that would help agriculture. The Senator is a farmer; and I desire to ask, in all fairness, whether the Senator has any suggestions for any increases in the tariff on farm products that would help the farmer at all over what appears in the bill at the present time?

Mr. GEORGE. Mr. President, I am getting to that as fast as I can. There may be some products on which the rates can be made more effective, and there may be a way by which the farmer can be helped; but what I am saying to the Senator is that you never can help the farmer by elevating cost levels in the United States higher and higher above the price level at which he sells his product; and if the tariff can not be made effective in raising the price levels of farm products, then you are not going to solve the farm problem by your tariff legislation, unless you apply the principle of the export debenture.

Mr. SACKETT. The Senator feels that we have gone as far as we can go with the tariff alone in giving help to the farmer, practically speaking?

Mr. GEORGE. With the exception of the rates upon some minor products which might be further increased, and with the all-important exception that you will help the farmer if you will reduce—I do not mean radically, to the destruction of industry in America—if you will provide for the gradual, sensible, and just reduction of industrial rates, thereby bringing the cost level of industrial products more in line with agricultural prices, which, in large measure, are world prices.

Mr. SACKETT. That is another question on which I take an entirely different view from the Senator; but I do not desire to go into that feature now. I simply desire to ask if there are any helpful suggestions for agricultural rates that the Senator can offer?

Mr. GEORGE. I did not intend to go into the subject further at this time; but let me ask the Senator if he voted for the McMaster resolution?

Mr. SACKETT. I really can not remember whether I did or not.

Mr. GEORGE. The McMaster resolution embodies the philosophy of what I am now trying to say—that there should be not only a liberal construction of whatever tariff policy is adopted in behalf of adequate rates on agricultural products, but also a needed, sensible, just reduction of the rates on industrial products so as to bring the cost levels of those products more in alignment with agricultural price levels. Certainly industrial rates should not be generally raised.

Mr. SACKETT. I can not say to the Senator whether I voted for that resolution or not. I can not remember at this time; but my philosophy of the tariff is on a different basis, namely, to give such protection to industry as will enable a scale of living that will permit the purchase of all the agricultural products that the people can use.

Mr. GEORGE. Well, they are purchasing them all now, Mr. President.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Montana?

Mr. GEORGE. Yes; I yield to the Senator.

Mr. WALSH of Montana. With great seriousness and great earnestness the Senator from Kentucky addressed a question to the Senator from Georgia as to whether he could make any suggestions as to what additional thing might be done for the farmer in connection with the tariff. I feel justified in speaking on behalf of the farmer, my State being a great agricultural State; and I desire to say that, so far as I have been able to gather, the complaint of the farmer with respect to the pending bill is not so much that the rates on agricultural products are not high enough—most or many of them, at least, being wholly or partially ineffective, as has been stated—but that the rates on other products of industry, manufactures and others, have been raised so high that whatever benefit the farmer gets from the duties on agricultural products is more than offset by the advanced duties upon the things he must buy. The trouble, as indicated by the Senator from Georgia, is that the price of things the farmer must buy has been elevated so high that the pur-

chasing power of his products now is no greater than from 70 to 75 per cent of what it was prior to 1914.

So I should like to answer the Senator from Kentucky by saying that there are many things that might be done by the Senate for the benefit of the farmer in connection with the tariff; but they would all be in the reduction of the high duties now exacted rather than in the increase of duties on agricultural products, largely paper duties.

Mr. SACKETT. That is the other side of the question, if the Senator pleases. I wanted to make sure that there were no suggestions to be made of necessary increases in duties on farm products.

Mr. BORAH. Mr. President, there will be before the debate is over.

Mr. SACKETT. I am trying to find out what they are.

Mr. McMASTER. Mr. President, just a moment.

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

Mr. McMASTER. I understood the Senator from Kentucky to say that the increases that were granted to the farmers were made at their request. Were all the increases that the farmers asked for granted?

Mr. SACKETT. I do not think in every case the entire rate was granted, but a very large percentage of it was granted.

Mr. McMASTER. The Farm Bureau, as I understand, have a letter in to-day——

Mr. SACKETT. Yes; that letter has just been read.

Mr. McMASTER. Showing that the requests that were made were not granted.

Mr. SACKETT. And I asked the Senator from Georgia if he thought that by increasing those rates we could help the farmer; but I think he said we could not.

Mr. SMOOT. Mr. President, may I ask the Senator from South Dakota whether he has read the letter of the farm organization?

Mr. McMASTER. I have just glanced through it.

Mr. SMOOT. Does the Senator approve of it?

Mr. McMASTER. I have not had a chance to go through all of it. I think it just came out to-day.

Mr. SMOOT. September 8.

Mr. McMASTER. They complain of the fact that the farm organizations appeared before the committee and made certain requests, and those requests were denied. So far as that complaint was made in 1922, in connection with the passage of the tariff act of that year, that complaint was justified. They did make requests in 1922 which were denied; and I was wondering how far that procedure had taken place during the consideration of the present tariff bill.

Mr. SMOOT. I will say to the Senator that some of the requests have not been incorporated in the present tariff bill; but every request that was made in 1922 was incorporated in that bill.

Mr. McMASTER. O Mr. President, that matter has been argued out here on the floor of the Senate. The record on that subject has been quoted time and time again.

Mr. SMOOT. Mr. President, I was a member of the committee, and the junior Senator from Idaho, Mr. Gooding, together with one or two other Senators, handed me a schedule of rates; and I say to the Senator that every one of the rates handed to me by the junior Senator from Idaho, speaking then for the farm bloc, so called, was put into the act of 1922.

Mr. McMASTER. Mr. President, of course, the Senator from Utah remembers that in 1922, for example, the farmers were asking for a duty of 12 cents a pound on butter. Then they went before the Senator's committee, the Finance Committee, and asked for 10 cents; and the Senator himself made the statement before these representatives of the farm organizations that they were not deserving of 10 cents a pound, and he gave them 8 cents. That is the record. That is the testimony of the Senator himself that he gave before the committee.

Mr. SMOOT. I never gave any testimony before the committee. I was a member of the committee, but I never gave any testimony before it; and I will say to the Senator that I never made any such statement. I now say again that in the act of 1922 the farmers' rates were handed to the committee by the junior Senator from Idaho, Mr. Gooding, and every rate finally requested was put into the bill.

Mr. GEORGE. Mr. President, let me proceed just a moment, and then I will yield the floor.

I am not able at this moment, nor is this the time, to point out specifically what I think might be of benefit to the farmers in the bill, and I am not undertaking to do that. That is not within the scope of what I am trying to say, nor am I contending that the tariff may not be helpful to some agricultural products. I am trying to deal fairly with the question, and offer Republican evidence concerning the products on which the tariff may be either partially effective or wholly effective, and I put that evidence in the RECORD.

There might be other products not yet canvassed by this distinguished board of professors that could receive either a partially or a wholly effective tariff treatment. I am not prepared to say that that is not true, nor am I prepared to say that higher rates on some farm products, such as the farm representatives have asked and have been denied, might not be helpful to them. I am prepared to say, however, and it is the position that the Democratic Party has taken, as I understand, from the first, that the real farm problem is indicated by the advanced cost levels, primarily by virtue of the tariff and the operation of the tariff on manufactured articles, at which the farmer must produce, while he is compelled to sell his products at world price levels or at something very near the level of world prices.

Mr. BLAINE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Wisconsin?

Mr. GEORGE. I yield to the Senator.

Mr. BLAINE. I do not like to interrupt the Senator, but I am sure he would be interested in a very brief declaration that has been made by the real farmers of the United States directly in harmony with what the Senator has been endeavoring to demonstrate this afternoon, and with his permission I will read it; it is only 13 or 14 lines.

This communication is dated St. Paul, Minn., August 31, 1929, at which time and place a conference was held by representatives of the Minnesota Farm Bureau, the Land O'Lakes Creameries (Inc.), probably the largest dairy cooperative organization in the United States, the Central Cooperative Association, and the Twin City Milk Producers Association. At that conference they said these words:

> The special session of the Congress was called for the particular purpose of granting to agriculture tariff equality with industry. The Congress has thus far lost sight of or disregarded this fact. It has so readjusted industrial tariff rates as to make the inequality between industry and agriculture greater than ever before. The proposed tariff schedules are, therefore, absolutely unsatisfactory to agriculture.

Addressed to all the Senators, they say:

> We demand that you exercise every effort to limit the action of the Congress to the purpose for which the session was called, and that unless the tariff readjustments made by the Congress are confined to agricultural products no changes be made in the present tariff schedules.

Mr. GEORGE. Mr. President, I thank the Senator from Wisconsin, and I believe that the statement read by him from these representative groups of farmers will be found to more accurately express the farm sentiment of this country, after this bill has been disposed of, than some of our friends are inclined now to think. There can be no doubt about it, it would be better to have no tariff legislation, so far as the farmer is concerned, than to leave him relatively in position where the price level of his product and the cost level of producing that product and all his living expenses have been still further widened in the interest of the industrial group.

Nobody wants to defeat the effort of the majority party to enact a tariff, if the tariff is fair and just, but when the Congress is called specifically to deal with farm relief through the enactment of general legislation and limited revision of the tariff, it would, indeed, be supreme irony if the differences now existing between agricultural prices and industrial prices were further widened, and I do not see why anyone is not entirely justified in believing that he is discharging the highest duty to the American farmer and to the American people in endeavoring to defeat a bill of that character.

If our friends on the other side persist in retaining rates in the general industrial schedules as distinguished from the agricultural, which will certainly widen that disparity, then they must take the responsibility.

I was saying that you can not make the tariff effective upon an agricultural product which is definitely on an export basis. You can not make it effective upon an agricultural product not on an export basis in many instances for the reason that the farm product is grown by such widely scattered producing units—units which, under the sternest economic necessity, must sell the product the moment it is ready for the market—so that it makes little difference about the tariff wall. Unless it really is an embargo tariff the product can not get much of a benefit out of it.

Let me say to my friends who are doing me the honor to listen attentively to what I say, there is some reason in the farmer's request for an absolute embargo, if you are going to give him relief, and if you are going to deny him relief except through tariff legislation, because his product is produced by

widely scattered, independent producing units. He labors under the hardest economic necessity known to American producers to-day. There is no doubt about that. You have admitted the premise in the passage of the general farm relief bill, for which I believe pretty nearly everybody in the Senate voted.

Therefore, there is some reason, when the farm group comes asking for a tariff that seems unreasonably high, measured by the rates of duty that would ordinarily be given to an industrial producer, for the reason that the whole economics of agriculture are different from the economics of manufacturing; for the reason that the farmer can not control or regulate his production; for the reason that he can not speed up or retard by a single minute of the 365 days of the year his production; and, above all, for the additional reason that he has been so hard pressed as a producer that when he gets his product ready for the market he must sell, and any possible advantage which the organized buyer has against the disorganized seller in this condition can be used to beat down his price regardless of the tariff, unless the tariff, where it can be made effective upon the farm product, is so high as to seem to you and to myself much like an embargo tariff. Therefore, there ought to be a reasonable degree of sympathy with the farmers' representatives when they come asking for a rate upon farm products which would be exceedingly hard indeed to justify judged by any standard of protection or by any formula applied by anyone holding to the protective doctrine.

I said that there was a difference between the economics of agriculture and of manufacturing. You can not apply the principle of mass production in agriculture, for instance, except in a very limited field. It is not within the range of possibilities. You can not hope, through mass production of agricultural products, to bring about a reduction in the per unit cost of those products, except in a very limited field. I am speaking generally, admitting that there may be some exceptions. The economics of the two systems are vitally different, and I said a while ago that Mr. Hamilton recognized it. Let me read what he said in his report on manufactures. I am reading from a newspaper, but I have verified the extracts by going back to the authentic text. He said, referring to protective duties:

> Duties of this nature [protective] evidently amount to a virtual bounty on the domestic fabrics; since, by enhancing the charges on foreign articles, they enable the national manufacturers to undersell all their foreign competitors.

He is now speaking about manufactures. He goes on to point out the difference between the producer for the country market, and the producer, like the farmer, for a world market. Listen to what he said:

> It can not escape notice that a duty upon the importation of an article can not otherwise aid the domestic production of it than by giving the latter greater advantages in the home market. It can have no influence upon the advantageous sale of the article produced in foreign markets—no tendency, therefore, to promote its exportation.

I quote further from Mr. Hamilton:

> The true way to conciliate these two interests is to lay a duty on foreign manufacture of the material, the growth of which is desired to be encouraged, and to apply the produce of that duty, by way of bounty, either upon the production of the material itself, or upon its manufacture at home or upon both. In this disposition of the thing the manufacturer commences his enterprise upon every advantage which is attainable as to quantity or price of the raw material, and the farmer, if the bounty be immediately to him, is enabled by it to enter into a successful competition with the foreign material.

Further he said:

> As often as a duty upon a foreign article makes an addition to its price it causes an extra expense to the community for the benefit of the domestic manufacturer. A bounty does no more. But it is the interest of the society in each case to submit to the temporary expense, which is more than compensated by an increase of industry and wealth by an augmentation of resources and independence and by the circumstance of eventual cheapness.

Which, as I understand it, is the true and logical basis upon which those who believe in the high-protective tariff place themselves.

But in this report Mr. Hamilton, in other sections, clearly indicates that what he was driving for, what he purposed, was to encourage and make possible manufacturing in a predominantly agricultural community or country, in a country where agriculture had all of the advantage, and, according to Mr. Hamilton's view, at least, whether we accept it wholly or not, a country in which manufacturing without temporary protection could not relatively gain such an advantage as would enable it to become a real factor in the general commercial life of the country.

Those of us who came here at the last session and said, by our vote, that we proposed to make the tariff at least half effective by the debenture, believed exactly what I am saying here now, that on the great agricultural products, like cotton and corn and wheat, the great staple crops, you can give but little direct benefit. I do not say that there may not be some indirect benefits; I am not arguing about the home market, about the demand for agricultural products. I am not entering into that phase of the controversial questions which have arisen over a tariff. I am saying that, so far as direct benefit to the major agricultural crops of the country is concerned, you can not give it through the tariff system, or directly by the application of the tariff principle, unless you are willing to accept the principle in the export debenture plan as often and as loudly as that principle was denounced before the recess of the Congress. I am not going to argue its soundness; I am simply pointing out what I believe to be the fact.

Now, I am going to say another thing to our western brethren. We in the South who have always been farmers, although we are becoming more of industrialists, have always known that the farmer, inasmuch as he was a general consumer, bore the burdens of the protective system.

If we got benefits back and if they were as great as the burdens, all good and well. If they were greater than the burdens, then you have been right and we have been wrong. But we have grown poorer and poorer on the farm until you admit our case and vote $500,000,000 out of the Treasury to try to relieve our condition. Whoever is right, down there we, who were primarily farmers, have known that we were bearing the burdens of the protective system. But if we were so blind as not to see what you contended to be the truth, that we were receiving greater indirect benefits, then we are much better off than we thought we were. But if we were right, our western farmers might as well know that they will get no direct relief through the operation of the tariff on their products, but they will get it on a few minor crops—minor measured by the total crops grown by the whole farm population engaged in the production of all crops, I mean. They will get it on a few commodities or products, but the bulk of the farming population will continue to bear the burdens.

Let me remind our western friends and the farm leaders, as I think, what they are doing. To the extent that you can make more effective tariff duties on farm products, to the extent that you can make them more effective or completely effective on a limited number of products, you are sending up additional burdens to fall back upon those farmers whose products can not be protected. I say to my friends from the West without the slightest hesitation that they are adding to the burdens of their brethren in the South. I am not making a threat, far from it, but I say that you will do what long ago we ought to have done if you can make your high rates entirely effective on many of your commodities. You will drive us into the production of all of those commodities and you will lose more of your home market than you will gain through the direct benefits of the tariff on your products.

This is not a sectional bill except that nearly everything the South had in it has been eliminated. It is sectional only in the sense that some of my good friends plowed through the bill and where they found something that was being produced in the South they took the duty off or reduced it.

If I were to suggest that it was consciously sectional, my remarks would be received as an affront; and yet if there were in the whole schedule items which were predominantly the product of some Southern or Southeastern State, the duties were omitted or reduced. I said there was no such intentional conduct upon the part of my friends on the other side of the aisle, but it does not make much difference to us when we are shot whether you intended to hit us or whether you hit us by accident. I am just making the general suggestions to my western brethren. I am not mentioning kaolin at this time, because the distinguished Senator from New Jersey [Mr. EDGE] is present, and later we will have to discuss that more at length.

What are you giving us in the South? I am addressing this—shall I say to the stand-pat element of the committee? I do not want to use any offensive term—let me say the conservatives or the regulars. That is not offensive. What are you giving us in the South on any staple product grown over any considerable portion of the South? I am talking about farm products now. Of course, you do not give us anything on cotton. There is a little duty on cottonseed, but frankly it is not effective.

There is an adequate duty, so far as the rate goes, on peanuts, but we are selling our peanuts for less than the duty itself and have been since it was increased. I know where our

trouble is. The distinguished Senator from Utah [Mr. SMOOT] knows. Our peanuts, of course, are competing with other products, interchangeable products that come in free from the Philippines, for instance. That is one of the reasons why the duty on Spanish peanuts is not effective. But I am not going to say we ought to tax the products from the Philippine Islands. I know we could do it, but we would do it to the shame of every man who professes anything like righteous principles.

So what are we getting in the South? You know the duties on pork and pork products and on lard are not effective. You know cotton and cottonseed, our chief products, are outside of the pale of protection. You know the story of peanuts. Perhaps you are sending the tariff on some farm products yet higher, tariffs on products produced in other parts of the country, but when you get them high enough—and that is what I am endeavoring to show you—you will compel us to produce all of the wheat, all of the butter, all of the poultry and poultry products—all of the products that we buy from our western farmers, and then our western farmer will come around to the bitter experience of the southern farmer and realize that he is paying more for protection than the protection is worth; that it cost him dollars and cents to have it.

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

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

Mr. GEORGE. I yield.

Mr. EDGE. I agree with the Senator that this is not the time to discuss paragraphs or individual schedules, but I was rather interested in hearing the Senator's reference to kaolin; inferring, as I followed him, that in the particular case he was somewhat receptive of or would favor a higher duty; but that in all the other cases he has enumerated he felt the duty would be absolutely ineffective. I was wondering as a general proposition, without going specifically into the merits of any case, why one duty is effective and another duty ineffective for in each case there are undoubtedly importations.

Mr. GEORGE. I have tried to explain it, but the Senator was not here early enough to hear me and I will not go back over it now. I have tried to show to the Senate that the protective policy is of course effective on manufactured products, on most of the extracted products. It is effective upon a limited number of farm products and partially effective upon a limited number of other farm products. But it is wholly ineffective upon the great staple products which are definitely on an export basis and it is not applicable to farm products as a general rule because of the different economics that are involved in manufacturing and in farming.

Mr. President, on this side of the aisle we are not disposed to deny any just or merited duty on any product, whether it is manufactured or whether it is agricultural. We may have different views, but so far as I am concerned I will vote for a duty upon a manufactured product when I believe the duty is justified, when I believe that it is necessary to give to the American manufacturer an equal chance, a fair chance, an even chance, to hold his own in his own market. I have no hesitancy in saying that. The philosophy I have held for so long a time, of course may make it more difficult for me to see the figures as you will present them, and to reach the conclusions that you may readily reach; but I am speaking candidly when I say that so far as the granting of adequate protection is concerned where a real case is made out for protection, I am not disposed to oppose it and will not vote against it.

But I am speaking to you seriously when I tell you that as I see it your whole tariff system is not designed, intended, or competent to give to the farmer direct relief through duties on his products. I am qualifying my language to avoid the field of controversy with you in this statement. I am going to remind you of one other fact which precludes agriculture from getting complete relief through the direct operations of the tariff, as I think.

There is nothing more firmly established in the protective system than the theory of compensatory rates or compensatory duties. Indeed, your whole system will break down so far as manufactures are concerned, if you do not grant compensatory duties, and you know it. Every time you grant a duty to the farmer or the producer of the raw material or of the primary product which enters into the cost of the manufacturer you must grant and you will grant, because it is a firmly established principle of the protective system, a compensatory duty to the manufacturer. And every time you grant the compensatory duty you cut away all of the benefit beneath the feet of the farmer or of the producer of the raw material, and you leave him relatively just where he stood before. You may give him protection and he may have an advantage over his neighbor farmers who are producing some other commodity. But when you compensate the manufacturers for the advantage or benefit which you give to farmers, as a whole you take from beneath the feet of the farmers all the benefit that you have given agriculture. I repeat, the direct benefits, for that is what I am talking about.

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

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

Mr. GEORGE. I yield.

Mr. BROOKHART. The Senator has said that the compensatory duty would take away all the benefit of tariff duties from the farmer. I can understand somewhat that theory; but let us take the instance of hides. The bill puts a 10 per cent duty on hides. The compensatory duty on shoes is 20 per cent. Of course, that is taking away a good deal more than the benefit of the 10 per cent, but the real compensatory duty would be 3.6 per cent; that is, a 10 per cent duty on hides would add as much to the cost of a pair of shoes as 3.6 per cent on the leather. Let us suppose it was put at 3.6 per cent as the experts have put it. Then it would benefit the farmer some and that compensatory rate of 3.6 per cent would not take away all his benefit, because the farmers produce more hides than enough to make the shoes which they buy back and wear. The same rule, I think, would apply to all of the compensatory propositions. The farmers produce more than they themselves buy back and therefore the compensatory duty does not give them the same benefit.

Mr. GEORGE. I concede that not only as to the individual farmer but as to groups of farmers producing a particular protected product; but I am speaking of the benefits to all of the producers, to all the farmers; that is to say, taking the farmers as a whole, there can be no substantial benefit if a compensatory duty is given the manufacturer each time that we give protection to a raw product, except perhaps to the limited extent that the manufacturer's product is sold abroad, and to the extent that the farmer is not an equal consumer of the product. Some of the burdens imposed by compensatory duties are borne by consumers other than farmers, of course.

Mr. BROOKHART. It may not be necessary that it be sold abroad. If it were sold to anybody outside of the particular class of farmers, then, I think, it would benefit the farmers just the same as if sold abroad. Of course, the farmers are only about a third of our population and would retain about two-thirds of the benefit if the duty were actually and fairly compensatory; but the compensatory rates in the pending bill are not of that character at all.

Mr. GEORGE. I understand the Senator's position. I think in the case of hides, where the rate is 20 per cent on shoes made from the hides and 15 per cent on harness made from the hides, that the farmer is not only losing some of the duty on his animal hides but he is losing a part of his own hide besides, because he is certainly paying more for the benefit he receives directly from the 10 per cent ad valorem imposed on hides than he gets out of it; that is, the products which he buys are costing him far in excess of the increased price he receives for his product.

But I come back to the proposition—and I desire to make myself clear on it—that where just compensatory duties are given to the manufacturers and a direct duty is given to the producer of the raw material, of course, he receives a benefit; but, practically speaking, the whole body of producers of raw material, agriculturists as a whole, stand relatively in the same position, except as noted and qualified by the statement of the Senator from Iowa [Mr. BROOKHART].

So I wish to repeat that whatever measure of protection is given to general industry should be liberally applied to agriculture, because the price levels of agriculture are decidedly out of alignment with its cost levels at the present time.

Mr. BROOKHART. Mr. President——

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

Mr. GEORGE. I yield.

Mr. BROOKHART. I wish to ask the Senator a question. Some time back he intimated that there might be an indirect benefit to the farmers in the home market arising from the development of industries in our country. I want to ask the Senator if there can be any benefit to the farmer by that kind of a home market when the price of the farmer's product is fixed by the sale of his surplus in the competitive market of the world?

Mr. GEORGE. I did not quite understand the Senator's question, though I understood his premise.

Mr. BROOKHART. One of the strong arguments made to the farmer is that by the development of industry in our country there is created a home market for farm products, and that it is of great indirect benefit to the farmers to have that market

at home; but if the price of his product is fixed by the foreign market, where there is cheap labor and cheap production, does the farmer get any benefit out of the tariff in his home market?

Mr. GEORGE. I do not think that he does; but I want to state to the Senator from Iowa——

Mr. BROOKHART. In that case where we have an exportable surplus the price of the commodity is fixed in the competitive market of the world.

Mr. GEORGE. Exactly.

Mr. BROOKHART. So, in fact, we have no home market for agricultural products in that situation.

Mr. GEORGE. Exactly. I said, if the Senator please, that the farmer must sell at the world price level in that event; but I was accepting any possible indirect benefit the farmer might receive simply for the sake of the present argument, and confining myself, as nearly as I could, to such direct benefits as it was contended by the able chairman of the committee the farmer was about to receive from the rates incorporated in the tariff bill as reported by the Senate Committee on Finance.

Mr. McKELLAR. Mr. President——

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

Mr. GEORGE. I yield.

Mr. McKELLAR. Before the Senator takes his seat I should like to ask him a question. He was discussing the sectional character of this bill. I call his attention to page 169, "Schedule 11—Wools and Manufactures of," and on page 160 to "Schedule 10—Flax, Hemp, Jute, and Manufactures of." However, when we come to page 151, Schedule 9 is not headed "Cotton and Manufactures of," but it applies solely to the manufactures of cotton.

Mr. SMOOT. Cotton is on the free list.

Mr. McKELLAR. I understand that cotton is on the free list, but recalling that there are probably 300,000 bales of long-staple cotton imported into this country, largely from Egypt, does the Senator from Georgia see any reason why the framers of this bill, if they wanted to be fair to all sections, should not have put a duty on long-staple cotton and changed the title of the paragraph so as to read "Cotton and Manufactures of."

Mr. GEORGE. I will say to the Senator that I can see some reason for a duty on long-staple cotton, though very frankly it is a debatable question, and on its merits I am not prepared to say that a duty on long-staple cotton would be of actual benefit to the producers; but those who have studied that question and whose opinion is worth much more than mine believe that some benefit would be derived from such a duty.

Mr. McMASTER. Mr. President——

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

Mr. McMASTER. I thought the Senator from Georgia had concluded.

Mr. GEORGE. I have concluded, and I yield the floor.

Mr. McMASTER. Mr. President, I should like to ask a question of the chairman of the Committee on Finance. I have on the clerk's desk a resolution (S. Res. 113) which seeks to obtain certain information which the Tariff Commission has in its possession. I inquire if it is proposed that the Senate shall take a recess this evening?

Mr. SMOOT. Yes.

Mr. McMASTER. Therefore the tariff bill will be before us again at 12 o'cock to-morrow?

Mr. SMOOT. It will be.

Mr. McMASTER. I want to know if the chairman of the Finance Committee will give his permission to have that resolution considered to-morrow at 12 o'clock?

Mr. SMOOT. Mr. President, I have received a report in regard to the resolution from the Tariff Commission, but I have received no report from the Treasury Department, though I expect one to-morrow morning.

Mr. McMASTER. If that report shall be received, may I ask for the consideration of the resolution?

Mr. SMOOT. If it will not take undue length of time to dispose of it I shall not object.

Mr. McMASTER. It is a very important matter, whether it takes time or whether it does not take time. The resolution which I have offered seeks the procurement of certain information which pertains to the discussion of the tariff bill. If we do not obtain permission to discuss the resolution, then I am going to move that the tariff bill may be laid aside and that the resolution to which I have referred may be considered.

Mr. SMOOT. The Senator has that privilege.

Mr. McMASTER. If the chairman of the committee will not consent that the resolution may be considered——

Mr. SMOOT. I have not said that I would not consent to it. I want first to see what the report from the Treasury Department will be, and I expect to receive it to-morrow morning. I can not say to the Senator off-hand at this time what that report will be and what action I shall take when it shall have been received.

Mr. McMASTER. Regardless of what the report may contain, the resolution will receive some consideration at the hands of the Senate?

Mr. SMOOT. I think so.

Mr. McMASTER. Regardless of what the Treasury Department says or what the Tariff Commission says?

Mr. SMOOT. I think so.

Mr. HARRISON. Mr. President, let me ask the Senator from Utah if he objects to the consideration of the resolution offered by the Senator from South Dakota?

Mr. SMOOT. The resolution was referred to the committee, and I have asked for information concerning it. I have a report on it from the Tariff Commission, and I want a report from the Treasury Department, which I expect to receive to-morrow morning.

Mr. HARRISON. A report from the Treasury Department?

Mr. SMOOT. Yes; that is all; and when I receive that report I shall be perfectly willing to have the resolution laid before the Senate, providing that it will not lead to unduly long discussion, and I do not know that it will.

Mr. McMASTER. It will not lead to any discussion unless the chairman of the Finance Committee is opposed to it.

Mr. SMOOT. No; I can not say that. But I do not want to make any promise until I get the report to which I have referred, and I expect to receive it to-morrow morning.

Mr. MOSES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from New Hampshire will state it.

Mr. MOSES. The request which the Senator from South Dakota makes is tantamount to entering into a unanimous-consent agreement to fix a time for a vote, and that can not be granted without summoning a quorum.

The VICE PRESIDENT. That does not seem to be the question which is submitted to the Chair; so the Chair does not pass upon it.

Mr. HARRISON. Mr. President, as I understand the resolution, it seeks to procure information that may be in the hands of the Tariff Commission. What objection can there possibly be to any Member of the Senate getting possession of information that is in the custody of the Tariff Commission?

Mr. SMOOT. I received a copy of the resolution, and I followed the regular course which is followed by the chairmen of all committees.

Mr. HARRISON. It would seem to me if there ever was a time when Senators ought to be permitted to secure information from the Tariff Commission it would be at a time when a tariff bill is being discussed.

Mr. SMOOT. So far as I am personally concerned, I see no reason why it should not be obtained——

Mr. HARRISON. I can not see any objection to that being done.

Mr. SMOOT. Unless there is some question involved between foreign countries and our own Government. That is the only question I have in mind.

Mr. McKELLAR. Mr. President, I think if there was any question involved between this country and foreign countries a Senator should have a right to the information. I can not understand upon what theory a Senator may not obtain such information from the Tariff Commission.

Mr. WATSON. Mr. President——

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

Mr. HARRISON. I yield.

Mr. WATSON. I speak merely from recollection, but, if I recall aright, Congress enacted a law prohibiting the Tariff Commission from giving certain information in which foreign countries were involved and attaching a penalty to the act of revealing such information.

Mr. SMOOT. We have a rule of the Senate which provides that no communication from a foreign country shall be printed in the RECORD.

Mr. McKELLAR. Does the law to which the Senator from Indiana refers apply to the Senate?

Mr. WATSON. As I understand, it applies to everybody.

Mr. McKELLAR. So that a Senator can not ask a commission of the Government for information?

Mr. WATSON. A penalty is provided by the law for divulging certain information, if I remember correctly.

Mr. McKELLAR. If there is such a law, it ought to be repealed.

Mr. WATSON. That may be. I think there is such a law, but I am not quite certain about it.

Mr. McMASTER. Mr. President, in answer to the Senator——

The VICE PRESIDENT. The Senator from Mississippi has the floor. Does he yield?

Mr. HARRISON. I merely desire to make a further observation. The resolution does not call on the State Department for any protests made by foreign governments and such protests would not be in the hands of the Tariff Commission. The protests which came to the State Department are now in the possession of the chairman of the Finance Committee. It is not that data which the Senator from South Dakota desires, as I understand.

Mr. SMOOT. That is what the resolution provides:

Resolved, That on request of any Senator, the Finance Committee of the Senate is hereby directed to obtain from the Tariff Commission complete and full information, whether confidential or otherwise, within its possession, pertaining to any subject matter contained in House bill 2667, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States to protect American labor, and for other purposes." All such information so obtained shall be accessible to each Senator.

I have no objection to the resolution, unless there is some provision of the law which would prevent the Tariff Commission acceding to the request. I have sent the resolution down for a report, and I am quite sure I will get the report by to-morrow. Just as soon as the report comes in, if the resolution shall not lead to any debate, I shall have no objection to its consideration, but I do not think the Senator ought to expect me now to make a promise before I have received the report.

Mr. McMASTER. We will wait until to-morrow, and then, of course, if the Senator will not give permission, I am going to move that the tariff bill be laid aside and that the resolution be considered.

Mr. SMOOT. The Senator has that right and I do not want to take it from him, and would not think of taking it from him if I could.

Mr. McMASTER. And I do not propose that it shall be taken from me.

Mr. McKELLAR subsequently said: Mr. President, I desire to call attention to sections 97 and 98 of title 19 of the Code of Laws of the United States, in reference to the matter we were discussing a few moments ago.

Mr. SMOOT. I do not think there is any need of taking it up, Mr. President. I know what it is.

Mr. McKELLAR. I think there is, in view of the statement made by the Senator from Indiana [Mr. WATSON]; and I am afraid the Senator from Utah does not know what it is, because he was arguing to the contrary just a few moments ago.

Mr. SMOOT. No; I did not argue any point whatever.

Mr. McKELLAR. The Senator is waiting on the department to determine whether or not this information shall be given to a Senator as provided in the resolution of the Senator from South Dakota [Mr. McMASTER]. I am going to read the law for just a moment:

The commission shall put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command, and shall make such investigations and reports as may be requested by the President or by either of said committees or by either branch of the Congress, and shall report to Congress on the first Monday of December of each year a statement of the methods adopted and all expenses incurred, and a summary of all reports made during the year.

And I call the attention of the Senator from Indiana to the next paragraph:

The commission shall have power to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation rates, the volume of importations compared with domestic production and consumption, and conditions, causes, and effects relating to competition of foreign industries with those of the United States, including dumping and cost of production.

So it would seem that the law is very clear that the commission is directed to obtain the very kind of information which the Senator from South Dakota seeks by this resolution, and the commission is then directed to give all of this information to certain committees of the Congress, and to the President, and to the Congress itself. So I take it that there can not be any doubt, no matter what any bureau or department of the Government may report, that the Senate is entitled to the information asked for by the Senator from South Dakota.

Mr. WATSON. Mr. President, I merely desire to say to the Senator that my recollection of the subject was hazy; but I shall look it up to-morrow, and if there be an express statute of the kind to which I referred I shall call the Senator's attention to it.

Mr. HARRISON. Mr. President, I hope to be able to secure recognition by the Chair at the convening of the Senate to-morrow to make a few remarks; and I was wondering, unless some other Senator wants to proceed to-night, if the Senator will not move a recess at this time. It is half past 4.

Mr. SMOOT. I will tell the Senator what I should like to do, if the Senate will agree to it: I should like to begin the reading of the bill. When we reach any section to which there is objection, we will let it go over. If there is no objection, we can agree to it. We can utilize a half hour or so in that way, and get that far along with the reading of the bill. If any Senator objects to the consideration of any of the sections, it will immediately go over.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. SMOOT. I do.

Mr. KING. Under the unanimous-consent agreement which has been entered into, the only portions of the administrative provisions which will be read are the amendments; and the first amendment to be considered might provoke some discussion.

Mr. SMOOT. No, Mr. President; we will begin with section 301, and we agreed to read the bill, but the committee amendments were to be considered first. There are no amendments at all to many of the sections, and I can not see why we should not read them to-day and get them behind us, and save that amount of time.

I do not ask that the Senator from Mississippi go on and speak to-night. I simply ask that we begin reading the bill on page 280. If there is any objection to any section of the bill, of course it will go over; but in that way we may dispose of a number of the sections to-night.

The VICE PRESIDENT. Is there objection?

Mr. KING. Probably there will be no objection to reading for a few minutes, until the first amendment is reached.

Mr. SWANSON. Mr. President, I understand that this is to be a reading of the administrative features?

Mr. SMOOT. Yes. Title III, the administrative features.

Mr. SWANSON. If I understand the situation properly, under the resolution of the Senator from North Carolina the administrative features are to be first considered.

Mr. SMOOT. Yes.

Mr. SWANSON. The request of the Senator from Utah refers only to beginning the reading of the administrative features of the bill this afternoon?

Mr. SMOOT. That is all. The resolution provided that we should first consider Titles III and IV, and we will begin with Title III.

Mr. KING obtained the floor.

Mr. BROOKHART. Mr. President, if we are going to proceed to that——

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

Mr. KING. Will the Senator permit me to offer an amendment? I have the floor.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. The Senator from Utah has the floor.

Mr. KING. If the Senator will pardon me for just one moment, I notice that the first provision of the bill which we will take up for reading relates to the Philippine Islands.

Mr. McKELLAR. What page is that?

Mr. SMOOT. Page 280.

Mr. KING. Page 364.

Mr. SMOOT. No; page 280, Title III, section 301.

The VICE PRESIDENT. The Chair will state that under the unanimous-consent agreement the committee amendments come first and the individual amendments afterwards.

Mr. KING. The junior Senator from Utah is aware of that, Mr. President. I rose merely for the purpose of saying that the first provision, as I have it in the bill before me, section 301, relates to the Philippine Islands. I have two amendments which I desire to offer in order to have them printed and lie upon the table.

May I say, merely by way of explanation, that for a number of years last past, probably during the past 8 or 10 years, at every session of Congress I have introduced a bill providing for the independence of the Philippine Islands; and upon a number of occasions I have submitted a resolution requesting the President of the United States to enter into negotiations with those powers having any interest in and about the Pacific Ocean for the purpose of negotiating a treaty which would recognize, if it did not guarantee, the independence of the Philippine Islands.

My thought was that if we could simultaneously inaugurate measures to give the Filipinos independence and secure by treaty an agreement with all nations having interests in the Pacific Ocean recognizing the independence of the Filipinos, some of the objections which have been urged to Philippine independence might be eliminated.

I recall that it has been said upon the floor of the Senate that one objection to granting independence to the Filipinos was that perhaps Japan might seek to acquire the islands, and that might precipitate some international controversy. I have said, from a full understanding and knowledge of the question and after investigation, that there is no such intention upon the part of the Japanese Government. Japan has never evinced any desire to acquire the Philippine Archipelago or any portion of it. Very few Japanese reside in the Philippine Islands; less now than many years ago. I have had occasion to say that several hundred years ago Japan for a limited time did exercise jurisdiction or sovereignty or authority over the Philippine Archipelago; but the islands were not suited to the Japanese as a habitat, and Japan voluntarily abandoned whatever authority she had exercised for some limited period over the Philippine Archipelago.

However, to meet any possible objection that might be urged upon the ground that Japan had imperialistic ambitions—ambitions to acquire the Philippine Islands—I have heretofore offered a resolution requesting the President of the United States to institute negotiations with all powers that were interested in the Pacific for a treaty which would secure the independence of the Filipinos. Therefore, Mr. President, I have changed the bill which is now pending in the Senate, and the resolution, and offer them now in the form of amendments to the pending bill.

I desire to say that while I may not formally present these amendments when the bill is under consideration, I was induced to offer them because I had been told that notwithstanding the action of the Finance Committee in refusing to tax the Filipinos through this bill, an action of which I heartily approve, there is an underground movement—and I do not say it by way of casting any aspersion upon anyone—to overturn the action of the committee and to subject the Filipinos to some form of taxation, or to introduce into this bill some amendment which will restrict the importation into the United States of products from the Philippine Islands. I think we can avoid some of the difficulties which seem now to arise when we consider the sugar schedule, particularly, and the oil schedule, if we shall once and for all say to the Filipinos, "You shall be independent." If that shall be done, and we give them their independence, then, obviously, they would fall into the same category as all other nations, and any tariff duties imposed upon other countries must necessarily be imposed upon the Philippine Islands.

I ask that the amendments which I have offered be printed and lie upon the table.

The VICE PRESIDENT. The amendments will be printed and lie upon the table.

The Secretary will read Title III.

Mr. SMOOT. Mr. President, section 301 no doubt should go over, because an amendment has already been offered to it. I ask that it be passed over.

The VICE PRESIDENT. Section 301 will go over.

The legislative clerk proceeded to read the bill, beginning with section 302, page 283, "Porto Rico—exemption from internal-revenue taxes."

Mr. SMOOT. Mr. President, I wish to say to the Senate that that is exactly the existing law. There is no amendment; and I hardly think it is necessary to read it, unless some Senator wants it read.

Mr. HARRISON. As a matter of fact, this is the same provision that is in the House bill?

Mr. SMOOT. Exactly.

Mr. HARRISON. The Senate has not amended it at all?

Mr. SMOOT. Not in the least. I desire also to say at this point that in passing over these sections in this way, where I ask that they be not read, at any time before the third reading of the bill if Senators want to return to any of the sections I am not going to offer any objection. I do not want to hurry this matter along with the idea of precluding any Senator from speaking upon any of these provisions.

Mr. McKELLAR. In other words, upon the application of any Senator we can return to the provision?

Mr. SMOOT. Certainly. I am not going to be captious over this matter at all.

Mr. McKELLAR. I am sure the Senator is not.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The legislative clerk proceeded to read section 303, page 283, "Countervailing duties."

Mr. SMOOT. The same thing is true there, Mr. President. There is no Senate committee amendment.

Mr. KING. Mr. President, was there any House amendment to the existing law?

Mr. SMOOT. No.

The legislative clerk proceeded to read section 304, page 284, "Marking of imported articles."

Mr. SMOOT. I am told that a Senator who is not here desires to offer an amendment to that section, so I ask that it go over.

The VICE PRESIDENT. The section will be passed over.

The legislative clerk proceeded to read section 305, page 286, "Immoral articles—importation prohibited."

Mr. KING. I should like to have that section read.

Mr. SMOOT. I will make just a brief statement in regard to it.

Mr. KING. I think there will be some objection to this section.

Mr. SMOOT. Then let it go over.

The VICE PRESIDENT. The section will be passed over.

The legislative clerk proceeded to read section 306, page 288, "Cattle, sheep, swine, and meats—importation prohibited in certain cases."

The next amendment of the Committee on Finance was, on page 288, line 8, after the word "swine," to strike out "and meats" and insert "meats, and plants," so as to make the heading read:

SEC. 306. Cattle, sheep, swine, meats, and plants—importation prohibited in certain cases.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. SMOOT. I will state to the Senator from Arkansas that the only change in this section is our amendment appearing on page 290, headed "Plant quarantine."

Mr. ROBINSON of Arkansas. I wanted to ask the Senator from Utah a question. He anticipated in part my inquiry. Is the language of paragraph (a), on page 288, commencing in line 11 and extending down to line 21, identical with the language of existing law?

Mr. SMOOT. The committee amendment, page 290, lines 1 to 11, provides that the plant quarantine act shall not be construed to permit the exclusion of any nursery stock or other plant, fruit, vegetable root, bulb, or seeds or other plant product unless such articles are infected with disease or infested with injurious insects new to or not widely prevalent within the United States, or unless the Secretary of Agriculture has reason to believe that such articles are so infected or infested. Under the act, as construed by the Secretary of Agriculture, the Secretary has placed an embargo upon numerous classes of nursery stock and plant products even though the particular articles are not diseased or infested. Apparently the law has been construed to permit the exclusion of plants and plant products to greater extent than Congress intended. The amendment will insure a proper and limited construction of the plant quarantine act.

Mr. ROBINSON of Arkansas. I was not inquiring about paragraph (d), on page 290. I inquired whether the language of paragraph (a), on page 288, was identical with existing law. The execution of that statute, or a similar one, or the use of the power referred to in paragraph (a), has caused considerable discussion between this country and other countries.

Mr. SMOOT. And it has been amended. Section 306 of the act of 1922 prohibits the importation of cattle, but permits the Secretary of Agriculture to suspend the operation of the prohibition if he determines the importations will not tend to introduce or spread disease among the cattle of the United States. The bill, as it passed the House, specifies this prohibition shall apply against the importation not only of cattle but of sheep, swine, and other domestic animals and meats from countries in which the Secretary of Agriculture has determined rinderpest or foot-and-mouth disease does exist. The bill, as it passed the House, also transferred the administrative provisions of paragraph 306 of the act of 1922, which are closely related in their application to section 306, without change in substance, and made the provisions of that paragraph with respect to the regulations apply to the entire section. The Senate committee made no change in the House bill with respect to the foregoing provisions. In other words, the purpose is——

Mr. ROBINSON of Arkansas. I understand the purpose; it is to make clear the meaning and purpose of this proposed statute; but the Senator either has not understood my question, or he does not want to answer it. My question is whether the present law is identical with the language of this bill, and if there is a change from existing law made by paragraph (a), what is the nature of the change?

Mr. SMOOT. There is a change from existing law. The only change that was made in existing law is just what I have

stated. This gives the Secretary of Agriculture power to prohibit the importation of sheep and other domestic animals from countries in which the Secretary of Agriculture has determined rinderpest or foot-and-mouth disease exists. He has the power to do it now. It is virtually made mandatory, instead of being permissive, as it was under the old law.

Mr. ROBINSON of Arkansas. That is the distinction, then, between the present law and the proposed statute?

Mr. SMOOT. That is all there is to it.

Mr. ROBINSON of Arkansas. That the Secretary of Agriculture under this provision would be required——

Mr. SMOOT. To do it.

Mr. ROBINSON of Arkansas. If, for instance, the foot-and-mouth disease should be held by him to exist in Argentina, he not only would have the discretion, but under this proposed statute he would be compelled, to discontinue all importations from Argentina of cattle, sheep, and the other animals and products specified?

Mr. SMOOT. It is virtually a prohibition.

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

Mr. SMOOT. I yield.

Mr. BROOKHART. In regard to that, foot-and-mouth disease does exist in Argentina, and I think there is an embargo now and has been for a considerable time.

Mr. ROBINSON of Arkansas. That is not germane to my inquiry. I am inquiring about the policy of the statute. There is the very greatest complaint made by Argentina that the Secretary of Agriculture in the exercise of a discretion now conferred on him by law has interrupted commerce between the two countries and has shut out Argentine beef and mutton for the purpose of preventing limited competition which might otherwise arise, due to the importation into the United States of Argentine products. The committee has determined upon the policy of requiring the Secretary of Agriculture to close the marts of the United States to Argentine beef whenever he learns that there exists the foot-and-mouth disease in Argentina.

Mr. SMOOT. When it is finally determined, then it becomes mandatory, and is not permissive.

Mr. KING. Mr. President, I will not object to a pro forma acceptance of the amendment, but reserve the right to call up the particular section at a subsequent time. I make that reservation because I have had complaints made to me of the alleged capricious exercise of authority by the Agricultural Department not only with respect to meat cattle, beef, and so on, but I have also had many complaints with regard to the importation of flour.

Mr. ROBINSON of Arkansas. May I say to the junior Senator from Utah that the pending amendment is in relation to plants?

Mr. KING. I thought it related to meat cattle.

Mr. ROBINSON of Arkansas. I made an inquiry of the senior Senator from Utah as to whether a section that is not sought to be amended by the Finance Committee is identical with existing law, and he has explained that there is this change in the House provision, which was not sought to be amended by the Finance Committee, namely, that the present law authorizes the Secretary of Agriculture to discontinue importations from foreign countries of meats where livestock are afflicted with foot-and-mouth disease, whereas the language of the pending bill, which is not sought to be amended, requires the Secretary to discontinue those importations; so that there is no amendment pending as to the language to which I am referring. The question before the Senate is on an amendment designated as paragraph (d), on page 290, which has no relation to meats, but which has relation to plants.

Mr. KING. Mr. President, when we come to deal with both of these sections, if they are not subject to amendment now under the rule which we have adopted, to consider only Senate committee amendments, I desire to offer some amendments to both sections.

Mr. ROBINSON of Arkansas. The Senator will have that opportunity.

Mr. SMOOT. I have already stated that the Senator would have that opportunity. As to paragraph (d), page 290, I will say to the Senator from Arkansas that the only change in existing law is the insertion of these words:

> or unless the Secretary of Agriculture has reason to believe that such plants or plant products are so infected or infested.

This refers to plants.

Mr. ROBINSON of Arkansas. I would like to inquire why the committee adopted one policy with respect to meats and went to the trouble of writing into the law a different policy with respect to plants. Now it appears that in the exercise of the discretion given him the Secretary of Agriculture has been too strict and has shut out plants because they were feared to be infected which the committee would like to see admitted. In the exercise of the discretion which the law gives him with respect to meats, he has apparently not been strict enough to suit the committee, and they are requiring him to do what they are forbidding him to do with respect to plants.

Mr. REED. Mr. President, may I explain that?

Mr. ROBINSON of Arkansas. Somebody ought to explain it, if it can be explained.

Mr. SMOOT. Under the act as construed by the Secretary of Agriculture, the Secretary has placed an embargo upon numerous classes of nursery stock and plant products, even though the particular articles are not diseased or infected.

Mr. ROBINSON of Arkansas. That is true of the meats from Argentina and other foreign countries. The test is not whether the particular imports are affected with disease; the test made by the committee in this bill is that if the Secretary finds the livestock in foreign countries are afflicted with foot-and-mouth disease, he is required to shut off all importations. The manifest purpose of this is to provide an embargo on certain products from foreign countries.

Mr. SMOOT. Providing they are diseased.

Mr. ROBINSON of Arkansas. No; that is the very point. The imports do not have to be diseased. There are countries which are very large in area which produce livestock, and if the Secretary of Agriculture, under this provision, finds that in such a country livestock are afflicted with a disease, without regard to whether the particular products which are being imported are infected, he must exclude the products from the markets of this country; but as to plants, he must find that the particular plants being imported are infected before he can exclude them. In other words, the committee is attempting to apply one rule to the importation of plants and the contrary rule to the importation of meats. They may be justified in doing it, but I would like to know why they are taking that unusual course.

Mr. SMOOT. I felt we are justified in doing it, for this reason, that meats are human food, and I think it is very easy for the Secretary of Agriculture to determine whether there is a disease among cattle in any country in the world that exports cattle to this country, and if there is, it is better for us not to take the chance of importing the same into the United States. That is of great importance compared with allowing an infected plant to come in. With one we make it mandatory, and with the other we make it permissive.

Mr. ROBINSON of Arkansas. I merely want to point out what paragraph (a), relating to foot-and-mouth disease, really provides:

> If the Secretary of Agriculture determines that rinderpest or foot-and-mouth disease exists in any foreign country, he shall officially notify the Secretary of the Treasury and give public notice thereof, and thereafter, and until the Secretary of Agriculture gives notice in a similar manner that such disease no longer exists in such foreign country, the importation into the United States of cattle, sheep, or other domestic ruminants, or swine, or of fresh, chilled, or frozen beef, veal, mutton, lamb, or pork, from such foreign country, is prohibited.

That is, if he learns that in one part of a foreign country there is this disease, to whatever extent, he is not only permitted, as by the present law, but he is to be required to shut out all imports of such products from that country.

There is power in the Secretary of Agriculture, sanctioned by law, to impose an embargo. We might as well understand, whatever the merit of the policy is, that we are writing into the bill a provision which will unquestionably result in bitter controversy between the United States and foreign countries.

Mr. GEORGE. Mr. President, I would like to ask the chairman of the committee to let this paragraph go over until tomorrow morning. It is now after 5 o'clock.

Mr. SMOOT. That is, paragraph (a)?

Mr. GEORGE. Yes.

Mr. ROBINSON of Arkansas. There is no necessity requiring it to go over. There is no amendment pending, and any Senator at any time before the bill is finally disposed of may offer an amendment to paragraph (a). I am pointing out the situation in order that Senators may see its significance.

The VICE PRESIDENT. There is an amendment in the subhead, but that is the only amendment.

Mr. GEORGE. I call the Senator's attention to that fact.

Mr. ROBINSON of Arkansas. The particular paragraph I have been discussing is not sought to be amended by the Finance Committee, and therefore it is subject to amendment at any time before the bill is disposed of.

Mr. REED. Mr. President, like everything else in a tariff bill, these things are the result not so much of theory as of the practical working out of previous bills in an effort to correct mistakes. The House evidently believed that the Secre-

tary of the Treasury had been too lax in his enforcement of the animal disease quarantine provision. Accordingly they changed the law and made it as drastic as the Senator from Arkansas has pointed out. In the hearings on the administrative sections of the bill before the Finance Committee, at which our Democratic friends as well as the majority were present, I do not recall that any witness or any Member of Congress offered a criticism of the animal quarantine section. No member of the committee, either majority or minority, made any criticism of the policy adopted by the House. It undoubtedly does make a very strict rule and it is conceivable that these animal diseases might occur in Tierra del Fuego and not in continental Argentina, and the result might be a very great hardship to Argentine trade and not produce the result we are looking for.

Now, when we came to the last paragraph I had a little to do with the offering of the amendment to the plant quarantine act. There ever since 1919 the attitude of the Department of Agriculture has been excessively arbitrary and unreasonable. It has been the most bureaucratic, inexcusable interference with normal trade that I know anything about. When the plant quarantine act was passed it authorized the Secretary of Agriculture to establish an embargo against any plant believed to be diseased. An order was prepared and issued reciting that, "Whereas numerous plant diseases exist in the five continents of the world," naming them, "therefore by authority of the act the importation of any plant from any country is hereby prohibited except such as may be specially authorized hereafter." Congress never in the world meant the Department of Agriculture to assume any such bureaucratic power, but throughout both Democratic and Republican administrations that has been persisted in. The result has been that the nursery gardeners, for example, of the United States, have been unable to get bulbs of particular varieties from Holland, although not a soul on earth pretends that they were diseased.

That is true in hundreds of other cases where it had not even been suggested that a plant was diseased. Nevertheless, under this sweeping order in its blind and unreasonable embargo effect against everything from everywhere, articles that were perfectly free of disease were prevented from importation. That is what we were trying to correct.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. ROBINSON of Arkansas. I do not pose as a champion of the Department of Agriculture, and my knowledge of the operations of existing law with respect to the importation of plants from foreign countries is very limited. But while it is probably true that under existing law there has been very rigid enforcement of the exclusion of infested and infected plants, I point out to the Senator from Pennsylvania the fact that under the pending provision if it is enacted into law great difficulties of administration may be encountered. Under the pending provision any plant apparently may be imported into the United States unless the Secretary of Agriculture has investigated and ascertained that the plant is diseased.

Mr. REED. Oh, no, Mr. President.

Mr. ROBINSON of Arkansas. Read the language.

Mr. REED. If the Senator will read the last three lines he will see that it is within the power of the Secretary to issue an order that no bulbs shall be brought from Holland, we will say, or that no particular plants, naming them, shall be brought from particular regions, naming them. He has that authority. He does not have to examine each plant. We never meant to make possible any such requirement as that.

Mr. ROBINSON of Arkansas. I think that is probably true, as the Senator points it out, but I believe that is what is being done. I will content myself with saying to the Senator from Pennsylvania that that is what I think the language accomplishes, and in view of that statement I suggest to him that he study it a little further.

Mr. REED. I shall be glad to do that and to do it in conjunction with the Senator from Arkansas, because I conceive that we are aiming at the same thing, and I do not certainly want to reach an absurd result.

Mr. McKELLAR. Mr. President, may I ask the Senator from Pennsylvania a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield?

Mr. REED. Certainly.

Mr. McKELLAR. Is not the same fault that the Senator finds with the present law regarding plant quarantine about to be reenacted in section 306, paragraph (a), in reference to meats and cattle?

Mr. REED. Yes. If our attention had been called to it I am inclined to think that what we would have done in the Finance Committee would have been to provide that if the Secretary has reason to apprehend that these diseases might be brought in, then he should put on an embargo.

Mr. ROBINSON of Arkansas. That is the existing law.

Mr. SMOOT. It is the existing law.

Mr. ROBINSON of Arkansas. I have never heard very much complaint that the existing law has not been rigidly enforced.

Mr. SMOOT. There has been complaint from the cattlemen and also from the meat producers.

Mr. ROBINSON of Arkansas. Yes; but the object of the complaint primarily was to accomplish under this power of the Secretary of Agriculture what could not be accomplished otherwise, namely, an embargo on those products.

Mr. CONNALLY. Mr. President, may I ask the Senator a question?

Mr. REED. Certainly.

Mr. CONNALLY. An embargo against countries where the foot-and-mouth disease exists ought to be permitted under the law.

Mr. REED. Does the Senator mean that it ought to be mandatory on the part of the Secretary of Agriculture?

Mr. CONNALLY. Yes.

Mr. REED. That is what the committee thought.

Mr. CONNALLY. Senators will recall that we had an outbreak of the foot-and-mouth disease in Texas a few years ago, which cost the Government millions of dollars.

Mr. ROBINSON of Arkansas. Of course, I have no sympathy for the foot-and-mouth disease, but let me point out to the Senator from Texas that under a similar provision, if it were made effective in foreign countries against the United States, then, when the foot-and-mouth disease existed in New Hampshire, cattle products of Texas could not be exported from the United States to foreign countries. I merely mean to say that this is quite an important provision and the policy that underlies it affects very intimately our foreign relations. I think the Senate ought to give careful consideration to it.

Mr. CONNALLY. As I understand it, the disease now exists in Argentina and there is an embargo here against it. My information is that the Argentine Republic has not taken any adequate steps to exterminate it and if we do not have an embargo there will be no inducement to the Argentine Government to exterminate it in that country. It is such a virulent disease that it is instant death to cattle and in order to remove the possibility of its spread we have to destroy the cattle and burn their bodies and burn all the stables and pastures and every other thing with which they have come in contact. It would manifestly be impractical to admit cattle relying upon the examination of the individual animal to determine whether or not it had the foot-and-mouth disease. I think this is a very wholesome regulation and ought to be mandatory if the disease exists in a foreign country. If the foreign country wants to exterminate it, then we can bring in its cattle at a later time.

ADDRESS BY SECRETARY OF THE INTERIOR BEFORE GOVERNORS' CONFERENCE

Mr. THOMAS of Idaho. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Ray L. Wilbur, Secretary of the Interior, at Boise, Idaho, before the conference of governors of several Western States called by Governor Baldridge, of Idaho, July 9, 1929, on the subject The Future of the Public Domain.

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

THE FUTURE OF THE PUBLIC DOMAIN

A vigorous pioneer people of diverse bloods, but principally of Anglo-Saxon and northern European stocks, crossed the turbulent Atlantic and founded settlements along the eastern shore of our great continent. After a century or more of struggle against new conditions and the native Indians, who were already in possession, they acquired sufficient numbers with constant immigration and a high birth rate to begin that great migration westward through the dark and bloody ground of Kentucky to the western reserve, the prairie States, and finally over the Rockies to the Pacific slope.

They came as hunters, trappers, and miners, but primarily as farmers. As new territories were acquired, only those lands suitable for homesteading were thought to be worthy of consideration. Speaking broadly, our people were farmer minded and thought in terms of raising or grazing. But little respect was given to lands that were not obviously suitable for such purposes. West of the Missouri River a new set of conditions, foreign to the thinking of those in the better-watered Eastern States, had to be met. The problem outside of the strictly mountainous areas was always the same—the scarcity of water—due to the small annual rainfall. Brigham Young was one of the first great leaders to build a civilization right in the face of a stern, relentless, arid nature.

We now have scattered settlements all over the western part of the United States based on better farming, better selected seeds, and irri-

gation. Those who depend upon the regular rains of the summer have no conception of irrigation and its peculiar responsibilities. Great Civilizations have matured and some of them have died in the arid regions of the Old World and some are now on the way in the new. It demands communal living and thinking and peaceful conditions for people to join in together to finance and maintain large water-distributing systems.

Even the control of the flow of water from a single ditch demands rigid cooperation and fair play. It is to this that I ascribe the responsiveness of the people of such States as are here represented to forward-looking progressive measures for the common good if they are properly tempered to the high initiative and sense of personal responsibility characteristic of our citizens.

It is important for us to face the present situation squarely. The safety and survival of the human race depends upon its control of chlorophyl—the green coloring matter of plants. This substance in the presence of water and sunlight and with the materials derived from the soil manufactures starch and other food substances for the growth of plants. From these plants we derive foods, cotton, wool, wood, and rubber; and by feeding animals with them we get more food, hides, and a large amount of animal service. In fact, without the milk manufactured from plants by cows and goats we would be unable to raise many of our own human babies. With our new methods of transportation the food supply of the world is coming more and more to be held in common to be drawn on by all, and the tropical sunshine beating down on a coconut palm 365 days in the year is competing with a reindeer feeding on the mosses of the subarctic summer in the making of fat. We now have more than sufficient food available for all, and while it is probable that we will breed up to the bread line, countries like our own think of the bread line in other terms than those of merely filling the stomach. They demand an economic status that would have been luxury to a king of a hundred years ago. There is, though, a set physiological limit to the amount of food an individual consumes. We have produced too much of some kinds, and with the industrialization and urbanization of a growing percentage of our people there has also been a shift in the type of foods eaten.

This, together with the greater productiveness of favored areas with the help of better seed, better methods, and more machinery, has increased the amount of so-called marginal lands where the farmer's life is a struggle against heavy odds. I know of no more painful act than to place a man, and particularly his wife, on a piece of land where they are foreordained to a prolonged, agonizing failure. The economics of a new farm project must be essentially sound or a social crime is in prospect.

These facts must be held before us in considering that great part of the western United States which is still in the possession of the Federal Government. There has been a good deal of talk of conservation. The real conservation problem of the West is the conservation of water. Plant life demands water; we must have plants suitable for our own uses or we can have no civilization. From Nebraska west water and water alone is the key to our future. We need the mountains and the hills and a great protected back country or we can not have sufficient water for our valleys. We must replace homestead thinking with watershed thinking, since watersheds are primary to western homes. We can no longer afford to think only in terms of immediate uses and selfish interests. There must be a great western strategy for the protection of our watersheds and the plant life on them, however undesirable and unimportant some of it may seem to be. A cactus or a sagebrush which has fought its way to maturity against drought plays its part in furthering rainfall and in stopping soil erosion, that curse of all cultivated countries. Overgrazing by sharp-nosed animals cuts down the plant life, increases erosion, buries water holes, increases flood damage, and is harmful to water conservation. Plants hold the snow and the rain, prevent rapid run-off and soil erosion, and build a balanced set of natural conditions which can only be broken at the peril of those bringing it about.

The public domain has been abused, overgrazed, and not respected in many sections of the country, and yet, unless we cherish and care for the lands now in possession of the United States in forests and public domain, we in the West will repeat the fall of ancient Ninevah and Tyre, which was due to the abuse of plant life and water failure, or the degradation of Korea and parts of China with man-made barrenness, floods, erosion, and decay. We must stop thinking in terms of immediate production in viewing much of the public land of to-day. The forests must be protected or harvested constructively, overgrazing must be stopped, and experts in plant life and water conservation must be our guides. It is difficult to understand and properly control such problems from Washington.

It seems to me that it is time for a new public-land policy, which will include transferring to those States willing to accept the responsibility the control of the surface rights of all public lands not included in national parks or monuments or in the national forests. With sound State policies based on factual thinking it may eventually develop that it is wiser for the States to control even the present national forests. Such a policy will need to be worked out so as to hold the oil, coal, and mineral rights of public lands subject to some form of proper Federal prospecting law, with development on a royalty basis of discoveries, and with due consideration to conservation for the future. The policy of transferring Federal lands for school purposes is well established and could be further initiated wherever State laws and State policy warrant the transfer.

The States of the West are water conscious and they can more readily build up those wise water conservation measures, upon which their very life depends, than can the distant Washington Government. It would be fair, too, for the citizens of Western States to have the privileges already in the possession of those of the East.

Responsibility makes for real statehood just as it makes for manhood. The Western States are man grown and capable of showing it.

The National Government can still be helpful in building dams, in protecting navigable streams, and in assisting with State compacts, but it should withdraw from the details of management of community enterprises properly subject to State laws.

You men representative of the Western States could well prepare your State government by proper park, grazing, lumbering, and water conservation laws for the reception of the new responsibility of the public domain. I feel that in the long run you can be more safely trusted to administer that heritage wisely than it can be done from offices in the National Capital.

It will require trained vision and forward thinking if the semiarid West is to conserve its own future.

ADDRESS BY FIRST ASSISTANT SECRETARY OF THE INTERIOR, JOSEPH M. DIXON

Mr. THOMAS of Idaho. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Joseph M. Dixon, First Assistant Secretary of the Interior, at the Public Land States Governors' Conference, held at Salt Lake City, August 26 and 27, 1929.

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

Based upon the knowledge gained from nearly 40 years' residence in the West and upon many years of service in both legislative and administrative duties in Montana and Washington, I have faith to believe that out of this conference will come much of good to the people of the public-land States and to the Nation as a whole.

We meet not as partisans but as citizens of a common country imbued with the sole idea of setting in motion a movement that will solve the perplexing problems now involved in the joint administration of State and Federal government in the public-land States of the West.

For the success of the plan it argues well that the present Chief Executive of the Federal Government was born and reared in the West and has a sympathetic interest in its people and its local problems.

It is also not without interest to know that all of the chief administrative officials of the Department of the Interior, which deals almost exclusively with the problems of the West, are men of the West, who have lived their lives among and with you.

In order that you may have at first hand, and for your immediate consideration at this conference, the present conclusions and tentative plans of President Hoover in his desire to fully cooperate with you in this work, he has dictated the following letter to me for presentation to this conference of the western governors and their delegated representatives:

THE WHITE HOUSE,
Washington, August 21, 1929.

Hon. JOSEPH M. DIXON,
Assistant Secretary of the Interior, Washington, D. C.

MY DEAR SECRETARY DIXON: I have for some years given thought to the necessity and desirability for a further step in development of the relations between the Federal and State Governments in respect to the public lands and the Reclamation Service. The meeting of the governors of the public-land States at Salt Lake City, which you are attending, offers an opportunity for consideration of some phases of these questions, and I should appreciate it if you would present them to the governors.

It may be stated at once that our Western States have long since passed from their swaddling clothes and are to-day more competent to manage much of these affairs than is the Federal Government. Moreover, we must seek every opportunity to retard the expansion of Federal bureaucracy and to place our communities in control of their own destinies. The problems are in large degree administrative in character, both as they affect the Federal Government and the government of the States.

It seems to me that the time has come when we should determine the facts in the present situation, should consider the policies now being pursued and the changes which I might recommend to Congress.

That these matters may be gone into exhaustively and that I may be advised intelligently, I propose to appoint a commission of 9 or 10 members, at least 5 of whom should be chosen from leading citizens of the public-land States, and I should like to secure the cooperation of the governors by submission from them of names for such a commission. This commission would naturally cooperate with the Department of the Interior.

As an indication of the far-reaching character of the subjects which could come before such a commission, I may recount certain tentative suggestions for its consideration. No doubt other subjects and other proposals would arise.

PUBLIC LANDS

The most vital question in respect to the remaining free public lands for both the individual States and the Nation is the preservation of their most important value—that is, grazing. The remaining free lands of the public domain—that is, not including lands reserved for parks, forests, Indians, minerals, power sites, and other minor reserves—are valuable in the main only for that purpose.

The first of the tentative suggestions, therefore, is that the surface rights of the remaining unappropriated unreserved public lands should, subject to certain details for protection of homesteaders and the smaller stockmen, be transferred to the State governments for public-school purposes and thus be placed under State administration.

At the present time these unappropriated lands aggregate in the neighborhood of 190,000,000 acres, and in addition some 10,000,000 acres have been withdrawn for purposes of stock watering places and stock drives, which might be transferred as a part of a program of range preservation. In addition some 35,000,000 acres have been withdrawn for coal and shale reserves, the surface rights of which with proper reservations might be added to this program of range development in the hands of the States.

Reports which I have received indicate that due to lack of constructive regulation the grazing value of these lands is steadily decreasing due to overgrazing and their deterioration, aside from their decreased value in the production of herds, is likely to have a marked effect upon the destruction of the soil and ultimately upon the water supply. They bring no revenue to the Federal Government. The Federal Government is incapable of the adequate administration of matters which require so large a matter of local understanding. Practically none of these lands can be commercially afforested, but in any event the forest reserves could be rounded out from them where this is desirable. Therefore, for the best interest of the people as a whole and people of the Western States and the small farmers and stockmen by whom they are primarily used, they should be managed and the policies for their use determined by the State governments.

The capacity which the individual States have shown in handling school lands already ceded out of every township which are of the same character is in itself proof of this, and most of the individual States already maintain administrative organization for this purpose, so that but little added burden would thus be imposed. They could to the advantage of the animal industry be made to ultimately yield some proper return to the States for school purposes and the fundamental values could be safeguarded in a fashion not possible by the Federal Government. They would also increase the tax base of the State governments.

A question might arise upon the allotment of the Federal road fund as a result of a shift of the public-land ownership. It would only be just if this allotment could be undisturbed for at least 10 years, while the States were organizing their range-conservation measures.

It is not proposed to transfer forest, park, Indian, and other existing reservations which have a distinctly national as well as local importance. Inasmuch as the royalties from mineral rights revert to the Western States, either direct or through the reclamation fund, their reservation to the Federal control is not of the nature of a deprival.

RECLAMATION SERVICE

It seems to me that the vital questions here are to reorient the direction of the Reclamation Service primarily to the storage of water and to simplify its administration.

The reclamation fund and the Reclamation Service were created in 1902, and the situation has since changed materially. The present plan, as you are aware, is that receipts from sale of public lands, mineral royalties, and repayments by the beneficiaries for expenditure upon projects all accrue to this fund. The Reclamation Service undertakes special projects upon the authorization of Congress, which are financed from the fund on the basis of return by the landowners or purchasers of the cost of the project, but without interest, for a term of years. A total of approximately $182,000,000 has been expended from the fund.

The present reclamation act is based fundamentally on the reclamation of Government-owned lands. Possible areas available for reclamation have now passed almost wholly into private ownership and the use of the reclamation fund for further projects may be legally criticized, owing to the fact that the land is no longer part of the public domain and circumlocution by voluntary agreements may not always be possible.

Moreover, the application of the fund under the present organization results in very large Federal administrative activities within the State of a character which was never originally contemplated and which could be much better administered by the local State governments themselves. In many ways it duplicates the State water administrations.

There are several tentative suggestions for more effective handling of the fund. For instance, the Reclamation Service for all new projects might well be confined to the construction of permanent works; that is, dams and such construction as results in water storage—and at the completion of such construction the entire works be handed over to the States with no obligation for repayment to the reclamation fund except such revenues as might arise from electrical power and possibly in some cases from the sale of water until the outlay has been repaid or in any event for not longer than, say, 50 years.

Again, there are certain instances of insufficiently capitalized community-owned irrigation projects which are at the point of failure, for whom the reclamation fund might be made a proper vehicle to rescue homes that are now in jeopardy.

A further activity which might be considered for incorporation in the Reclamation Service would be the authorization to join with the States and local communities or private individuals for the creation of water storage for irrigation purposes. The primary purpose of these suggestions is thus to devote the Federal Government activities to the creation of water storage and a reduction of other activities within the States.

Under such arrangements the States would have the entire management of all new reclamation projects and would themselves deal with the irrigation-land questions and land settlements. It is only through the powers of the States that reclamation districts can legally be organized which would incorporate the liability of privately owned lands for irrigation expenditure and by such organization it ought to be possible to finance the subsidiary works.

By direction of the Reclamation Service in some such manner the large provision of water storage would ultimately secure a very large increase in the irrigable area of the various States. It is evident to every engineer that water storage is not always directly connected with an irrigation project but vital to expansion of irrigation. This emphasis and this direction of Federal activities to water storage rather than land development has also an incidental importance to flood control and navigation.

It is not suggested that the States should take over the administration of the established projects but that the system should be set up for future undertakings. It it were instituted it would, of course, be necessary to set up some safeguards to cover interstate projects. No doubt each new project as at present should be specifically authorized by Congress.

It must be understood that these suggestions are only tentative; that they have no application to dealing with power questions except that which is incidental to storage of water for irrigation or its further incidental use in navigation and flood control. Moreover the question of the advisability or inadvisability of opening new areas of land for cultivation in the face of present obvious surplus of farm products does not arise because the activities outlined herein will only affect farm production 10 or 20 years hence by which time we shall probably need more agricultural land.

MINERAL RESOURCES

The policies to be pursued in development and conservation of mineral resources of the public domain present many problems. They are problems of a national as well as a local character. I know that the Western as well as the Eastern States agree that abuse of permits for mineral development or unnecessary production and waste in our national resources of minerals is a matter of deepest concern and must be vigorously prevented.

Because of such abuse and waste I recently instituted measures to suspend further issue of oil prospecting permits on public lands and to clean up the misuse of outstanding permits, and thereby to clear the way for constructive conservation. It may interest the governors to know that when this decision was taken on the 12th of March there were prospecting permits in force covering over 40,000,000 acres of the public domain. We have now determined that over 40 per cent of these holders had not complied with the requirements of the law, that the large portion of these licenses were being used for the purpose of preventing others from engaging in honest development and some even as a basis of "blue sky" promotions. After yielding to the claimants, the widest latitude to show any genuine effort at development under the outstanding prospecting permits, the total will probably be reduced to about 10,000,000 acres, upon which genuine development is now in progress. The public domain is, therefore, being rapidly cleared of this abuse. The position is already restored to a point where measures can be discussed which will further effectually conserve the national resources, and at the same time take account of any necessity for local supplies.

GENERAL

These suggestions are, of course, tentative pending investigation of the full facts, but generally I may state that it is my desire to work out more constructive policies for conservation in our grazing lands, our water storage, and our mineral resources, at the same time check the growth of Federal bureaucracy, reduce Federal interference in affairs of essentially local interest and thereby increase the opportunity of the States to govern themselves, and in all obtain better Government.

Yours faithfully.

HERBERT HOOVER.

I am not so optimistic as to believe that out of this conference will come the final solution of all the problems of the West, but I do believe that you can here plant a real milestone in the history of its development.

Let us analyze the proposals of the President and see what may evolve from their enactment into statutory law.

First, his proposal as to the disposition of the surface title of the remaining public lands.

On June 30, 1929, there remained of the public domain, in the 11 major public-land States, exclusive of a much smaller acreage in North and South Dakota, Alabama, Arkansas, and Minnesota, and exclusive of national forests, Indian reservations, national parks, stock driveways, water holes, etc., as follows: Arizona, 16,911,367 acres; California, 20,209,421 acres; Colorado, 8,218,875 acres; Idaho, 10,734,420 acres; Montana, 6,900,144 acres; Nevada, 53,410,938 acres; New Mexico, 16,282,582 acres; Oregon, 13,227,141 acres; Utah, 25,147,867 acres; Washington, 951,903 acres; Wyoming, 17,035,537 acres.

These 11 States have heretofore (exclusive of their grants for their various educational and other State institutions) been granted by the Federal Government for their public-land funds—in some States two sections out of each township, and in Utah, New Mexico, and Arizona, four sections in each township—the following total acreage of the public domain lying within their respective limits:

	Acres
Arizona	8,093,156
California	5,534,293
Colorado	3,685,618
Idaho	2,963,698
Montana	5,198,258
Nevada	2,061,967
New Mexico	4,355,662
Oregon	3,399,360
Utah	5,844,196
Washington	2,376,391
Wyoming	3,470,009

From these Federal land grants alone the States of the West have built up their present public-school funds, which, year by year, are steadily growing in magnitude and from which is annually distributed millions of income to the school children of our respective States.

Taking my own State as a yardstick, in order to visualize the actual result of the surrender value of the remaining public lands within her borders, and we find that the total area of school sections granted under her enabling act to have been, in round numbers, 5,000,000 acres. The present proposal gives Montana, in round numbers, 7,000,000 acres additional.

Naturally the remaining 7,000,000 acres are not the equivalent, acre for acre, of the school lands embraced within the original grant, and still my judgment is that the granting of the remaining 7,000,000 acres will almost double the income of the permanent school fund of Montana and to that extent lift the burden of local school taxation from the homes and farms and business interests of our State.

Take Idaho, under her original public-school land grant she received approximately 3,000,000 acres; under the President's proposal she will receive in excess of 10,000,000 acres additional—more than three times the original grant.

Here, again, you will find that, acre for acre, it is not of the same intrinsic value. No doubt in Idaho the enterprising State land agents and early settlers and the large cattle and sheep outfits made their entries alongside the streams and water holes, so that in many places water for the remaining lands is now at a premium and not immediately available for the larger use of the millions of acres of grazing lands now held by the Federal Government.

But my judgment is that we have not as yet half developed the future and potential water supply on these vast areas of grazing lands.

The sinking of wells a few hundred feet at almost any place in the two States just named will develop abundant water for stock raising and domestic use if the proper rewards were offered through honestly administered, long-term leases by the States.

At the present time these millions of acres of the public domain bring to the Federal Government from the surface rights not one dollar of revenue.

Since the enactment of the free homestead law in 1862, under the administration of Lincoln, the Federal Government has never attempted to coin revenue from the disposal of the public lands, except from the royalties imposed upon oil and coal, which are immediately turned back into the reclamation fund for the development of the arid lands in the West.

From time to time there have been proposals for the leasing of the remaining grazing lands by the Federal Government, but I have never yet seen one that was not most cumbersome in its proposed operation, and, worst of all, inevitably lodges bureau control at Washington in the administration of the lands here in the West.

That is what the President now proposes to abolish, by giving to the States themselves the ownership and right of control. The individual States have the machinery already set up for doing this very work through their efficient State land boards already functioning in the administration of the present State-owned school lands.

There is another and even bigger matter involved in the President's proposal: Any man who is intimately acquainted with the present physical condition of our Federal-owned grazing lands well knows that they have been pastured down to the grass roots. We know that they are not now producing one-fifth of the natural forage that they would produce if intelligent use were applied.

The old days of the luxuriant bunch grass has disappeared under the present ruinous practice of indiscriminate grazing, without any restriction whatever.

Intelligent use of our western grazing lands would easily treble their carrying power in the matter of production of cattle, sheep, and wool.

There is another matter involved, that to the far-seeing man may even assume bigger proportions than the immediate one of the increased carrying capacity of our ranges, and that is the very serious impairment of our watersheds from overgrazing, which has already resulted in a much lower carrying capacity for the annual snow and rainfall, with the resultant quick run-off in the spring and disastrous floods that inevitably follow.

The people of the East can make no better future investment than that of granting to the people of the West the remaining public lands, if we can assure them, in turn, that our administration of the trust involved will result in better protection of the watersheds through a better use and rehabilitation of the natural soil covering and through a continually expanding program of impounding at the head of our rivers, by dams and reservoirs, constructed primarily for irrigation, the flood waters that now pour down each spring in disastrous floods to the lower reaches of our great rivers.

THE RECLAMATION PROGRAM

In his letter the President calls to your attention his proposal to make the present reclamation act more flexible and of far greater consequential value to the West.

We of the West counted its enactment as another milestone in the development of the national heritage. To the man of limited vision it might seem to have been wrought out for the benefit of the semiarid States alone.

That was the narrower viewpoint that had to be combatted at Washington when President Roosevelt led the fight for its enactment in 1902. The actual experience of 27 years has abundantly justified the wisdom of the plan not only for western development but also the accruing economic benefits that have been widespread throughout the Nation in the greater demand for eastern-made goods from every reclaimed farm in the West.

About $182,000,000 has now been expended in the construction of Federal reclamation projects, of which amount approximately $15,000,000 has been charged off, owing to unforeseen physical conditions, and approximately $13,000,000 have also been placed in "suspense."

Repayments by settlers on the various projects now amount to approximately $36,000,000. The commitments for projects now under construction or authorized will approximate about $32,000,000.

Under the reclamation act all moneys arising from the public lands go into the reclamation fund. Congress has made no direct appropriation for the construction of these vast works.

Last year approximately $7,000,000 came into the reclamation fund, nearly all of it from oil and coal royalties and repayments from projects now completed.

We of the West know that the major problems affecting new irrigation projects arise from the difficulties involved in the settlement of the raw lands.

It has not been an easy matter for the settler on irrigated lands, whether Federal or privately developed, to forge his way to a fairly prosperous condition, involving, as it must do, a heavy investment in land leveling, construction of buildings, and in machinery and livestock.

As a whole, the Federal reclamation projects, providing for long-term repayments without interest, have been far more successful than those constructed with private capital, involving the heavy interest charges on the bonds.

It is common knowledge to us from the irrigation States that many of these privately constructed projects are now in a bad way and that many meritorious projects of this type are threatened with disaster because of their inability to refinance themselves.

In the President's proposal he points out that in these meritorious cases the reclamation act might well be given more flexibility, so as to take care of this type of privately constructed project, where the settler is already upon the land, by long-time loans advanced from the reclamation fund, with a low interest rate. To me there is no more practical way of extending intelligent help to agriculture at this time.

He also proposes that if the individual States will take over the job of administering the work of reclamation that the Federal Government, in its future commitments from the reclamation fund, advance the money necessary for the construction of the dams and reservoirs, without repayment from the States; the individual States in turn to have supervisory control of the digging of the main canals and laterals.

This plan would very materially reduce the acre cost of future reclamation to the point where successful land settlement would be assured.

I judge that the President, in recommending this joint plan, believes that the Nation itself is fully justified in making this contribution of the dams and reservoirs, both for irrigation and an offset against the lessened danger from floods and as a more comprehensive plan of national flood control.

As to the general plans above outlined, my guess would be that most of you are in agreement up to this point, but that in some of your minds the question has arisen, What about the mineral subsurface rights? Why should they not also be turned over as a gift to the public-land States?

As a man of the West, whose past life has been lived in and whose personal interests and future hopes are wholly wrapped up in its development, I will give you the reason why that very thing is neither desirable nor to be hoped for at this time.

In the first place, there is no public-land State that has the equipment absolutely necessary for scientifically handling the vast mineral resources underlying the public lands. The Federal Government is spending, and for years has been spending, more than a million dollars per year in the maintenance of its Geological Survey. Here we have a force of about 500 highly trained men at work in making most comprehensive surveys and studies of our coal, oil, phosphates, potash, metalliferous ores, topographical surveys, stream gaging, underground water supply, and their related subjects.

This work is particularly a National and not a State affair. The individual States at this time are not financially able, nor are they equipped in even the most meager way, to undertake or carry on this work.

From both the National and the State viewpoint it would be a disaster to attempt to reverse this procedure.

In the second place the individual States would reap no actual benefit by a surrender of this Federal right to the States, as the individual public-land States are now receiving through the reclamation act every dollar of revenue that comes from mineral royalties, except a meager 10 per cent of the receipts which the Federal Government retains for its supervisory control and administration of the underground mineral wealth.

Surely the States could not hope to carry on this work of exploration and administration so cheaply or with such efficiency.

Only recently I heard the comment that turning over the surface title to the public lands, without the accompanying mineral title, was like presenting the egg shell without the meat.

Certainly no man from the West, who has a comprehensive knowledge of the facts involved, will give patient ear to such loose and foolish conversation.

There is also another side to that question that we might as well face first as last. All this proposed plan for turning over the public lands and making more flexible the present reclamation act involve favorable congressional action.

I believe that under the kindly and intelligent leadership of the President, these two things are possible; and that the Congress will follow his leadership in bringing it to a successful conclusion.

But a proposal to Congress to turn over the coal, oil, potash, phosphates, and metalliferous ores to the several States, with our minimum of representation in the House and Senate, would be hopelessly impossible from its inception.

The same is true of the national forests. In the administration of the national forests, the Federal Government is spending each year far more than it receives from the sale of timber and the grazing receipts.

To begin with, 25 per cent of all forest receipts are immediately returned to the States in which the forests lie.

The next time any man proposes that the individual States take over the national forests, I wish you would keep in mind the following facts and figures:

For the fiscal year ended June 30, 1925, the Federal Government expended for the administration of the national forests, for the purchase of additional lands, and for the building of permanent roads and trails therein, the sum of $23,759,375, of which total $10,477,564 was expended for road construction work alone. The receipts from the national forests that year from timber sales and grazing fees totaled $5,000,137.

For 1926 the Government expended on its national forests $22,729,343, of which $12,989,605 was expended for roads and trails and $1,146,487 for additions to the forests. During the year 1926 the total receipts from the national forests were $5,155,661.

For the year 1927 the total expenditure by the Federal Government for the national forests was $23,512,220, of which $10,532,407 was for the construction of permanent roads and trails and $1,063,930 for the acquisition of additional forest lands. For the year 1927 the Federal Government's total receipts from grazing fees and timber sales were $3,166,605.

For the year 1928 the total expenditure by the Federal Government for the national forests was $22,657,454, of which $9,626,805 was for the construction of permanent roads and trails and $2,069,122 for the purchase of additional lands. The total receipts for the year 1928 were $5,441,434.

For the four-year period from 1925 to 1928 the Federal Government expended on its national forests a sum total of $92,658,392, and for the same period received in return $20,763,837, 25 per cent of which—$5,190,960—was returned to the States.

A study of the receipts and expenditures by the Federal Government in the conservation of the national forests surely will not leave any enthusiasm in the minds of those who have been clamoring for the Federal Government to surrender the national forests to the individual States.

I have a very distinct recollection of the agitation that spread through the West 25 years ago, when President Roosevelt led the crusade for the preservation of the remaining national forests of the West. I recall how bitterly he was assailed at the time by the cry of those who said that he was "robbing the West of its heritage." The experience of the past quarter of a century now shows that, as a matter of fact, he was literally saving us from ourselves, by putting a check on the indiscriminate, immediate destruction of the forest lands of the Mountain States.

Only a few weeks ago I saw the same clamor arise in some portions of the West when President Hoover declared his present policy of conserving in an orderly manner the oil reserves of the West that happen to lie within Government-owned lands.

All of us present here to-day will, in the coming years, pay grateful recognition to the act of President Hoover in trying to lessen the present wastefulness in the overproduction of our great natural resources of oil, so that it may be developed in an orderly, economical way.

From all the royalties paid the Federal Government on oil, coal, and timber sales from public lands outside the national forests there is immediately returned to the individual States 37½ per cent for our roads and schools, 10 per cent for administration, the remaining 52½ per cent being paid into the reclamation fund.

When we talk about taking over the mineral wealth for the public-land States we automatically close down all further aid for reclamation.

We can not eat our pie and keep it, too.

In our enthusiastic support of a program that we ourselves favor we are sometimes prone to overlook an inventory of the cold facts.

The public domain was acquired by gifts from some of the older States, by purchase from foreign governments, and as indemnity from Mexico as a result of the war of 1845–1847. No public-land State has ever added one single acre to our flag.

The mineral wealth underlying our public lands does not belong to the public-land States and never did.

Neither should we forget that the Constitution reposes in the Congress the exclusive authority to dispose of the public lands and to adopt the rules and regulations regarding their disposal.

The President can only recommend to Congress such action as he deems wise and beneficial to the Nation as a whole, of which we of the West are an integral part.

Our only hope for bringing about the desired change in present conditions, that we believe is fraught with such big possibilities for the development of the West, is through orderly procedure and the presentation of our case in a way that will appeal to the far-seeing Congressmen and Senators from the Eastern States.

In order to bring this about the President now proposes to name a commission of 9 or 10 men, 5 of whom shall be from the public-land States of the West, to study this matter and then to make report to him of the result of their findings. Backed up by a favorable recommendation of this kind he is of the opinion that the Congress will favorably respond by the enactment of legislation that will bring to early fruition the program outlined in his letter to you.

As members of this commission he earnestly desires that the five western members shall include some of our biggest and best men, who are thoroughly conversant with the problem involved.

In his letter he asks that each governor submit to him two or three names from his State to help guide him in making up the list from the West.

We can accomplish nothing without mutual cooperation and leadership. I have faith to believe that out of this conference will come great good and bigger things for the future development of the great Republic to which we all hold allegiance, and especially to that portion which we affectionately call "the West," with its great mountain ranges, valleys and plains, irrigated lands, undeveloped water powers, and mineral wealth.

In his letter to you the President has outlined his plan for turning over to you a great heritage. He has also pointed the way whereby the irrigation States of the West can develop their now arid lands, under their own control, to full fruition.

He has proposed a method of now cutting the Gordian knot that will free you from bureaucratic control at Washington, of which we have complained in the past.

May not we of the West, under the leadership here assembled, now confront an opportunity that if taken at its flood tide will surely lead on to bigger and better things in the years just ahead of us?

May not the President's proposals, if now met in a reciprocal spirit, easily assume the magnitude of a Magna Charta in the future development of the West?

REFERENCE OF EXECUTIVE MESSAGES

The VICE PRESIDENT. The Chair refers to the appropriate committees sundry Executive messages received from the President of the United States.

PRIVILEGES OF THE FLOOR

Mr. WATSON submitted the following resolution (S. Res. 115), which was referred to the Committee on Rules:

Resolved, That Rule XXXIII of the Standing Rules of the Senate, relating to the privilege of the floor, be, and the same is hereby, amended by adding at the end thereof the following paragraph:

"Duly accredited representatives of the Associated Press, the United Press, the International News Service, and the Universal Service."

DEATH OF REPRESENTATIVE KVALE

Mr. SCHALL. Mr. President, it is with deepest sorrow and regret that I have to announce the death of my friend and former colleague of the House, O. J. KVALE. He represented the seventh congressional district of our State for four terms. Previous to his coming to Congress he was a Lutheran minister of high standing in our State, a great student and an eloquent speaker. He came to Congress as a Progressive Independent in 1922, defeating his Republican opponent by 14,000. His ever-increasing majorities over his opponents for the next three terms demonstrates the high esteem in which he was held by his constituency. He was elected to the Seventy-first Congress by a majority of better than 28,000. On the floor of the House and in committee his eloquence, studious ability, and zealousness in behalf of agriculture has made him one of the ablest legislators in his fight to give agriculture an equality basis with industry. He had no peer in the House as champion of the common folks. The common people of Minnesota and the United States have lost through his premature death an able advocate of their rights and special interests have been relieved of an unrelenting foe.

I send to the desk the usual resolutions and move their adoption.

The VICE PRESIDENT. The resolutions will be read.

The resolutions (S. Res. 116) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with deep regret of the announcement of the death of O. J. KVALE, late a Representative from the State of Minnesota.

Resolved, That a committee of six Senators be appointed by the Vice President to attend the funeral of Mr. KVALE.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the late O. J. KVALE that the Senate do now stand in recess until Friday, September 13, at 12 o'clock noon.

RECESS

Pursuant to the last resolution, the Senate thereupon (at 5 o'clock and 15 minutes p. m.) took a recess until to-morrow, Friday, September 13, 1929, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 12 (legislative day of September 9), 1929

APPOINTMENTS IN THE ARMY

To be assistant to the Quartermaster General, with the rank of brigadier general, for a period of four years from date of acceptance, with rank from August 31, 1929

Col. Louis Hermann Bash, Quartermaster Corps, vice Brig. Gen. Winthrop S. Wood, assistant to the Quartermaster General, retired from active service August 30, 1929.

To be assistants to the Surgeon General, with the rank of brigadier general, for a period of four years from dates of acceptance

Col. Henry Clay Fisher, Medical Corps, with rank from October 11, 1929, vice Brig. Gen. Frank R. Keefer, assistant to the Surgeon General, who retires from active service October 10, 1929.

Col. Carl Royer Darnall, Medical Corps, with rank from December 5, 1929, vice Brig. Gen. James M. Kennedy, assistant to the Surgeon General, who retires from active service December 4, 1929.

PROMOTIONS IN THE ARMY

To be colonel

Lieut. Col. Edmond Ross Tompkins, Quartermaster Corps, from September 8, 1929.

To be lieutenant colonel

Maj. John Pearson Bubb, Infantry, from September 8, 1929.

To be major

Capt. James Vernon Ware, Infantry, from September 8, 1929

DENTAL CORPS

To be majors

Capt. Thomas Minyard Page, Dental Corps, from September 9, 1929.

Capt. James Boyle Harrington, Dental Corps, from September 10, 1929.

Capt. Earle Robbins, Dental Corps, from September 10, 1929.

SENATE

FRIDAY, *September 13, 1929*

(Legislative day of Monday, September 9, 1929)

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

FUNERAL OF THE LATE REPRESENTATIVE KVALE

The VICE PRESIDENT. Under the resolution (S. Res. 116) adopted yesterday, providing for the appointment of a committee to attend the funeral of the late Representative KVALE, the Chair appoints the senior Senator from Minnesota [Mr. SHIPSTEAD], the junior Senator from Minnesota [Mr. SCHALL], the Senator from South Dakota [Mr. NORBECK], the Senator from Iowa [Mr. BROOKHART], the Senator from Wisconsin [Mr. BLAINE], the Senator from Arizona [Mr. ASHURST], and the Senator from Georgia [Mr. GEORGE].

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Allen	Frazier	King	Shortridge
Ashurst	George	La Follette	Simmons
Barkley	Gillett	McKellar	Smoot
Bingham	Glass	McMaster	Steck
Black	Goff	McNary	Steiwer
Blaine	Gould	Metcalf	Swanson
Blease	Greene	Moses	Thomas, Idaho
Borah	Hale	Norris	Thomas, Okla.
Brock	Harris	Nye	Trammell
Brookhart	Harrison	Oddie	Tydings
Broussard	Hastings	Overman	Vandenberg
Capper	Hatfield	Patterson	Wagner
Connally	Hawes	Pine	Walcott
Couzens	Hayden	Pittman	Walsh, Mass.
Deneen	Heflin	Reed	Walsh, Mont.
Dill	Howell	Robinson, Ark.	Warren
Edge	Jones	Sackett	Waterman
Fess	Kean	Schall	Watson
Fletcher	Keyes	Sheppard	

Mr. FESS. I desire to announce that my colleague [Mr. BURTON] is still detained from the Senate by illness. I ask that this announcement may stand for the day.

Mr. WATSON. I desire to announce that my colleague the junior Senator from Indiana [Mr. ROBINSON] is out of the city on important business.

Mr. SCHALL. My colleague [Mr. SHIPSTEAD] is ill. I ask that this statement may stand for the day.

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present.

COMPILATIONS OF THE TARIFF COMMISSION (S. DOC. NO. 24)

The VICE PRESIDENT laid before the Senate a communication from the secretary of the United States Tariff Commission, transmitting certain material prepared by that commission in connection with the pending tariff legislation, as follows: (1) Memoranda regarding tariff increases in foreign countries (this covers a list of specified countries); (2) method of valuation for ad valorem duties (this covers a large number of countries in all sections of the world); and (3) duties levied in foreign countries on agricultural commodities from the United States (this covers a list of specified articles exported from the United States); which, with the accompanying data, was ordered to lie on the table and to be printed.