By Mr. SIMS: A bill (H. R. 26263) to amend section 15 of the act to regulate commerce, as amended June 29, 1906, and June 18, 1910; to the Committee on Interstate and Foreign Commerce.

By Mr. STEPHENS of Texas: Joint resolution (H. J. Res. 353) concerning the release and payment of individual Indian moneys; to the Committee on Indian Affairs.

By Mr. BURNETT: Joint resolution (H. J. Res. 354) to enable the Secretary of the Interior to legally fix and determine the ownership of and title to the fire-alarm system and appliances, apparatus, and connections heretofore placed and installed in the Government buildings of the Government Hospital for the Insane and determine such other questions; to the Committee of the Whole House on the state of the Union.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BRADLEY: A bill (H. R. 26264) for the relief of Watson B. Dickerman, administrator of the estate of Charles Backman, deceased; to the Committee on Claims.

By Mr. BORLAND: A bill (H. R. 26265) granting a pension to Charles Devalut; to the Committee on Pensions.

By Mr. BROWNING: A bill (H. R. 26266) granting an increase of pension to James H. Hurt; to the Committee on Invalid Pensions.

By Mr. CLINE: A bill (H. R. 26267) granting an increase of pension to Martin E. Rundell; to the Committee on Invalid Pensions.

By Mr. DONOHOE: A bill (H. R. 26268) granting a pension to Arabella S. Russell; to the Committee on Invalid Pensions.

By Mr. GRAHAM: A bill (H. R. 26269) granting a pension claim to Joseph Hunter; to the Committee on Claims.

By Mr. LAFFERTY: A bill (H. R. 26270) granting a pension to Elizabeth A. Shull; to the Committee on Pensions.

By Mr. McKINLEY: A bill (H. R. 26271) granting a pension to Mary Ellen Thornton; to the Committee on Invalid Pensions.

By Mr. O'SHAUNESSY: A bill (H. R. 26272) for the relief of Patrick Bolan; to the Committee on Military Affairs.

By Mr. SHERWOOD: A bill (H. R. 26273) granting an increase of pension to Albert S. Bloomer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 26274) granting an increase of pension to Julia Russell; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

By the SPEAKER (by request): Petition of Juan F. Rodriguez, of Arecibo, P. R., relative to commission to appraise properties of the Government of Porto Rico; to the Committee on Insular Affairs.

Also (by request), petition of Indians of the State of Oklahoma, against appropriation for hospitals, etc.; to the Committee on Indian Affairs.

By Mr. BOWMAN: Petition of citizens of Pennsylvania, favoring passage of bills restricting immigration; to the Committee on Immigration and Naturalization.

By Mr. DIFENDERFER: Petition of citizens residing on land abutting on the Delaware River above Bristol, including Penns Manor, for improvements to be made for protection of life and property; to the Committee on Rivers and Harbors.

By Mr. DRAPER: Memorial of National Board of Trade, relative to tolls for vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. FORNES: Memorial of National Board of Trade, favoring preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. PALMER: Petition of Bishop Rowe, of Alaska, signed by parishioners of St. Johns Protestant Episcopal Parish, East Mauch Chunk, Pa., relative to relief for natives of Alaska; to the Committee on Territories.

By Mr. PATTEN of New York: Memorial of National Board of Trade, favoring preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. PORTER: Petition of Charles Gibson and 170 other citizens of the twenty-ninth Pennsylvania congressional district, favoring passage of the Dillingham immigration bill; to the Committee on Immigration and Naturalization.

By Mr. WILLIS: Memorial of National Board of Trade, favoring preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

SENATE.

WEDNESDAY, *August 14, 1912.*

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.

Mr. GALLINGER took the chair as President pro tempore under the previous order of the Senate.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. McCUMBER and by unanimous consent, the further reading was dispensed with and the Journal was approved.

DISEASES AMONG INDIANS (S. DOC. NO. 920).

The PRESIDENT pro tempore laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of the Interior submitting an estimate of appropriation in the sum of $253,350 for the purpose of increasing the efficiency of the medical and sanitary work among the Indians, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the President of the United States having returned to the House of Representatives, in which it originated, the bill (H. R. 22195) to reduce the duties on wool and manufactures of wool, with his objections thereto, the House of Representatives proceeded in pursuance of the Constitution to reconsider the same and had passed the bill by a two-thirds vote the objections of the President to the contrary notwithstanding.

ENROLLED BILLS SIGNED.

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

S. 6354. An act to perpetuate and preserve Fort McHenry and the grounds connected therewith as a Government reservation under the control of the Secretary of War;

H. R. 4113. For the relief of Robert E. Burke;

H. R. 7672. An act for the relief of Mary J. Manning; and

H. R. 21221. An act making a grant of lands for school purposes in block No. 31, town site of Powell, Shoshoni reclamation project, Wyoming.

PETITIONS AND MEMORIALS.

The PRESIDENT pro tempore presented a petition signed by a large number of business men of Sapulpa, Okla., praying that an appropriation be made for the retention of the district Indian agent in that city, which was ordered to lie on the table.

Mr. CULLOM presented petitions of the Trades and Labor Assembly, of South Chicago; of the Central Trades and Labor Council, of Joliet; of the Federated Newspaper Trades, of Chicago; of the Trades and Labor Assembly, of Decatur; of the Trades and Labor Council, of Danville; of the Trades and Labor Assembly, of O'Fallon; and of the Tri-City Central Trades Council, of Granite City, all of the State of Illinois, praying for the enactment of legislation providing for the better protection of American seamen, which were referred to the Committee on Commerce.

He also presented a petition of the Wholesale Grocers' Exchange, of Chicago, Ill., praying for the enactment of legislation providing for the marking of food packages in terms of weight, measure, or numerical count, which was referred to the Committee on Interstate Commerce.

He also presented a memorial of members of the Master Binders and Rulers' Club, of Chicago, Ill., and a memorial of the Allied Printing Trades Council, of Springfield, Ill., remonstrating against an increase of the rates on third-class mail matter, which were ordered to lie on the table.

He also presented petitions of Local Unions No. 154, of Lincoln; No. 247, of Blue Island; and No. 200, of Galesburg, all of the Cigarmakers' International Union of America, in the State of Illinois, praying for the enactment of legislation exempting from internal-revenue tax cigars furnished employees by the manufacturers thereof, which were referred to the Committee on Finance.

Mr. PERKINS presented telegrams in the nature of petitions of the chamber of commerce and of the Citrus Protective League, of Los Angeles; of A. J. Cook, State commissioner of horticulture; and of the California Fruit Distributers, of the chamber of commerce; and of the Jobbers' Association, of Sacramento; and of the Limone Ira Co., of Santa Paula, all in the State of California, praying for the enactment of legislation to regulate the importation of nursery stock and other plants and plant products, and to establish and maintain quarantine districts for

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plant diseases and insect pests, which were ordered to lie on the table.

Mr. OLIVER presented a petition of the Woman's Christian Temperance Union of Johnstown, Pa., and a petition of the Woman's Christian Temperance Union of Beaverdale, Pa., praying for the enactment of legislation prohibiting the sale of intoxicating liquors in Government buildings and ships, which were referred to the Committee on Public Buildings and Grounds.

Mr. GALLINGER presented telegrams in the nature of petitions from George H. Reed, Charles T. Page, C. C. Garland, and sundry other citizens of Concord; of George H. Eames and sundry other citizens of Keene; D. H. Goodell and sundry other citizens of Antrim, all in the State of New Hampshire, praying for the passage of the so-called Kenyon interstate liquor bill, which were ordered to lie on the table.

REPORTS OF COMMITTEES.

Mr. McCUMBER, from the Committee on Pensions, to which was referred the bill (S. 2666) granting an increase of pension to William P. Clark, reported it with amendments (S. Rept. 1030).

Mr. CRAWFORD, from the Committee on Claims, to which was referred the bill (H. R. 14770) for the relief of Martin A. L. Olsen, reported it without amendment and submitted a report (No. 1031) thereon.

BIOGRAPHICAL CONGRESSIONAL DIRECTORY.

Mr. SMOOT, from the Committee on Printing, reported the following concurrent resolution (S. Con. Res. 26), which was considered by unanimous consent and agreed to:

Resolved by the Senate (the House of Representatives concurring), That there be printed 3,000 copies of Senate Document No. 654, Sixty-first Congress, second session, entitled "Biographical Congressional Directory," of which 1,000 copies shall be for the use of the Senate and 2,000 copies for the use of the House of Representatives.

INDIAN LAWS.

Mr. SMOOT, from the Committee on Printing, to which was referred S. Res. 282, to print the manuscript of laws, etc., relating to Indian affairs, submitted by Mr. CLAPP on April 12, 1912, reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the manuscript of the laws, agreements, Executive orders, proclamations, etc., relating to Indian affairs, be printed as a Senate document.

BILLS INTRODUCED.

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

By Mr. HITCHCOCK:

A bill (S. 7460) granting an increase of pension to Joseph D. Iler; to the Committee on Pensions.

By Mr. NELSON:

A bill (S. 7461) construing the provisions of section 8 of the act entitled "An act to improve the efficiency of the personnel of the Revenue-Cutter Service," approved April 16, 1908; to the Committee on Commerce.

By Mr. McLEAN:

A bill (S. 7462) granting an increase of pension to Marshall D. House (with accompanying paper); to the Committee on Pensions.

By Mr. SMITH of Georgia:

A bill (S. 7463) for the relief of the heirs or estate of Wilson W. Whitaker, deceased (with accompanying paper); to the Committee on Claims.

By Mr. CURTIS:

A bill (S. 7464) for the relief of the estate of Levi Fellers, deceased; to the Committee on Claims.

By Mr. BRADLEY:

A bill (S. 7465) granting an increase of pension to Henry McClure (with accompanying papers); to the Committee on Pensions.

By Mr. CRAWFORD (for Mr. GAMBLE):

A bill (S. 7466) granting an increase of pension to Carl W. Carlson (with accompanying paper); to the Committee on Pensions.

A bill (S. 7467) for the relief of George H. Grace; to the Committee on Post Offices and Post Roads.

AMENDMENTS TO DEFICIENCY APPROPRIATION BILL (H. R. 25970).

Mr. CURTIS submitted an amendment proposing to appropriate $500 to purchase not to exceed 10 acres of land for an agency site for the Potawatomi Indian School, Kansas, etc., intended to be proposed by him to the general deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. ASHURST submitted an amendment granting authority to use a certain unexpended balance by the State of Arizona, intended to be proposed by him to the general deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

THE METROPOLITAN COACH CO.

Mr. JONES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2904) to confer upon the Commissioners of the District of Columbia authority to regulate the operation and equipment of the vehicles of the Metropolitan Coach Co. having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House, and agree to the same.

W. L. JONES,
WILLIAM L. KENYON,
Managers on the part of the Senate.
JOHN H. ROTHERMEL,
C. O. LOBECK,
JULIUS KAHN,
Managers on the part of the House.

The report was agreed to.

COMMISSION ON RURAL CREDITS IN EUROPE.

Mr. FLETCHER. Mr. President, I ask that the joint resolution (S. J. Res. 132) providing for an American commission for the investigation of rural credits in Europe, which was introduced by the Senator from Nevada [Mr. NEWLANDS] on the 8th instant and is on the table, be laid before the Senate pending a motion to refer.

The PRESIDENT pro tempore. The Chair lays the joint resolution before the Senate. Does the Senator from Florida move to refer it?

Mr. FLETCHER. I desire to submit some remarks on the joint resolution.

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

The PRESIDENT pro tempore. The roll will be called.

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

Ashurst	Cullom	Massey	Smith, Ga.
Bacon	Cummins	Nelson	Smith, S. C.
Bailey	Dillingham	O'Gorman	Smoot
Bankhead	Fletcher	Overman	Stone
Borah	Gallinger	Page	Sutherland
Bourne	Hitchcock	Penrose	Tillman
Bristow	Johnston, Ala.	Perkins	Townsend
Bryan	Kenyon	Poindexter	Works
Burnham	Lodge	Pomerene	
Burton	McCumber	Sanders	
Chamberlain	Martin, Va.	Simmons	

Mr. TOWNSEND. I desire to state that I received a telegram this morning from the senior Senator from Michigan [Mr. SMITH], stating that on account of serious illness in his family he can not be here. I wish this announcement to stand for the day.

The PRESIDENT pro tempore. Forty-one Senators have answered to their names—not a quorum. The roll of the absentees will be called.

The Secretary called the names of absent Senators, and Mr. CATRON and Mr. OLIVER answered to their names when called.

Mr. BRANDEGEE, Mr. CLAPP, Mr. JONES, and Mr. SMITH of Arizona entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Forty-seven Senators have answered to their names—not a quorum.

Mr. SMOOT. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

Mr. BRADLEY entered the Chamber and answered to his name.

The PRESIDENT pro tempore. Forty-eight Senators have answered to their names. A quorum of the Senate is present.

Mr. SMOOT. I move that further proceedings under the call be dispensed with.

The motion was agreed to.

Mr. FLETCHER. I ask that the joint resolution may be read.

The PRESIDENT pro tempore. The Secretary will read the joint resolution.

The Secretary read the joint resolution, as follows:

Whereas the Department of State of the United States detailed, upon the application of the Southern Commercial Congress, David Lubin, American delegate to the International Institute of Agriculture, Rome, Italy, to direct a conference on agricultural finance held under the auspices of the Southern Commercial Congress in Nashville, Tenn., April 1 to 6; and

Whereas 27 States were represented through delegates in the conference; and

Whereas resolutions were unanimously adopted providing for an American commission to go abroad for the investigation of rural credits in Europe; and

Whereas the Southern Commercial Congress will send the commission abroad, composed of delegates from all States of the United States, to report to the International Institute of Agriculture (which, under treaty, is supported by the Government of the United States) at the time of the meeting of the general assembly of the International Institute of Agriculture, May, 1913: Therefore be it

Resolved, That the Congress of the United States, in recognition of the valuable service to be rendered the United States in the investigation of the European systems of agricultural finance, hereby indorses the proposed American commission and invokes for it the diplomatic consideration of the countries to be included in the itinerary.

Mr. FLETCHER. Mr. President, the Southern Commercial Congress was organized for the purpose, primarily, of advancing the material interests of the 16 Southern States, and as indicative of its broad spirit and extended lines of endeavor adopted as its slogan "A greater Nation through a greater South!" Realizing that unique conditions existed in the South, where serious interruption had for a time checked continuous development and where peculiar problems had to be met, it was conceived that some aggressive and constructive effort to make known the possibilities and opportunities to be found there and to push forward and emphasize the agricultural, industrial, commercial, climatic, and educational advantages in that region was a work which was called for and should be followed by rich results.

Accordingly, in an altruistic spirit, having nothing of its own to buy or sell, no ends to accomplish but the general good, that organization has been putting forth its energies along the various directions suggested, and already an enthusiastic awakening has taken place, land values have increased, new capital and new enterprises have been attracted, the unequaled natural resources and material advantages are becoming more justly prized and more widely known, misconceptions as to climate and social conditions are being swept away, accurate information is taking the place of ignorance and misinformation regarding what is called the South, in other portions of the country and abroad, and the day of unprecedented progress dawns.

Without attempting to set forth the practical results already accomplished, which but blaze the way for greater and more substantial achievements in the future, this organization is recognized by those acquainted with its purpose and endeavors and by the various departments of the Government as being engaged in a patriotic public work, in a practical way, for the accomplishment of desirable ends, and their cooperation is cordially extended.

It is now reaching out to promote friendly relations and commercial intercourse with Latin-American countries, and shaping routes and channels of trade which the Panama Canal will open up to us.

The Southern Commercial Congress holds an annual convention where the various subjects which affect the prosperity of the country and the welfare of the people are considered. Its last convention was held in Nashville, Tenn., April 9–10, this year. By permission of the State Department our minister to Denmark, Mr. Maurice Francis Egan, came across the ocean to explain to the people of this country the system of dairying as practiced in Denmark, and after addressing that convention he spent some weeks lecturing to agriculturists on that important subject.

Likewise, authorized by the State Department, Mr. David Lubin, of California, delegate of the United States to the International Institute of Agriculture, with headquarters at Rome, Italy—the institute participated in by 50 nations under treaty—came to this country to attend and address the convention of the Southern Commercial Congress and to conduct a conference on rural credits held in Nashville, April 1–6 last.

The institute had issued publications on the rural cooperative credit system in operation in certain European countries, and these had come to the notice of the Southern Commercial Congress, which took the matter up with Mr. Lubin last January and succeeded in bringing him to this country to guide and direct the conference on the subject mentioned and to address the congress. Twenty-seven States were represented at the Nashville conference, as shown by the minutes of the proceedings, which I will ask to affix as part of my remarks and mark Exhibit A.

The PRESIDENT pro tempore. Without objection, permission is granted.

Mr. FLETCHER. Resolutions were adopted, as the minutes show, and steps have been taken in accordance therewith.

To investigate foreign systems of cooperative agricultural finance and the adaptability of some such system to the needs of this country, the Southern Commercial Congress will send to Europe in May, 1913, a national commission. This commission will comprise two delegates from each State. It will report to Mr. David Lubin, American delegate, International Institute of Agriculture, Rome, Italy, and, accompanied by Mr. Lubin, will tour the European countries. The commission will report the result of its investigations to the Fifth Annual Convention of the Southern Commercial Congress, which will be held in Mobile, Ala., in September, 1913, about the time of the opening of the Panama Canal.

In the meantime the Southern Commercial Congress has commissioned Edwin Chamberlain, of San Antonio, Tex.; Clarence Poe, of Raleigh, N. C.; and George Woodruff and Frederick K. Woodruff, of Joliet, Ill., to make a preliminary investigation while they are in Europe this summer of agricultural cooperation and cooperative credit systems in Ireland, England, France, Germany, and Denmark. This subcommittee will report to the Southern Commercial Congress prior to the departure of the full committee.

DELEGATE LUBIN'S REPORT.

At the regular monthly meeting of the permanent committee of the International Institute of Agriculture, May 11, 1912, Mr. Lubin made his report, which has been printed as a Senate document, being No. 855. This report was published in the languages of the 50 nations that, under treaty, comprise the International Institute of Agriculture.

WIDESPREAD INTEREST IN AGRICULTURAL FINANCE.

While the Southern Commercial Congress is given credit for the initiative in making an organized effort for the study of European rural credits, it should be understood that throughout the United States and in many countries of the world intense interest is centered on this subject for the solution of economic problems in the interest of the masses of the people who live in rural communities. The American Bankers' Association has appointed a committee composed of ex-Gov. Myron T. Herrick, of Ohio, recently appointed ambassador from the United States to France; B. F. Harris, president of the Illinois Bankers' Association; and Edwin Chamberlain, of San Antonio, Tex. This committee will also investigate the subject.

Secretary Knox, of the Department of State, has commissioned five ambassadors in Europe to make a study of and report to the department on the subject of agricultural finance. Ambassador Herrick is the chairman of this commission.

It is a notable fact that the National Republican Party, in convention in Chicago, adopted a plank pledging an investigation of agricultural finance. The following plank was written in the Democratic national platform by the Democratic convention recently in session in Baltimore:

Of equal importance with the question of currency reform is the question of rural credits or agricultural finance. Therefore we recommend that an investigation of agricultural credit societies in foreign countries be made, so that it may be ascertained whether a system of rural credits may be devised suitable to conditions in the United States.

There is no more important question confronting the American people to-day than that of agricultural credits. It is basic, as the solution of the problem means relief for the American farmer and the uplift of the entire rural population of the United States. Farmers of the United States pay exorbitant interest on their loans, whereas in countries where cooperative societies are organized money is secured at from 2 to 4 per cent. In Germany alone in 1909 the total business done under the Raiffeisen system was 6,537,075,959 marks—$1,557,293,580. In 1910 the total business done under the Schulze-Delitzsch popular banks system was 13,566,182,463 marks—$3,231,801,035.

It will not do to say Europe can teach us nothing regarding agriculture or suggest to us what would be greatly to the advantage of our farmers.

Mr. Eugene H. Grubb, in World's Work for August, says that "American farm practice is 50 years behind European farm practice." He speaks of "Lord Rosebery's feat of growing 55 long tons—2,000 bushels, or more than 121,000 pounds—of potatoes to the acre on land that has been cultivated for a thousand years." He has studied the European methods and says, "I have increased my yield of potatoes from 100 bushels to 400 bushels an acre; my yield of oats from 40 bushels to 100 bushels an acre; and wheat from 25 bushels to 50 bushels. And I have eliminated crop failure from my experience."

Dr. Wiley is reported as saying that "American farmers are cheating themselves out of $1,500,000,000 a year by using in-

ferior methods of cultivation, and at the same time are contributing materially to the cost of living. In agriculture we are fully 50 years behind Europe, and the better utilization of our farm resources is one of the most important problems before the country."

One thing which will make farming more attractive and contribute immensely to disenthrall the farmer and place him on the new highway of progress will be the adoption of the cooperative idea and putting into effect some such plan as that which rescued the agriculturists of Europe at a time when they were much more in need of encouragement than are the farmers of the United States.

In 1848, when distress prevailed throughout Europe and the money lenders held the poor in their grasp, that system of cooperative credit, which was to influence the agricultural world beyond all estimate, was devised. Raiffeisen and Schulze, German burgomasters, led the way. They were pioneers in the organization of credit societies which brought relief to the people.

Two systems were evolved. The Raiffeisen banks are purely agricultural banks, small farmers and agricultural laborers forming their membership.

The Schulze banks are situated in urban districts chiefly, embracing small men of every class, and are commonly called now "town banks."

Without attempting to examine the two systems in detail, I should imagine we would be more particularly interested in the cooperative credit banks which Raiffeisen established. He worked among the German farmers who were deeply in debt and paying usurious interest, and he solved the problem of agricultural credit by utilizing the personal pledge of the small farmer, supported by the guaranty of his neighbors. Without subsidy or assistance from the State or other aid these banks have met the demand not only in Germany, Belgium, Italy, Austria, Prussia, France, and other countries of Europe, but wherever they have been tried, with unquestioned success.

From a small beginning midway through the nineteenth century, which these courageous pioneers, Raiffeisen and Schulze, made, there has developed "a vast system of more than 15,000 separate offices of which over 13,000 are of the Raiffeisen type." In 1908 we are informed these banks held over $400,000,000 in current accounts and savings, while they had granted over $250,000,000 credit, and during the year of the panic, 1907, while the Imperial Bank was demanding 7 per cent interest, the cooperative banks maintained a rate of 4 per cent. Some cooperative societies have become successful agents for the sale of farm products and the purchase of supplies at wholesale.

German husbandry has been benefited beyond calculation.

Wherever our farmers are prosperous we want to keep them so; wherever they are not, we want to help them to become so.

Agriculture is not only our most important industry, but it is the basis of all others.

Germany may boast of her military supremacy; England may claim first place in the naval world, but America surpasses them all in the commercial world.

Our national prosperity rests on our power to produce what we need. We shall be in a position of supreme power among the nations of the world when they must come to us or go hungry and unclothed.

That nation which produces a surplus of prime necessities of life, which the other nations must have, is in position to dictate, without bullying, in times of peace or war, armed only with the weapon of trade and will not likely need any other.

The European cooperative rural credit systems which we shall examine and endeavor to apply here are substantially in the hands of farmers, operated by farmers, for farmers.

Clearly and persistently this must be borne in mind. The research and study it is proposed to make and the data it is desired to collect and collate and utilize are intended primarily for the advantage and benefit of the American farmer.

Closely related to, if not actually identified with, agricultural finance in the countries of Europe is the practice of cooperative effort by those engaged in agricultural pursuit. We find that course pursued by the dairymen of Denmark in a way which has made that industry, under marked adverse conditions, one of greatest importance.

In Holland, Ireland, and to some extent in England, the cooperative societies have accomplished most satisfactory results.

In France such societies are strengthened by the Government's aid. We have noted how cooperative endeavor has solved the problem of the German agriculturists.

It is believed that the commission which will go to Europe next May, and under the guidance of Mr. Lubin will spend some 70 days in the countries where the most successful and well-tried cooperative systems are in operation, will extend its inquiry beyond the subject of credits and finance, and into the realm of marketing crops, procuring supplies, and other subjects affecting the farmers. It is believed a study of the methods employed there, the practices of prosperous agricultural communities, and especially the subject of agricultural finance, will enable that commission to report facts and findings from which can be devised and formulated a workable plan and system adapted to this country, in a practical way, of inestimable value to all our people, and particularly to those who live nearest the fountain of life in the divine economy.

In 1872 the German Landwirtschaftsrat was formed to look after the interests of agriculture. It is composed of 74 members (25 for Prussia and 49 for the German States), elected by the central associations and is officially recognized by the Imperial Government and the governments of the several States as the representative of the interests of German agriculture. It grew out of the agricultural associations which exist throughout Germany. It addresses itself direct to the chancellor or to the Imperial Parliament on the subject of legislative or administrative measures affecting the interests of agriculture. It publishes a yearbook and fortnightly review and weekly and even daily reports, giving information on prices in each province and throughout the country and abroad, and distributes these to all agricultural associations. We shall have occasion to look into the workings of that system and see whether some adaptation of it not already covered by the splendid service of our Department of Agriculture may not be practicable and useful in the United States. There is every reason to believe that development may be not the least important in this undertaking.

The Southern Commercial Congress will take care of the total expenses of the commission and make all arrangements for the tour and study. In order to give the commission its proper standing with and insure its proper recognition by governments it will come in contact with, it is thought the adoption of the resolution proposed by the Congress of the United States would be in order.

The United States is in no way responsible for the commission; incurs no obligation in connection with it or its service. It is a voluntary commission, raised by the Southern Commercial Congress, will bear its own expenses, and devote its time and labors to the work; and as that work is intended solely for the public good, it is entitled to such encouragement by the Congress of the United States as will promote its strength and add to its usefulness. As to the personnel of the committee, it will be the purpose to observe the injunction of Mr. Lubin, to wit:

> We may materialize a committee, but that committee may be composed of exploiting bankers, and that would be a sad error; or the committee may consist of sight-seeing dilettantis, and that would be a grievous mistake; or it might be formed of cantankerous cranks, and that would be disgraceful; or it may be so loosely coherent as to render it a heterogeneous mob, and that would mean chaos.
>
> We have a good cause—a cause now indorsed by the two great political parties in our country; by a very large proportion of the people of our country; by the economic and political needs of our country; and we have a sufficient basis of facts in the European systems to justify the efforts we have in hand.

In this connection, I ask to attach as a portion of my remarks a circular issued by Mr. Lubin, which has just come to hand, designated as Exhibit B.

The PRESIDENT pro tempore. Without objection, that order will be made.

EXHIBIT A.

CONFERENCE ON AGRICULTURAL FINANCE CONDUCTED BY THE SOUTHERN COMMERCIAL CONGRESS, NASHVILLE, TENN.

The conference on rural banking systems of Europe, called by Senator Duncan U. Fletcher, of Florida, president of the Southern Commercial Congress, met in Nashville, Tenn., April 1 to 6, 1912.

The conference organized with the following officers: Chairman, G. Grosvenor Dawe, managing director of the Southern Commercial Congress; secretary, Clarence J. Owens, secretary-treasurer of the Southern Commercial Congress. The following delegates enrolled:

Hon. David Lubin, American delegate, International Institute of Agriculture, Rome, Italy.

Mr. G. Grosvenor Dawe, managing director, Southern Commercial Congress.

Dr. Clarence J. Owens, secretary-treasurer, Southern Commercial Congress.

Mr. J. D. Eggleston, jr., superintendent public instruction, Richmond, Va.

Mr. Olaf Olsen, assistant cashier First National Bank, Boston, Mass.

Mr. B. F. Harris, president Illinois Bankers' Association, Chicago, Ill.

Mr. George A. Hubbell, president Lincoln University, Cumberland Gap, Tenn.

Mr. Harvie Jordan, president Farmers' Gin Compress & Cotton Co., Atlanta, Ga.

Mr. C. F. Meek, district manager the United States Mercantile Co., Nashville, Tenn.

Mr. Warren H. Wilson, superintendent Presbyterian Department of Church and Country Life, New York, N. Y.

Mr. T. G. Garrett, manager and examiner Nashville Clearing House, Nashville, Tenn.

Mr. F. M. Mayfield, secretary Tennessee Bankers' Association, Nashville, Tenn.

Mr. L. R. Neel, editor Southern Agriculturist, Nashville, Tenn.
Mr. A. P. Foster, secretary Nashville Industrial Bureau, Nashville, Tenn.
Mr. Jackson Davis, State superintendent of rural schools, Richmond, Va.
Mr. F. M. King, Chicago, Ill.
Mrs. Willoughby Williams, Southern Agriculturist, Nashville, Tenn.
Mr. Charles H. Reiffeisen, real estate dealer, Sedalia, Mo.
Mr. J. C. Hardy, president Mississippi Agricultural and Mechanical College, Agricultural College, Miss.
Mr. George P. Phenix, vice president Hampton Institute, Hampton, Va.
Mr. F. W. Gist, United States Department of Agriculture, Nashville, Tenn.
Dr. H. B. Frissell, Hampton Institute, Hampton, Va.
Mr. T. S. Settle, State supervisor rural schools, Richmond, Va.
Mr. Harlan Updergraff, United States Bureau of Education, Washington, D. C.
Mr. E. C. Brooks, Trinity College, Durham, N. C.
Mr. D. H. Hill, president Agricultural and Mechanical College, East Raleigh, N. C.
Mr. James C. Harris, No. 1707 West End, Nashville, Tenn.
Mr. Clarence H. Poe, editor Progressive Farmer, Raleigh, N. C.
Mr. George B. Horton, Adrian, Mich.
Mr. Harris, Nashville, Tenn.
Mr. George W. Simon, No. 174 Second Avenue, New York, N. Y.
Mr. J. H. Binford, Department of Public Instruction Richmond. Va.
Hon. Watt T. Brown, State senator, Ragland, Ala.
Mr. John Lee Coulter, Bureau of Census, Washington, D. C.
Mr. Dan T. Hughes, Danville, Ga.
Mr. E. D. Sanderson, dean West Virginia University, Morgantown, W. Va.
Mr. Thomas Cooper, Fargo, N. Dak.
Mr. John F. Sinclair, Board of Public Affairs, Madison, Wis.
Mr. W. D. Bentley, Yukon, Okla.
Mr. Fulton Smith, Memphis, Tenn.
Mr. C. H. Littrel, Fourth National Bank, Nashville, Tenn.
Mr. A. C. Adams, Nashville, Tenn.
Mr. J. A. Burruss, Harrisonburg, Va., president State normal school.
Dr. S. C. Mitchell, president University of South Carolina, Columbia, S. C.
Mr. John A. Rogers, Smith Co., Gainesville, Ala.
Mr. J. C. Caldwell, real-estate dealer, Lakefield, Minn.
Mr. C. O. Davidson, wholesale grocer, Boise, Idaho.
Mr. Frank O. Watts, president First National Bank, Nashville, Tenn.
Mr. W. F. Procter, Tybee, Tex.
Mr. A. H. Benson, Washington, D. C.
Mr. Leland J. Henderson, Pensacola, Fla.
Mr. Walter H. Page, editor World's Work, Garden City, Long Island, N. Y.
Mr. E. C. Branson, president normal school, Athens, Ga.
Mr. Henry J. Bowdoin, Baltimore, Md.
Mr. Theo. Price, Price Co., New York, N. Y.
Mr. Julius Smith, secretary Pennsylvania Rural Progress Association, Pennsdale, Pa.
Mr. C. R. Titlow, director agricultural extension work, Morgantown, W. Va.
Mr. T. J. Brooks, Atwood, Tenn.
Mr. W. L. English, State agent Department of Agriculture, Clemson College, S. C.
Mr. W. H. Lippold, educational secretary Young Men's Christian Association, Louisville, Ky.
Mr. Charles G. Maphis, professor of secondary education University of Virginia.
Mr. H. H. Williams, extension department Texas Agricultural and Mechanical College, College Station, Tex.
Mr. C. M. Evans, superintendent extension work Agricultural and Mechanical College, College Station, Tex.
Mr. O. B. Martin, Department of Agriculture, Washington, D. C.
Miss Jesse Fields, superintendent of schools, Clarinda, Page County, Iowa.
Mr. J. J. Vernon, dean College of Agriculture, University of Florida, Gainesville, Fla.
Mr. H. D. Tate, State agent farm demonstration work, Memphis, Tenn.
Lilian W. Johnson, Central High School, Memphis, Tenn.
Dr. J. F. Duggar, director experiment station, Auburn, Ala.
Mr. J. L. Quicksall, United States Department of Agriculture, Waco, Tex.
Mr. F. M. Jeffords, Boys' Demonstration Clubs, Little Rock, Ark.
Mr. Herbert Myrick, president Orange-Judd Co., Springfield, Mass.

The following letter from Mr. Lubin, addressed to the managing director of the Southern Commercial Congress, was read:

ADAPTATION AND ADOPTION OF THE RAIFFEISEN SYSTEM OF RURAL CO-OPERATIVE CREDIT IN THE UNITED STATES.

(Proposal of a committee of inquiry for that purpose. Correspondence with the Southern Commercial Congress.)

INTERNATIONAL INSTITUTE OF AGRICULTURE,
Rome, Italy, January 11, 1912.

To the MANAGING DIRECTOR SOUTHERN COMMERCIAL CONGRESS,
Southern Building, Washington, D. C.

DEAR MR. DAWE: I am in receipt of your valued letter of December 26 on the subject of the Raiffeisen system, and wish to say that I have given the same my careful attention. As the subject of this correspondence is of keen interest to several sections of the United States, I shall take the liberty of framing this reply as a public letter.

You say:

"I have now consulted with the executive officers of the Southern Commercial Congress and write you more fully than I was able to do in my letter of the 4th of November.

"That phase of cooperative rural life which is involved in the Raiffeisen system is basic; for it shows the farmers how they can be their own regenerators. Consequently, as we are very seriously addressing ourselves to the task of stimulating efficient rural life in the South, our survey of cooperative systems would be incomplete unless we familiarize the thought of the South with the wisdom of Europe as it has been shown through the pioneer work of Raiffeisen."

Since the institute has sent out its publications on the Raiffeison system (3 volumes in 1910 and 10 volumes in 1911) inquiries are reaching it from all sections of the United States. The inquiries come from the agricultural press, the leading universities, the farmers' institutes, members of the grange, cooperative associations, State institutions, etc. They all express keen interest in the question of cooperative rural credit, and inquire for further data and suggestions with a view to advancing and introducing the Raiffeisen system to meet the needs of the various sections. And now comes your great organization, with an outspoken recognition of the importance of this Raiffeisen system for the economic revival of the South, and, after consulting your executive officers, you suggest that I "be present" at your congress at Nashville, Tenn., on April 8, 9, and 10, "to take the initial step" toward its introduction into America.

Upon consideration it would appear, however, that the question is more complexed than it seems to be at first sight. While the adoption of the Raiffeisen system in the United States would be of incalculable economic benefit to the American people, we must not be unmindful of the grave and serious dangers besetting the path in an attempt to bring this about. There is the danger of untried enthusiasm; of hasty, ill-advised progress thrust forward on receptive minds; and, last but not least, the danger of cunning, cupidity, and downright dishonesty. All of these dangers should be placed in relief and extreme care should be taken to employ the right means toward the desired end.

No mere address delivered from a platform, no mere reading of printed reports, can suffice to obviate the dangers above referred to, and to insure the safe introduction into the United States of the European systems of cooperative rural credits.

There is, however, a way which suggests itself to me as at once conservative, effective, and safe; and that is to follow in the footsteps of the recess committee. The recess committee, formed in 1896, consisted of a number of leading Irishmen who were looking for similar economic ends for Ireland to those which are occupying the attention of your organization in the interest of the Southern States. Their first step was to form a committee of inquiry to travel through the several continental countries where the Raiffeisen and similar systems were in operation; and to make a thorough personal investigation and study of same with a view to adapting them for introduction into Ireland.

The recess committee, consisting of 22 members, was accordingly formed, under the leadership of Sir Horace Plunkett, and as the result of its inquiries in the principal European countries, it was able, in about four months, to hand in to the secretary of state for Ireland a report embodying a scheme for legislation and administration which called for the adoption of the Raiffeisen system of cooperative rural credits. This report has been the starting point toward the economic upbuilding of modern Ireland, resulting in 1908 in the existence of 268 cooperative credit banks in Ireland, as shown by the "Bulletin of the International Institute of Agriculture."

The action of the recess committee, just referred to, offers a valuable example; one which, if followed by the Southern Commercial Congress, would enable it to pioneer the way for the introduction of the Raiffeisen system in the South, thereby supplying, as you say in your letter, the basic means through which "the farmers of the South could be their own regenerators."

Let, then, the Southern Commercial Congress arrange for a representation of at least two members from each of the 16 Southern States affiliated to its organization, making a minimum representation of 32 members. Let these 32 members meet at a time and place to be designated, when the subject of the Raiffeisen system may be taken up, and a motion discussd for the appointment of a committee of inquiry to visit the continental countries of Europe, devoting, say, two months to the study of the Raiffeisen system in the countries in which it is in operation, and then proceed on to Rome and continue its studies for another month in the International Institute of Agriculture. The result of these investigations should then be embodied by the committee in the form of a report to the Southern Commercial Congress.

This report could then be given out for public discussion, and would afford a safe and sound basis for a conclusion, a conclusion for final action.

Now, you ask me to attend your congress at Nashville, Tenn., to present the Raiffeisen system, and you further say:

"If, in addition to addressing the congress in Nashville, you should desire to make an extended tour through the South, explaining more in detail the wonderful propaganda you are carrying on, I believe such a trip to America would be regarded as of value in the extreme; for you would be conferring a benefit upon a region that is ready to learn, but that has been very largely, since the time of the war, set aside from the main line of national development."

In replying to this invitation, allow me to again draw your attention to the following statements in my letter to you of November 18, ultimo, wherein I said:

"My duties here to the institute are too important to allow of my employing the time necessary for going and coming, unless it be made clear that so doing would result in greater service than remaining here. * * * If it could be arranged to bring up the Raiffeisen matter for consideration before your Congress, it would offer a good reason for my accepting a formal invitation."

With this end in view, I now make you the following proposals:

First. That the Southern Commercial Congress arrange for a meeting of a select committee of its members representing the 16 Southern

With this end in view, I now make you the following proposals:

Second. That said select committee hold a special session for a week, exclusively for the purpose of considering the Raiffeisen and other European systems of rural cooperative credits, and introduce and vote on a motion for the appointment by the Southern Commercial Congress of a traveling committee of inquiry for the purposes already outlined in this letter.

If your association or its executive committee decide to act on this proposal, I shall be glad to come on, mainly for the purpose of attending the sessions of the said select committee. In addition to this function, I would also, with the approval of your executive committee, attend your meeting in Nashville to address it on the subject under discussion, and would, furthermore, comply with your request to present the matter to the people in an "extended tour through the South," as suggested in your letter.

In view of the widespread and general interest taken in the issue before us, it may not be out of place for me to suggest that if your organization act on this proposal it should invite the presence and participation at the meetings of the proposed select committee of representatives from the National Grange, the National Farmers' Congress, representation from the Department of Agriculture and the Department of Commerce and Labor (officially or semiofficially appointed), economists from the leading universities, representatives of the Nebraska Rural Life Commission (appointed by the Nebraska Legislature), the Trans-Mississippi Congress, the Irrigation Congress, the Dry-Farming Congress, and similar organizations.

Or, if it be not deemed expedient or practicable for representatives of these bodies to be present at this proposed session of the select committee, I would then suggest that the committee appointed as the result of its deliberations be authorized to subsequently add to its number representatives of such organizations as those I have named.

It must be obvious to all who give thought to the matter that the action here proposed—the calling of the select committee by the Southern Commercial Congress, the appointment of the committee of inquiry, its investigations in Europe, its report, and the publicity which all this would engender—must tend toward the solution of the question at issue in the most prudent, conservative, and effective manner.

Such action would not alone be calculated to bring about the best results, but it would also be of great value in preventing mistakes, mistakes that would be likely to prove grievous and dangerous to the economic interests of the people; and it would be especially valuable in preventing attempts by incapables, whilst tending effectively to ward off that army of rapacious and dishonest adventurers who are always eager to avail themselves of the opportunities afforded them by any overhasty or ill-judged initiative, especially so when exerted in such a new field as that of starting in the United States the European systems of rural cooperative credits.

Awaiting the decision of your committee on the proposal I have made, I remain,

Yours, very truly, DAVID LUBIN,
Delegate of the United States,
International Institute of Agriculture, Rome, Italy.

Hon. David Lubin, American delegate to the International Institute of Agriculture, Rome Italy, prior to his departure from Rome published the following notice from the International Institute of Agriculture:

THE RAIFFEISEN SYSTEM—ITS ADOPTION IN THE UNITED STATES.

The inclosed leaflet is a brief summary of information on the Raiffeisen and other European systems of rural cooperative credit published by the International Institute of Agriculture, Rome, Italy.

The keen interest awakened in these systems by the regular publications of the institute has widened the circle of inquirers to an extent which renders this brief summary of the information necessary.

It will also serve as a ready memorandum at the meeting to be held under the auspices of the Southern Commercial Congress at Nashville, Tenn., in the early part of April, 1912, when these systems are to be brought up for consideration and action.

The Southern Commercial Congress has called a special session of a select committee of representatives from various sections of the Union to meet the American delegate to the International Institute of Agriculture for the exclusive consideration of the Raiffeisen and other European systems of rural cooperative credit. Said select committee is to introduce and vote on a motion for the appointment of a traveling committee of inquiry to investigate the operation of those systems in Europe. The result of these investigations is to be embodied in the form of a report for public discussion, so as to afford a safe and sound basis for final action toward the introduction or adaptation of these systems in the United States.

DAVID LUBIN,
Delegate of the United States,
International Institute of Agriculture, Rome, Italy.

Upon the organization of the conference Mr. Lubin, who was present by permission of the Department of State to guide the deliberations of the body in the study of the question of agricultural finance, submitted as a basis of study the following outline of the European cooperative credit systems:

An outline of the European cooperative credit systems.

INTRODUCTION.

Since the early part of the nineteenth century European farmers have been struggling against adverse economic conditions. Chief among the difficulties against which they have had to contend has been the competition of new countries of immense territory and virgin soil, which, owing to the improvement in the means of transport, have been able to flood the markets of Europe with agricultural produce. Even in the most perishable products the competition has been severe, for the development of cold storage has enabled them to be brought to Europe from the most distant parts of the world.

To make headway against this competition an economic transformation has been necessary, comparable to the transformation which has taken place in industry. The European farmers have accordingly reorganized not only their technical but their business methods.

The new business methods, which have spread all over Europe and have been adopted even by the new countries (the United States and the British colonies), as well as by Asiatic countries, such as India and Japan, consist in the main in the application of cooperation and mutuality—combined efforts and the acceptance of mutual obligations—to the various branches of the business of agriculture, of which the following are the most important:

(1) The provision of capital.
(2) The purchase of agricultural requirements.
(3) The preparation and sale of agricultural produce.
(4) Farm insurance.

It is with the application of cooperative and mutual methods to the provision of capital that we are here concerned, and we will endeavor to trace not only the principles of cooperative credit, but the methods in which those principles have been applied in various countries.

The main principle underlying all forms of cooperative credit is that if a group of persons combine to furnish a collective guaranty they can, on the security of that guaranty, obtain money at lower rates of interest than they could obtain it individually.

The collective guaranty may be that of real property. A number of landowners may obtain capital on the security of a collective mortgage of their lands. This is the basis of German Landschaften, one of the oldest forms of cooperative credit institutions.

Or, again, the collective guaranty may be a personal one. A number of persons may obtain capital by making themselves jointly responsible for its repayment. Such liability may be unlimited or limited.

Unlimited liability is a fundamental part of the Raiffeisen system, but in the Schulze-Delitzsch system the liability of the members of the group is usually limited. Where the members are landowners the collective personal guaranty becomes indirectly a property guaranty.

Upon such guaranties capital may be obtained in a variety of ways. In Germany the Landschaften issue bonds, but the Raiffeisen banks derive their working capital mainly from the deposits they are able to attract. In France the rural banks depend mainly upon capital advanced by the State. In all countries the credit societies are able to obtain capital from the larger banking institutions or from the investing public. derive their working capital mainly from the deposits they are able to lend it to one another at a rate of interest only slightly in excess of the rate which they pay collectively. This requires two conditions—(1) that the expenses of management shall be small in proportion to the business done, and (2) that the risk of loss shall be reduced to a minimum.

Where the business is very large, the expenses are not proportionately high, even if the undertaking be conducted on ordinary commercial lines, as we shall see in the case of the Schulze-Delitzsch banks. Where, however, the business is small there must be no attempt to pay high dividends and the management must be largely voluntary. In the banks formed on the Raiffeisen system (which are individually small, though in the aggregate they do an enormous business) the payment of dividends is either prohibited altogether, or it is limited to a small percentage, while the management is almost entirely gratuitous.

To reduce the risk of loans to members, many safeguards have been devised which are adopted to varying extents in the different systems.

Where the members are landowners and can give mortgages of their property, it is only necessary to insure that the amount of the loan shall be fully secured by the mortgage, allowing for any possible depreciation in the value of the property. Loans on mortgage are, however, an inconvenient form of credit, where capital is only required for a comparatively short period, and the following are the principal safeguards for loans given on personal security:

(1) That loans are only made to members of the group and that only persons known to be trustworthy are admitted.

(2) That membership is confined to persons residing within a small district and that, therefore, the members are personally known to one another.

(3) That the members being mutually responsible, it will be to the interest of all members to keep an eye upon a borrower and to see that he makes proper use of the money lent to him.

(4) That, in like manner, it is to the interest of all members to help a member when he is in difficulties.

(5) That the borrower is required to find sureties or give other collateral security for the repayment of the loan.

(6) That the borrower binds himself to apply his loan to a specific purpose which will bring in a monetary return sufficient to enable him to repay the sum borrowed, to pay the interest charged, and to leave a profit for himself.

It is not to be supposed that the whole of these safeguards are adopted in all cases. Loans, for example, are sometimes given on the borrower's mere note of hand, without any collateral security. The fixing of the application of the loan, again, is most important where the borrowers are small cultivators unaccustomed to commercial methods, and is usually relaxed as their economic education becomes more advanced. We thus find it more generally insisted upon by the Raiffeisen banks in Austria and Italy, where they are of more recent introduction than in Germany, where the members have now become familiarized with the commercial uses of credit.

We shall now see how these principles are applied in practice. In the survey which follows of agricultural cooperative credit in various countries we shall begin with Germany, since it was in that country that the three most important forms of cooperative credit—the Raiffeisen banks, the Schulze-Delitzsch banks, and the Landschaften—were originated. We shall then deal with Austria and Italy, in which countries the systems adopted are mere modifications of the German systems, and it will only be necessary for us to indicate in what respects they depart from the German model. Then will follow chapters on France, where cooperative credit is based largely upon an elaborate system of State aid, and Belgium, where we shall note the existence of a form of organization not found in other countries. The last two chapters will relate to Great Britain and Ireland, where cooperative credit is not as yet highly developed, and to British India, where it has been promoted directly by the Government.

CHAPTER I.

RURAL BANKS IN GERMANY—THE RAIFFEISEN SYSTEM.

In the first half of the past century the small farmers and small artisans of Germany, who could not have recourse directly to capitalists or to banks, suffered severely at the hands of the usurers, from whom they procured the credit which was indispensable to the exercise of their business. The seriousness of the situation, rendered more acute by the economic transition which was taking place, and was bringing with it a great and urgent need of credit, was clearly recognized by two men, who have deserved well not only of Germany but of the whole civilized world, by devising and putting into practice the best methods of remedying the evil. These were Frederick William Raiffeisen, burgomaster of Weyerbusch, and Francis Frederick Schulze, better known by the name of Schulze-Delitzsch. The former was the originator of the rural cooperative banks, which have spread into all civilized countries, the latter of the urban popular banks.

These two forms of cooperative banks, although somewhat different in their organization, are based on the common fundamental principle of organizing the would-be borrowers themselves in order that they may obtain by combination the credit facilities which they would have sought individually in vain.

Such cooperation has made possible, on the one hand, the collection among the members themselves, in the form of shares or of small deposits, of a considerable amount of capital, which serves to supply the credit requirements of their fellow members. On the other hand, the cooperative credit societies, being regularly managed and subject to rigorous supervision, have been able to procure credit on favorable terms from outside sources of capital.

The credit given by the Raiffeisen banks, which are rural in character, and by the Schultze-Delitzsch, which are mainly urban, is usually personal credit. Although they occasionally grant loans on mortgage for long periods, they generally confine themselves to the making of loans for comparatively short periods (in the Raiffeisen banks usually for one year, with a maximum of three or five years; in the Schulze-Delitzsch banks, three or six months) on personal security or on the security of personal property.

Loans on mortgage for long periods are, however, granted by another type of cooperative credit society, of which we shall have occasion to speak later, viz, the Landschaften and Ritterschaften. These are associations formed by landowners with the object of obtaining credit for land improvement by the issue of mortgage bonds.

We shall describe in this chapter the organization and working of the Raiffeisen banks.

1. ORGANIZATION OF THE RURAL BANKS.

The fundamental principles of the Raiffeisen system are:

(1) Unlimited liability of the members.
(2) A restricted area of operations.
(3) Gratuitous management.

To these principles, which he wished to be always applied with the utmost rigor and without allowing any exception, Herr Raiffeisen added a body of moral and educational doctrines.

In addition to the rural banks which follow strictly the Raiffeisen principles, and are combined in a national federation with headquarters at Neuwied (now removed to Berlin), there have also arisen other organizations which, although adopting the fundamental ideas of Raiffeisen, have not accepted the excessive strictness of his rules, and have treated as superfluous the mystical doctrines which he had introduced into cooperation. The societies of this type, after having long

hesitated between a separate organization and the Schulze-Delitzsch Federation, were finally collected under the guidance of William Haas into a separate national federation, which had its headquarters first at Offenbach and then at Darmstadt.

The former of these federations became affiliated to the National Federation in 1904, and to indicate the rapid development of the rural banks we may here state that the number of societies embraced within the National Federation increased from 10,786 in 1904, with a membership of 954,000 and a total business (incoming and outgoings) of 2,400,000,000 marks (a mark is equivalent to 0.238 dollar or 0.0489 pound sterling), to 12,614 in 1909, with a membership of 1,163,000 and a total business of 4,456,000,000 marks.

Certain differences (not, however, very serious) continue to exist between the pure Raiffeisen banks and the societies established on less strict lines. We shall have occasion to speak of these differences in outlining, as we now proceed to do, the leading features of the organization of the Raiffeisen banks. The statements are based upon the reports of the National Federation and the figures relate (except where the context otherwise indicates) to the year 1909 and to the 12,614 rural banks embraced within the National Federation in that year.

Membership.—The members are farmers, usually peasant-proprietors. The 12,614 rural banks existing in 1909 numbered in all 1,163,186 members—that is, an average of 92 members per bank. The number of members per bank varies considerably, however, in different regions, the highest average being in Westphalia, where it reaches 160 members per bank. The minimum number required by the legal constitution of the banks is 7, and some of the recently-formed banks have exactly this number of members. The highest number of members contained in any one bank is 1,400, but this is a very exceptional case.

Liability.—The principle maintained by Raiffeisen was that of the unlimited joint and several liability of the members. While for other forms of rural cooperation the system of limited liability is increasingly adopted, the system of unlimited liability is still regarded in Germany as the system best adapted to rural cooperative credit. Of the banks existing in Germany 92 per cent are based upon unlimited liability and about 8 per cent upon limited liability. A fractional percentage of the banks were based upon an intermediate system, known as the system of unlimited liability to make supplementary payments.

Shares.—Raiffeisen commenced by excluding shares altogether, in order to avoid any danger of capitalistic speculation and, in fact, up to 1876 none of his banks had shares.

Being obliged in that year to comply with the imperial law which compelled cooperative societies to have foundation capital, he sought to evade the law as far as possible and fixed the shares at a maximum value of 10 marks. The Darmstadt Federation, on the other hand, recommended comparatively large shares, but in no case higher than 500 marks. In very few cases, however, does the value of the share exceed 100 marks.

In 1909 the average paid-up capital per member amounted to 19 marks. But in this regard also there are great differences as between different regions. The necessity of forming a foundation capital is, in fact, not so great in the case of the exclusively agricultural banks, the operations of which are guaranteed by the lands of the members, as in the case of banks which can only offer a personal guaranty.

Thus in Rhenish Prussia and Hesse, which are mainly industrial, the average paid-up share capital is respectively 103 and 86 marks, while on the other hand, the average is lowest in other regions, such as Westphalia and Oldenburg, where it hardly reaches 4 or 6 marks.

In the societies where the liability is unlimited a member can not take more than one share; in societies with limited liability, however, ha may taken many. The value of the shares and, in the latter case, also their number, are fixed by the rules. The shares are repayable to the members upon withdrawal from the society, and interest is paid upon them at a rate which must not in any case exceed the interest which borrowers pay upon loans from the society.

Entrance fees.—The pure Raiffeisen system does not admit of any entrance fees, as being contrary to the lofty conceptions of mutual responsibility which inspired Raiffeisen's propaganda. Raiffeisen wished that his banks should be open to anyone who required to have recourse to them. The Darmstadt Federation, however, allows small entrance fees, which are immediately carried to the reserve fund.

Area of operations.—Another fundamental principle of the Raiffeisen system is that the area of operations should be limited to a commune or a parish. The system of the rural banks is, in fact, founded on mutual confidence and collective liability; the members must not only know each other personally but must also be able to see from day to day the manner in which their money is employed.

Management.—The organization of the rural banks being, so to speak, familiar and friendly, their management is very simple. The administrative functions are divided between the committee of management, the council of supervision, and the general meeting. The executive work is carried out by the treasurer, who is often the only employee of the bank, and in any ease is responsible for the work of the other employees.

The general meeting appoints the committee of management, the council of supervision, and the treasurer. The conduct of the business is intrusted to the committee of management, upon which often sit the best educated persons of the district, such as the schoolmasters or priests; for these, however, actual farmers are being more and more substituted.

The committee of management usually give their services gratuitously. This, too, is one of the principles of the pure Raiffeisenism, which, however, permits in any case the remuneration of the treasurer. The Darmstadt Federation also allows the committeemen to be paid for their services when the business of the bank is fairly large.

In 1909 the expenses of management amounted, on the average, to the modest sum of 638 marks per bank. Here, too, one finds marked differences between the various federations. In Ermland, in East Prussia, and in West Prussia the average expenses of management are rather high, ranging from 1,200 to 1,400 marks. The lowest average is found in the Upper Palatinate, where it is 244 marks. If again we consider the general expenses in proportion to the total business done (i. e., the sum of the incomings and outgoings), we find an average percentage of 0.18, with a maximum of 0.53 per cent in the Nassau Federation (Frankfort on the Main) and a minimum of 0.04 per cent in Schleswig-Holstein.

2. THE BUSINESS OF THE RURAL BANKS.

Let us now examine first the sources from which the rural banks draw their working capital and then the methods of advancing the capital so obtained to their own members. We shall thus follow the complete cycle according to which the business of the rural banks is conducted.

Working capital.—The capital which the banks have at their disposal for making loans to their members is composed of the shares paid up by the members, the reserve fund accumulated in previous years, the savings deposits and deposits on current account, and, lastly, the sums which the bank procures by means of loans from central cooperative banks, other banks, or private individuals.

In the balance sheet, the working capital is approximately the same as the total liabilities. It is true that in the total liabilities are also included items, such as bills issued, which appear in equal amounts on both sides of the balance sheet, and figures relating to certain operations (e. g., property deposited, payments, etc.) which are not part of the capital at the disposal of the bank. However, not being able to eliminate such items, and taking into consideration that they are comparatively unimportant in the case of the rural banks, we can consider the working capital as being roughly equivalent to the total liabilities.

The total liabilities amounted in 1909, for the whole of the German Empire, to 1,900,000,000 marks, being an average of 153,000 marks per bank and 1,664 marks per member. These averages varied between rather wide extremes. The average per bank reached almost half a million marks in the Ermland Federation, while it was as low as 67,000 marks in the Grand Duchy of Baden. The average per member was highest in Rhenish Prussia (the Bonn Federation), where it reached 3,000 marks, and lowest in the Grand Duchy of Baden, where it was 700 marks.

Let us now analyze the total working capital according to the items which compose it:

	Marks.	Percentage of the total.
Share capital	22,358,433	1.2
Reserve	50,981,069	2.6
Deposits on current account	189,077,842	9.8
Savings deposits	1,455,618,456	25.2
Other liabilities	217,487,462	11.2
Total working capital	[1] 1,935,523,262	100.0

[1] $461,089,632, or £94,744,821.

Under the head of "Other liabilities" are included, besides other items, the sums which the banks have procured by loans from banks and individual capitalists.

The share capital together with the reserve funds form the banks' own capital; the remainder is capital from outside sources. Following this simpler classification we find that the former amounts to 73,339,502 marks, or 3.8 per cent of the total, and the latter to 1,862,183,760 marks, or 96.2 per cent.

These figures suggest some interesting considerations. We see, first of all, that the rural banks succeed in carrying on an enormous business on the foundation of an extremely slender capital. The current accounts and savings deposits furnish, however, the greater part of the working capital, viz, 85 per cent of the total. As against this the loans from third parties only form a relatively small figure, which demonstrates the capacity of the rural banks to provide, for the most part, by the ordinary means, for their operations without having recourse, to too great an extent, to loans from outsiders. Out of nearly 2,000,000,000 marks placed at the disposal of the farmers, only 11.2 per cent was furnished by outsiders, while 88.8 per cent was provided by the savings and deposits of the farmers themselves or of the local public.

To the capital of the society we have referred when speaking of the shares; of the reserve fund we shall speak when dealing with the distribution of the profit. We need only remark here that the capital obtained from outside sources is twenty-five times as large as the societies' own capital (share capital and reserve). This proposition is generally considered too high. There is a tendency, therefore, at present to increase the value of the shares, raising it to 50 or 100 marks, in order to provide the rural banks with a wider margin to cover possible fluctuations in the deposits.

In regard to the deposits it should be noted that savings deposits may be made either by members or by nonmembers, but that deposits on current account can only be made by members. In 1909 the savings deposits averaged 115,000 marks per bank. In the various federations this average reached a maximum of 447,000 marks in the Ermland Federation and was lowest in Federation of Alsace-Lorraine, where it was 43,000 marks. The averages of the deposits on current account were lower, being 22,905 marks per bank and 247 marks per member. The highest averages were found in the Grand Duchy of Hesse, viz, 84,466 marks per bank and 684 marks per member, and the lowest in the Federation of Posen (No. II) and in the Raiffeisen Federation of Alsace-Lorraine, being, respectively, 4,398 marks and 4,643 marks per bank and 49 marks and 27 marks per member.

We have said that 11 per cent of the working capital is drawn from outside sources. These include the central cooperative banks, the banking institutions, and the private individuals with whom the rural banks contract debts by means of banking operations. Since the development of the central banks, however, the business of this kind with other banks or with private individuals has greatly diminished. It will be more convenient to speak of the business done with the central banks when we are dealing with these latter, but we may here remark that since the working capital of the central banks is formed to a large extent by the funds received from the local rural banks the proportion of the money provided by the farmers themselves to be employed in loans for the benefit of agriculture is really even larger than would appear from the figures previously given.

The granting of loans, etc.—The business of the banks consists, for the most part, in making advances to members. Surplus money is deposited with the central banks or invested in banking operations with third parties. With regard to the loans to members, we will speak first of their character and then of the security upon which they are made.

The rural banks make loans of two kinds, viz, loans on current account and loans for fixed periods. At the end of 1909 the loans to the members outstanding were thus classified:

	Marks.	Percentage of total.
Loans on current account	425,995,403	28.3
Loans for fixed periods	1,082,445,388	71.7
Total loans outstanding	1,508,441,791	100.0

The loans on current account were, therefore, about a third of the total loans. In all the banks there is a tendency to extend the practice of giving loans on current account. This is generally the most convenient form of loan for the members, for whom the small rural bank serves as banker, just as the great banking institutions do for the merchants and manufacturers of the city. But this form of loan requires a higher economic education in the members and more advanced social conditions.

The members guarantee the fulfillment of their obligations to the bank by finding sureties, by the deposit of valuables (share certificates, etc.), by giving a mortgage or by their mere promise. The finding of sureties is the form of security usually preferred.

The period of the loans varies from six months to two or three years and even more in exceptional cases.

Various other arrangements have been thought out to diminish the risk of the loans granted by the rural banks. Thus, for example, the law relating to cooperative societies lays it down that the general meeting shall fix the maximum limit beyond which loans must not be made to the members, whatever may be their financial position or whatever the security offered.

The principal safeguard, however, for the success of the rural banks lies in their very constitution. The limited area of operations and the nature of rural life make it possible, for each member to keep an eye upon the affairs of his fellow members, in which, moreover, he is directly interested, so that he can easily judge at any moment of their solvency and of the manner in which they are utilizing the money obtained from the bank.

Profits.—The object of the rural banks is to give credit to their members on favorable terms and not to make a commercial profit.

The Raiffeisen system, accordingly, does not admit of any distribution of dividend, all the profits realized being carried to the reserve fund or to the creation of institutions of public utility. The Darmstadt Federation, on the other hand, allows a distribution of dividend on the shares, which, however, must not exceed the maximum rate of interest charged to borrowers.

In 1909 the net profit realized by the rural banks was more than 7,000,000 marks. This is sufficient evidence of the flourishing condition of these institutions. Of this enormous profit only a small fraction was distributed as dividend. Ir no case, in fact, did the dividends distributed exceed 4 per cent of the paid-up shares, and in many cases no dividends at all were distributed. In this manner the banks are continually strengthening their financial position. This is demonstrated by the steady increase of the reserve funds. In a single year, from 1908 to 1909, the aggregate reserve fund was increased by 7,000,000 marks, while the profits realized at the end of 1908 were about 8,000,000 francs. Thus seven-eighths—that is, 87 per cent—of the profits made in that year were carried to the reserve.

3. STATISTICS OF THE RURAL BANKS.

The following statistics will show, better than it can otherwise be indicated, the great development in Germany of the rural banks, which were so modestly initiated in 1862.

We give first a table relating to the number of banks legally established in Germany, as shown by their registration in the Gazette of the Empire.

TABLE I.—*Number of rural banks in Germany on June 1 in each year from 1890 to 1910.*

	Number.
1890	1,729
1891	2,134
1892	2,647
1893	3,040
1894	3,850
1895	4,872
1896	6,391
1897	7,612
1898	8,595
1899	9,208
1900	9,793
1901	10,487
1902	11,121
1903	11,750
1904	12,477
1905	13,181
1906	13,635
1907	14,096
1908	14,709
1909	15,158
1910	15,517

We now give some figures showing the business done by the 12,614 rural banks embraced in the National Federation in 1909. It should be noted that while the figures in the preceding table are derived from information which the societies are bound by law to publish, the following figures are privately collected by the federations (of which we shall give an account presently), and more particularly by the National Federation.

TABLE II.—*Business done by the rural banks in 1909.*

	Aggregate figures.	Average per bank.
Number of banks of which particulars are given	12,614	
Membership	1,163,186	92
	Marks.	*Marks.*
Total business done (incomings and outgoings)	[1] 4,456,161,532	353,271
Total liabilities	1,935,523,262	153,442
Paid-up share capital	22,358,433	1,773
Reserve funds	50,981,069	4,042
Deposits in hand at end of year	1,644,696,298	130,387
Loans outstanding at end of year	1,508,441,791	119,584
Loans granted during the year	[2] 901,227,744	71,446

[1] $1,061,568,167, or £218,131,310. [2] $214,694,794, or £44,115,544.

4. THE FEDERATIONS AND CENTRAL INSTITUTIONS OF THE RURAL BANKS.

(We adopt here a distinction which is not in general use in English. The word "federation" will be employed to indicate a central organization of cooperative societies for such purposes as propaganda, education, supervision, and mutual defense. By "central institution" we shall mean a central organization of cooperative societies for business purposes.)

The rural banks felt from the beginning the need of combination amongst themselves for common purposes. The need was twofold. On the one hand, a common organization was required to direct the movement and to give it uniformity; on the other hand, there was need of central institutions which might equalize the need of credit of the individual banks, supplying them with money when required and employing their surplus funds.

For the first of these objects the federations were formed; for the second, the central institutions.

(a) The federations.—The federations of cooperative societies are unions formed for propaganda, education, and mutual defense. They embrace not only rural credit societies, but rural cooperative societies of every kind.

We have already mentioned the existence of two great federations which embrace the whole Empire within their sphere of operations—the Federation of Agricultural Cooperative Societies, with headquarters at Neuwied, founded by Raiffeisen in 1877, and the National Federation of German Agricultural Cooperative Societies, which was founded in 1883, and has its headquarters at Darmstadt. For a long time these led a separate existence, each propagating its own ideas; sometimes, too, there was hostility between them. Finally, in 1905, the Neuwied Federation became affiliated to the National Federation of Darmstadt. There is now, therefore, a single organization, the National Federation of Darmstadt, which embraces a very large majority of the German agricultural cooperative societies. It contained on June 1, 1910, no less than 18,962 cooperative societies, including 78 central cooperative societies, 12,894 cooperative credit societies, 2,077 cooperative distributive societies, 2,028 cooperative dairies, and 1,885 cooperative societies of other kinds.

The national federation is, in reality, composed of provincial federations. In fact, only five cooperative societies, of which four are central institutions, are directly affiliated to the national federation, while all the rest are indirectly attached to the national federation by being affiliated to the respective provincial federations. These are federations which embrace the cooperative societies in a defined portion of the territory of the Empire, and which, although affiliated to the national federation, enjoy a large degree of autonomy.

Besides the work of instruction, organization, and propaganda, they fulfill the very important function of inspection, assigned to them by the law of 1889. For this purpose they employ inspectors, who, by frequent visits, supervise the management and the conduct of the business of the affiliated societies.

To indicate the importance of the provincial federations, it is sufficient to say that of the 23,845 rural cooperative societies existing in Germany in 1910, no less than 21,830 (i. e., 92 per cent) were organized in federations. The number of provincial federations affiliated to the national federation is 41. Besides these, there are some independent federations which embrace a limited number of cooperative societies and of which the most important is the Federation of Wurtemberg, containing, 1,383 cooperative societies in 1908.

(b) The central banks.—As we have already indicated, the second method of centralizing rural banks and cooperative societies in general is the formation of central banks. Between these and the federations there is no confusion of functions, but they mutually support one another. The central banks undertake the provision of capital for the rural banks and the utilization of their surplus funds, when they have any, always keeping in touch with the corresponding federation, to which they are usually linked by the fact that the same persons manage the business of both institutions. Further, the central banks, as a rule, only admit cooperative societies which already belong to the federation of their province.

The provincial central banks are cooperative societies with limited liability. The Bank of Darmstadt alone is a company with liability limited by shares, having been founded before the law of 1889 allowed the formation of central cooperative societies composed of other cooperative societies.

In 1910 there were affiliated to the national federation 36 provincial central banks, of which 35 were distributed throughout the various regions of Germany, and one was in the German colony of Southwest Africa.

Speaking broadly, it may be said that the central banks fulfill the same functions for the rural banks which the rural banks fulfill for their members.

As in the case of the rural banks, the working capital is furnished by the share capital, by the deposits of the cooperative societies, and by the sums which they procure by loans from the general central banks, or the Prussian Central Bank (of which we shall speak presently) and from other banks, or private bankers. In like manner as we have seen in the case of the separate rural banks, the most important part of the working capital is formed by the deposits of the members. This is clearly shown by the following table, which indicates the working capital of the provincial central banks at the end of 1909:

	Marks.	Percentage of total.
Paid-up capital	21,493,532	8.2
Reserve funds	4,321,500	1.6
Deposits of the members	187,345,775	71.3
Loans from the general central banks and the Prussian Central Bank	19,047,687	7.2
Loans from other banks or from private individuals and liabilities in respect of bills	28,616,979	10.9
Other items	1,990,123	.8
Total	[1] 262,815,596	100.0

[1] $62,609,191, or £12,864,953.

From these figures we see that of the working capital of the provincial banks 9.8 per cent is formed by the funds of the banks themselves (share capital and reserve), 71.3 per cent by deposits, and 18.9 per cent by loans contracted with third parties. If we compare these percentages with the corresponding figures for the rural banks, we shall see that the funds of the banks themselves, though representing in both cases only a small proportion of the total available capital, is appreciably higher in the central banks than in the rural banks, while the proportion of the deposits is less and of the loans from third parties greater. Accordingly the central banks, by regulating the rate of interest, endeavor to increase the amount of the members' deposits, and thus to lessen the necessity of having recourse to outside sources of capital.

The central banks utilize their working capital in making loans to the cooperative societies either in the form of advances on current account or of loans for fixed periods. The first kind is by far the most usual, unlike what we have seen in the case of the rural banks. This is explained by the fact that the central banks are dealing with economic organisms which are more developed, and therefore better adapted to this more advanced form of credit. At the end of 1909 the provincial central banks had about 182,000,000 marks outstanding on loan, of which 173,000,000 marks (that is, 95 per cent) were loans on current account and 9,000,000 marks (5 per cent) loans for fixed periods. The remainder of the capital was invested in securities or in discounting bills of exchange, or deposited with the general central banks or with other banks or private bankers.

Besides the provincial banks of which we have spoken, there are also two general central cooperative banks which, unlike the provincial banks, have a sphere of operations which is not limited to that of a provincial federation, but extends over the whole Empire. These are the Central Agricultural Loan Bank of Germany, with headquarters at Berlin, which was founded by Raiffeisen in 1876 and until recently had its headquarters at Neuwied, and the National Bank for Cooperative Societies, with headquarters at Darmstadt, established in 1902 by the national federation. Both of these banks are companies with liability limited by shares.

The Darmstadt bank deals almost exclusively with the 36 provincial central banks. To the Berlin bank, on the other hand, are affiliated 4,399 rural banks of the pure Raiffeisen type scattered over the whole of Germany. The loans granted to members amounted, in the case of the Berlin bank, to 74,600,000 marks (of which 2,000,000 were loans for fixed periods) and in the case of the Darmstadt bank to about 11,000,000 marks, all being loans on current account.

The following table gives aggregate statistics of the provincial banks and separate statistics of the two general banks for the financial year 1909:

TABLE III.—*Business done by the provincial banks and the two general banks in 1909.*

	Aggregate figures for the provincial banks.	National Bank for Cooperative Societies (Darmstadt).	Central Agricultural Loan Bank of Germany (Berlin).	Aggregate figures for provincial and general banks.
Number of banks of which particulars are given	36	1	1	38
Membership	10,987	50	4,399	15,436
Sum guaranteed by the liability of the members	*Marks.* 266,830,500	*Marks.* 5,000,000	*Marks.* 8,581,000	*Marks.* 280,411,500
Total business done (incomings and outgoings)	4,913,786,468	836,082,752	787,206,739	[1] 6,537,075,959
Total liabilities	262,815,593	17,658,896	91,523,183	371,997,675
Paid-up share capital	21,493,532	5,000,000	8,581,000	35,074,532
Reserve funds	4,321,500	8,602	712,416	5,042,518
Deposits from local cooperative societies in hand at end of year	187,345,775	9,922,413	80,379,645	277,647,833
Loans to local cooperative societies outstanding at end of year	182,503,114	10,703,101	74,673,826	267,880,041
Loans granted during the year	732,715,881	191,479,143	[2]	[3] 924,195,024

[1] $1,557,293,580, or £319,993,100.

[2] The amount of the loans granted by the Central Agricultural Loan Bank of Germany is not stated in the statistics published by the national federation.

[3] Exclusive of the amount of loans granted by the Central Agricultural Loans Bank for Germany, $220,196,170, or £45,239,803.

CHAPTER II.

POPULAR BANKS IN GERMANY—THE SCHULZE-DELITZSCH SYSTEM.

The rural banks and their central banks are not the only cooperative societies in Germany which provide agriculture with personal credit; we must also take account of the popular banks on the Schulze-Delitzsch system. (We employ the expression "popular banks," although this is not the title usually adopted in Germany, where they are known as "savings and loan banks." English writers usually describe them as "urban banks," but we avoid this title, as we are considering the banks in relation to agriculture. The title "popular banks," given in Italy to the Luzzatti banks, seems equally appropriate for the Schulze-Delitzsch banks upon which the Luzzatti banks were modeled.)

These banks, which were formed before the rural banks and served as models for the first banks founded by Raiffeisen, assisted largely at the beginning of the cooperative movement to combat usury, even in the country. Even now, notwithstanding the great development of the rural banks, they are largely utilized by farmers, many of whom belong, as we shall now see, to the banks themselves.

While Raiffeisen adapted cooperation to the needs and to the mental attitude of the farmers, Schulze-Delitzsch devised organizations specially suited to the needs and economic character of town dwellers. The Schulze-Delitzsch banks have, therefore, unlike the rural banks, a large range of business in an extended area of operations; they accumulate a considerable quantity of capital and they distribute fairly high dividends. They do not follow the principle of unpaid management; on the contrary their management is rather costly and is conducted on strict business lines. They are very often based on limited liability and they carry on a series of banking operations which the rural banks only undertake exceptionally, if at all. In fact, their business approaches more closely than that of the rural banks to banking business properly so called.

The greater number of the Schulze-Delitzsch banks are affiliated to a general federation, of which we shall speak in due course. The number of banks affiliated to this federation increased from 904 in 1901 to 939 in 1910, while the membership increased during the same period from 527,000 to 600,000; the loans granted in 1901 amounted to 2,525,500,000 marks, while the loans granted in 1910 amounted to 4,015,900,000 marks.

There exist also a certain number of independent banks, unattached to the federation. Of 1,035 banks which furnished particulars of their working in 1910 to the federation 939 were affiliated to the federation and 96 were independent of it. The particulars which follow refer exclusively (except where otherwise indicated) to the 939 banks affiliated to the federation.

1. ORGANIZATION OF THE POPULAR BANKS.

There are marked differences between the popular banks and the rural banks, both in regard to the character of the members and to the size of their shares.

Membership.—The average membership of the popular banks in 1910 was 639, a figure considerably higher than the average for rural banks.

Whilst the rural banks draw their members exclusively from farmers, the Schulze-Delitzsch banks include members of various occupations. This is, indeed, a fundamental principle of the system, which regards an equitable representation of the various occupations and social classes as a factor making for the stability and prosperity of the popular banks.

In the following figures are shown, by percentages, the different classes which composed the membership of the popular banks at the end of 1910:

	Per cent.
1. Independent agriculturists (farmers, etc)	26.57
2. Wage-earning agriculturists (laborers, etc.)	2.41
3. Artisans	23.03
4. Merchants, manufacturers, etc	19.72
5. Workmen, apprentices, and wage earners generally	10.55
6. Professional men, civil servants, clerks, etc	8.93
7. Persons living on pensions or possessing independent means	8.79
	100.00

The class most largely represented are the independent agriculturists, who are usually farmers cultivating small or medium-sized holdings. Next come the artisans. These two classes together furnish about half the total membership. Considering the members from the point of view of social status, we may say that the popular banks contain principally persons belonging to the lower middle classes, without, however, excluding either the working classes or the persons who, like civil servants, manufacturers, etc., occupy a higher economic and social position.

Liability.—In 1910, out of a total of 939 banks, 567 (that is, 60.3 per cent) were based on unlimited liability and 372 on limited liability.

Although the system of limited liability is steadily increasng, unlimited liability is still considered the best system on which to establish popular banks in districts which are not yet familiar with cooperative credit.

Shares.—The shares of the members are, as we have already remarked, rather high. The general congress of the popular banks of 1896 recommended that the shares should be at least 300 marks. A subsequent congress recommended for banks with limited liability a minimum of 500 marks, limiting the liability of the members to three times the amount of the shares. At present the average share capital per member is 360 marks, but there is a constant tendency to increase it. In 1882 the average was 223 marks, increasing successively to 226 marks in 1892 and to 276 marks in 1902, finally reaching the present figure. It may be anticipated that this tendency will continue in the future, in view of the desire to insure for the popular banks a greater stability and independence.

2. THE BUSINESS OF THE POPULAR BANKS.

Working capital.—The aggregate working capital of the popular banks was nearly 1,500,000,000 marks at the end of 1910, giving the truly remarkable average of 1,500,088 marks per bank. This average, which shows the financial importance of the popular banks, is the result of a continuous upward movement. In 1886 it was only 617,000 marks; in 1898 it rose to 800,000 marks and in 1902 it reached the million. In the last 20 years the aggregate funds at the disposal of the popular banks has therefore been trebled.

Examining the sources from which these funds are derived, we find the following figures in 1910.

	Marks.	Percentage.
Share capital	216,330,103	14.8
Reserve funds	94,187,564	6.5
Capital from outside sources	1,145,014,688	78.7
Total working capital	[1] 1,455,532,355	100.0

[1] $346,743,897, or £71,249,028.

The proportion of the banks' own funds (21.3 per cent) is therefore appreciably higher than in the case of the rural banks. The sources of information at our disposal do not distinguish between the funds derived from deposits and those obtained from third parties. The sum stated as "capital obtained from outside sources" includes, therefore, the savings or deposits on current accounts as well as the sums which the banks obtain from other institutions or from private individuals by contracting loans at sight or for fixed periods against acceptances or mortgages of their property.

Banking operations.—Speaking broadly, the Schulze-Delitzsch banks carry on every kind of banking business.

Their primary object is, however, that of granting loans for short periods to their members. For this purpose they used 4,000,000,000 marks in 1910, of which at the end of the year, 1,200,000,000 marks were still outstanding.

In regard to the period of the loans, we find that of the sums advanced during the year 41.5 per cent were on current account. The remainder was lent for fixed periods by means of discounting bills of exchange or giving loans on pledge or on mortgage. This last form of loan is, however, from the very nature of the popular banks, comparatively rare; at the end of 1910 the loans on mortgages amounted to scarcely 10 per cent of the total loans granted.

Where special guaranties, such as pledges or mortgages, are not given, the loans are guaranteed by sureties or by acceptances, sureties being usually preferred. A small number of loans are granted without guaranty of any kind.

Surplus funds are deposited with other institutions or invested in securities of first-class bills (bankers' acceptances), which represent the safest means of realization in case of any unforeseen eventuality. At the end of 1910 the popular banks possessed 61,000,000 marks deposited with other institutions, 98,000,000 marks in securities, and

22,000,000 marks in first-class bills, making a total of 181,000,000 marks of easily realizable assets. They also possessed 51,000,000 marks in real property, including office buildings and property acquired as the result of loans not repaid.

Profits and losses.—The gross profits realized in the year 1910 amounted to more than 76,000,000 marks. Of this sum 43,000,000 marks was required to pay the interest on the capital obtained from outside sources. The gross profit represented 5.23 per cent of the working capital; the sums paid, however, by way of interest on the capital obtained represented only 3.76 per cent of the working capital. The popular banks have therefore been able to procure the funds which they employ at a rate which is not too high and to realize a moderate margin of interest. From this margin must still be deducted the management expenses, which exceeded 12,000,000 marks. This was equivalent to 16.51 per cent of the total gross profits and to 0.09 per cent of the total business done (incomings and outgoings).

The net profit available for distribution, after deduction of interest on borrowed capital, depreciation, and the various losses, exceeded 18,000,000 marks, representing 8.6 per cent on the share capital.

The greater part of the net profit was distributed as dividends; the remainder was carried to the reserve funds, or, to a small extent, devoted to objects of public utility. The rate of dividend distributed varies considerably from bank to bank, ranging generally from 5 to 7 per cent of the paid-up share capital. There were, however, 19 banks which distributed a dividend of more than 10 per cent and 1 in which a 25 per cent dividend was paid.

3. STATISTICS OF THE POPULAR BANKS.

The popular banks for which statistics for the year 1910 are available are shown in the following table:

	Number of banks.	Number of members.	Number of members who have taken part in the credit business.
Affiliated to the national federation	939	600,387	358,649
Not affiliated to the national federation	96	44,955	23,394
Total	1,035	645,342	382,043

It is worth noting how these banks really apply cooperative principles in relation to their members. More than half of the members took advantage, during the course of the year, of the credit facilities which they offered.

The following table contains particulars of the business done by the popular banks in the year 1910:

TABLE IV.—*Business done by the popular banks in 1910.*

	Banks affiliated to the national federation.	Banks not affiliated to the national federation.	Total.
	Marks.	*Marks.*	*Marks.*
Total business done (incomings and outgoings)	12,912,128,660	654,053,803	[1] 13,566,182,463
Total liabilities	1,477,195,299	100,338,847	1,577,529,146
Paid-up share capital	216,330,103	19,413,932	235,744,035
Reserve funds	94,187,564	5,523,311	99,710,875
Loans outstanding at end of year	1,201,862,882	83,907,985	1,285,770,867
Loans granted during the year	4,015,920,815	175,841,173	[2] 4,191,761,988

[1] $3,231,801,035, or £664,071,338. [2] $998,581,640, or £205,188,822.

4. FEDERATIONS AND CENTRAL INSTITUTIONS OF THE POPULAR BANKS.

(a) Federations.—The great majority of the Schulze-Delitzsch banks are affiliated to provincial federations (32 in number), which in turn are affiliated to the General Federation of German Cooperative Societies.

The provincial federations include, besides the urban cooperative credit societies, cooperative distributive societies, cooperative productive societies, and cooperative building societies. In 1911 the federations embraced 1,514 cooperative societies, of which 973 were credit societies, 290 distributive societies, 63 productive societies, and 188 building societies.

(b) Central institutions.—For the popular banks the need of central banks has not been felt so strongly as for the rural banks. The popular banks have, in fact, by their very nature, greater facilities for obtaining access to the open money market, and the promoters of the movement even hold that to be bound closely to specific central banks would be a hindrance rather than an advantage to the development of their business. Up to now three provincial federations have established central banks. These banks are companies with limited liability. Their importance is not great.

To equalize the funds of the popular banks there exists a special section of a private bank—the Dresden Bank—with which the cooperative societies have current accounts so as to facilitate the movement of their funds and to equalize the various debits and credits. The same institution also serves to facilitate the cashing of bills and checks, which are immediately honored and credited to the respective accounts. In the year 1910 the total value of the bills cashed was 748,000,000 marks.

CHAPTER III.

THE PRUSSIAN CENTRAL BANK FOR COOPERATIVE SOCIETIES AND OTHER STATE BANKS IN GERMANY.

We have had occasion to refer to the Prussian Central Bank. This bank, which itself is in no wise cooperative, is a State institution which serves not only the rural cooperative societies, but also the popular banks and the savings banks.

Founded by the law of July 31, 1895, it received from the Prussian Government an initial foundation capital of 5,000,000 marks, which has been successively increased to 20,000,000 marks in 1896, to 50,000,000 marks in 1898, and finally to 75,000,000 marks in 1909. This capital has been furnished by the State by means of the deposit of Prussian consolidated stock at 3 per cent. The affiliated banks can further contribute to the increase of the foundation capital by taking shares.

Although placed under the direct control of the State, the bank is an independent corporate body, with its own administration, composed of a committee of management, appointed for life by the King, assisted by a council of experts, consisting of representatives of the cooperative societies, chosen by the King. The functions of the council of experts are merely consultative.

The object of the bank is to provide working capital for the following institutions:

(1) Central banks (not for the cooperative societies separately) of any kind of cooperatiove societies legally established; not only, therefore, for the provincial or general central banks of the rural banks, but also of every other kind of cooperative society.

(2) The loan banks attached to the cooperative land-credit institutions (landschaftliche Darlehenskassen).

(3) The provincial or communal personal-credit institutions.

(4) The public savings banks.

From all these institutions the bank also receives deposits on current account or savings deposits.

At the end of 1909 the bank had business relations with 52 central cooperative banks, of which 19 were rural and 33 urban. Besides these it counted amongst its ordinary clients 8 loan banks attached to land-credit institutions; 6 provincial-credit institutions, etc.; 744 public savings banks and 684 other corporate bodies or individuals.

The means for carrying out its objects the bank derives from the 78,000,000 marks intrusted to it by the Government, from the deposits of the affiliated corporations, and from loans contracted with other banks.

The bank can not lend to cooperative societies individually, but only to unions of cooperative societies or to central banks composed of local cooperative societies. It fixes for every central bank a maximum limit of credit, based upon the financial condition of the bank, of the societies which compose it, and of their members. Within these limits loans are granted according to the available capital and to the guaranties offered.

In regard to the form of the loans they are either given on current account, on the security of bills of exchange (which the bank discounts), or against the deposit of goods or securities. The following are the most important particulars relating to the working of the bank during the year 1909:

	Marks.
Total business done (incomings and outgoings)	15,197,809,000
Total liabilities	199,725,926
Paid-up share capital	76,400,000
Reserve funds	5,400,000
Deposits in hand at end of year	102,740,303
Loans to cooperative societies and similar institutions outstanding at end of year	40,279,662
Loans granted to cooperative societies and similar institutions during the year	737,268,000

In several other States of the Empire similar institutions have been founded on the model of the Prussian Bank and endowed with capital out of the public treasury, either gratuitously or at a low rate of interest. We may mention amongst these the Central Bank of the Agricultural Cooperative Societies of Bavaria, which received a grant of 100,000 marks and advances of 4,000,000 marks, and the Agricultural Bank for the Cooperative Societies of the Kingdom of Saxony, to which advances of 6,000,000 marks were made at various times.

CHAPTER IV.

COOPERATIVE LAND CREDIT SOCIETIES IN GERMANY—"LANDSCHAFTEN" AND "RITTERSCHAFTEN."

Besides the cooperative banks of which the preceding chapters give a summary, there is another very characteristic form of cooperative credit in Germany, that of the Landschaften and Ritterschaften, cooperative institutions, organized generally for a Province or some other administrative unit. Their object is to obtain for their members the credit they require for land improvement by means of bonds guaranteed by the landowners of the Province collectively. The foundation of the first of these German institutions goes back to the end of the eighteenth century. There are now 25.

It is in Prussia, and above all in the five eastern Provinces, the ancient nucleus of the monarchy, that they have always flourished best. Even to-day, 18 are in Prussia and 10 of these in the five eastern Provinces. The bonds issued by the 10 Landschaften in the eastern Provinces in 1908–9 amounted to a total of 1,633,135,940 marks. (Not counting the new Institute of Credit for Brandenburg, which only issues bonds of the Central Landschaft.)

This is a sufficient proof of the usefulness and of the vitality of this form of cooperative credit, but it will give an even better idea of the important part played by the Landschaften and Ritterschaften to state that the total bonds in circulation, issued by the Landschaften in Prussia, amounted to 2,742,344,385 marks ($653,294,429, or £134,239,113) in 1909, while the total amount of bonds issued by other German institutions, more or less of the same type, was 787,855,425 marks ($187,686,697, or £38,565,913) at the same date.

In other terms, this form of cooperation furnished German agriculture in 1909 with a total of loans on mortgage of more than 3,490,199,810 marks. This is a considerable sum, which it would obviously not have been easy to obtain from the private and purely capitalist banks, and above all at so low a rate of interest, for these societies are satisfied with an interest which does not generally exceed 3½ to 4 per cent.

1. COOPERATIVE LAND CREDIT SOCIETIES FOR LARGE ESTATES IN PRUSSIA.

In Germany, the first of these societies was founded in Prussian Silesia. After the Seven Years' War (1756–1763), the great military King and administrator, Frederick II of Prussia, saw that this Province, formerly rich and flourishing, was in a deplorable condition. The continual wars, the successive alterations of the currency, and the high price of land, followed by an alarming fall in its price, had almost ruined the landowners.

In 1767 a Berlin merchant, named Büring, presented to the King a scheme for an administrative and financial innovation, based upon the fact that it is the soil itself which represents the greatest part of the nation's wealth. He showed that the land is an asset, and that to obtain for the farmer the credit he required, it was enough to give this asset currency, according to the expression of the day. It was, in fact, an anticipation of the fundamental principle underlying the "assignats" which he wished to put in practice in favor of the proprietors of the "noble" estates. (In German "Rittergüter." They are the estates belonging to the "Ritterschaft"; that is, the nobility and landed gentry. Such estates were originally held by military serv-

ice and the proprietors had manorial jurisdiction and certain administrative privileges.) To surround these new mortgage bonds with sufficient guaranties and also to gain the confidence of the capitalist, he depended on the principle of cooperation, and proposed to the King to combine the noble proprietors of Silesia in a compulsory cooperative society in which, in exchange for the duties they would have to fulfill, they should be granted the enjoyment of certain privileges.

This scheme of Büring's, at first rejected by the minister, Von Hagen, was accepted in its entirety in the royal decree of August 29, 1769. The regulation of July 9, 1770, combined in compulsory cooperative societies the noble landowners of each principality of Silesia. The union of these societies formed the Generallandschaft of Silesia.

The success obtained by this system was more than satisfactory. The Generallandschaft of Silesia has now been in existence for 140 years, and during that time its energy has permitted it to overcome and almost to avoid the difficulties which generally arise in enterprises of this nature where the interests of the State and those of individuals have to be reconciled. It has been able also to obtain for its members sufficient credit, and always at a rate of interest far lower than that paid in countries and districts where this system of cooperation does not yet exist.

Encouraged by these results, several other Provinces soon followed the example of Silesia.

On June 15, 1777, the "Kur- und Neumärkische Landschaft" for the nobility of the Province of Brandenburg was created by royal charter.

Other charters established one in each of the following Provinces: In Pomerania, on March 13, 1781; in West Prussia, on April 19, 1787, and in East Prussia, on February 16, 1788.

In 1821 the Landschaft of Posen was founded. It was, however, dissolved in 1877 and the New Association of Credit (founded in 1857) took its place.

These Landschaften, to which the title of "old-established" is given to distinguish them from the others, have all a semiofficial character. On the one hand, the inspection of their business is conducted by the State, which generally intrusts it, in the first instance, to the president or perfect of the Province, and, secondly, to the Prussian minister of agriculture. On the other hand, they possess certain prerogatives usually reserved to the State; thus, for example, in case of nonpayment, they have the right to proceed to the administration of the mortgaged lands or to compulsory sale by auction, without recourse to the law courts.

The employees of the Landschaften are indirect employees of the State, and generally they have authority to sign certain public documents.

These Landschaften have constitutions varying considerably from each other, being adapted to the special needs of their Province or to those of the moment of their foundation. They have, however, this in common, that each has a committee of management and a general assembly of landowners. The syndics—that is to say, the members of the committee of management having legal knowledge—receive pay. The other members of the committee and of the general assembly are landowners, who receive only an annual indemnity corresponding to their traveling and incidental expenses.

Four of the five old-established Landschaften, those of Silesia, of Brandenburg, of Pomerania, and of West Prussia, are decentralized. In other words, they are composed each of several cooperative societies or of several almost independent administrative sections. In Silesia each of these cooperative societies disposes of a separate fund, and the engagements undertaken are for this reason covered by a double guaranty, first by the society of the principality and then by the Landschaft of the Province.

The 5 Landschaften of which we have spoken were formed directly by the State. Of the 10 other societies of this type in Prussia, 9 were formed by the Provinces, and 1 by private initiative. Three Landschaften, formed in Hanover before its union with Prussia, differ from the other Landschaften in that they do not issue bonds, but obtain directly from capitalists the money which they require to lend to their members.

The societies formed by the Provinces did not enjoy the legal advantages enjoyed by the old-established Landschaften. Not till the Prussian law of August 3, 1897, were their legal rights extended. This law also conceded to all the Landschaften that should be founded before the 1st of January, 1900, the privileges of forced administration of estates, of forced sales, and even of the seizure of the movable property of the debtor in case of an estate already mortgaged having deteriorated. These privileges had, however, to be conceded by royal decree in each new case.

The same law recognized the bonds of the Landschaften as a trustee investment.

When we consider the whole class of Landschaften we see that they have in their organization and in the management of their affairs certain features in common. The total number of landlords of a district collectively grant a loan to the proprietor applying for it, the object of the loan being stated in detail in the application. He can not be refused this demand. His land serves as security to the Landschaft.

To be quite safe, and not to risk losses, the body of proprietors do not grant loans exceeding a certain percentage of the value of the land, varying with the Provinces and according to the method of fixing the rate of interest. As the body of landlords possess real estate of enormous value, but have seldom large sums of money at their disposal, they have to get from third parties the sums needed for loans to the landowner borrowing. For that they have recourse indirectly to the capitalists, offering them, as investments for their money, bonds issued by the collective group. In order to render the negotiation of this paper easier for the lenders, special banks have been instituted in connection with the Landschaften dealing with this business, under the control of the society itself and without any intention of making a profit. The profits go to the Landschaft as such. Formerly it was the mortgaged land that served as security under a secondary security of the Landschaft. To-day this is no longer the case. The capitalist who has bought the bonds and is the creditor of the borrowing landowner has nothing to do with him. He receives his interest from the Landschaft and the whole of the estates of the Province forms his security.

This general security of the "Kreditverbundenen" (credit leagues) was not, however, considered sufficient. To protect the legitimate interests of the creditors as well as those of the other guarantors, a complicated system was elaborated. First, the value of each property in need of a loan had to be estimated by competent employees of the Landschaft. Generally they contented themselves with the valuation of the revenue made for the land tax and they granted loans to the extent of fifteen times this net revenue. Only in exceptional cases, for example, when the proprietor wanted to burden his land beyond a certain degree, he must even to-day, at his own expense, get a special valuation made of the present worth of his land.

At first most of the Landschaften only gave mortgages for one-half of the estimated value. Now they generally go as far as to give them for two-thirds of the value. Land already burdened with other mortgages can not receive any loan from the society. The Landschaften, however, help proprietors when, in order to obtain a loan, they desire to pay off previous mortgages.

Except in the case of the three institutions of Hanover, the loans are not granted in money, but in bonds.

The interest the debtor must pay the Landschaft is generally from one-half to 1 per cent higher than what the Landschaft itself pays its creditors.

This difference serves to cover the expenses of administration, to constitute special funds created in the interest of all the members of the society, as well as for the creation of reserve funds and for the gradual extinction of the debt. The Landschaft generally renounces its right of calling up the money it lends, but the debtor can always repay the money borrowed. Generally this repayment takes place by gradual extinction, which is often even obligatory for a certain proportion of the debt. The sums so repaid must be considered at the same time as reserves in case of possible losses to be incurred.

Nowadays the tendency is to decrease these various guarantees. Perhaps they are no longer necessary. The new Landschaften, for instance, no longer have the general guaranty. In the Mark and in Neuvorpommern the security is limited to the whole of the lands really mortgaged. In other Provinces there are special reserve funds, or rather the obligation for the proprietors to pay in case of need a certain fraction, generally from 5 to 10 per cent, of the sum borrowed. Consequently, we find in these Landschaften the principles sometimes of the cooperative society with unlimited liability and sometimes of the cooperative society with limited liability.

The public accepts the bonds of all these institutes with equal readiness, for the form taken by the security offered does not affect their credit.

The total circulation of bonds issued by the Prussian Landschaften increased from 469,407,530 marks in 1866 to 2,507,164,675 marks in 1906 and 2,742,344,385 marks in 1909. This would seem to represent an astonishing increase of debts on mortgage, but it is difficult to know whether, before the landowners availed themselves of the credit offered on such easy terms by the Landschaften, their properties were already burdened with other debts, perhaps on less favorable conditions, or if their debt is of more recent origin. It is noteworthy also that while the increase of the debt recorded in the Landschaften books has increased fivefold in the 40 years from 1866 to 1906, in the same period the funds for its extinction have increased from 20,512,945 marks to 169,901,635 marks, or in the proportion of 1 to 8. This mode of extinction, besides, was unknown to the old-established Landschaften and was only introduced in the last century. It may, therefore, be expected that this progress will continue.

The rate of interest on the bonds has always been very moderate. Issues at the rate of 5 per cent were only made from 1868 to 1878, a period of trouble and unrest, in spite of abundance of capital. Generally there has been a very marked tendency to follow the conditions of the market and as soon as possible to reduce the interest on the bonds. In 1901 we no longer find bonds at 4½ per cent. Those at 3½, 3⅜, and 3 per cent increase already in 1896 in proportion as those at 4 per cent decrease, though the latter show a further increase in 1901.

The bonds have always been well received on the national market. To open the international market to them in 1873 certain Landschaften, with the authorization of the Government, founded a Central Landschaft for the Prussian Provinces, with its headquarters at Berlin. The Landschaften that now form part of it are allowed to issue provincial bonds and also bonds of the Central Landschaft. In issuing these last, however, they are bound to observe certain rules as to the method of valuing the lands.

The bonds of the Central Landschaft were well received on the exchanges, where they had almost the same standing as the Imperial and Prussian bonds, but, generally speaking, the Central Landschaft had not the success that was expected. That was due, no doubt, to the fact that the societies already had a sufficiently large clientele or that they did not wish to have their liberty of action interfered with. Its issue of bonds up to the end of 1909, amounting to 437,814,250 marks, was rather less than that of the Landschaft of East Prussia alone, which reached the figure of 443,839,850 marks.

2. LANDSCHAFTEN FOR SMALL ESTATES IN PRUSSIA.

Although the Landschaften and Ritterschaften were at first exclusively intended for supplying the needs of the nobles' estates, which were generally of considerable size, some of them have extended their credit facilities to small proprietors and peasants. This was the case with the Landschaften of East Prussia and of Silesia. This latter issues special bonds for peasants' lands.

Others founded separately, with special funds, new Landschaften and new institutes. Most of the new societies, such as those of Westphalia and Posen, were, moreover, from the start meant to represent both classes.

Since these new institutions only wish to serve the farmer, there is always a limit to the minimum value of land that can be mortgaged. This limit corresponds to that amount of land on the produce of which the owner can live. Generally it is required that it produce a net income calculable for the land tax at a minimum from 75 to 150 marks. In Silesia they go below this limit and are content that the land be reckoned as bringing in from 15 to 30 marks.

To make it easier and less complicated for the peasants, instead of their having to go to the central office the Landschaft of East Prussia periodically sends employees of its own into the villages, previously notifying their advent. These employees give all necessary information gratuitously and receive applications for loans. The Landschaften have, generally speaking, also had good results in their work on behalf of the peasants, but there still remains much more to be done in the future.

3. LANDSCHAFTEN IN THE OTHER STATES OF GERMANY.

The example set by Prussia has been followed in some other States. Thus a credit association for the nobles' estates of the two Mecklenburgs was founded in 1818 at Rostock on the model of the old-established Landschaften. On December 13, 1825, the credit association for Wurttemberg was founded at Stuttgart. It is the only semiofficial

institution of the kind to be found in south Germany. Others were subsequently formed in the Kingdom of Saxony and in the Duchy of Brunswick.

Only a few of these institutions possess much importance, and all conform more or less closely to the type of Landschaften already described.

4. PRIVATE INSTITUTIONS OF THE LANDSCHAFTEN TYPE.

Besides the semiofficial Landschaften there are two private institutions of a similar kind.

These are:

1. The National Society of Mortgage Credit, formerly at Stettin, and now in Berlin, founded under rules dated March 3, 1870, and August 11, 1871.

2. The Bavarian Agricultural Bank, at Munich, founded on December 2, 1896.

Both are, in the eyes of the law, private cooperative societies. The first is a cooperative society in which the liability of the members is unlimited, while in the second their liability is limited.

The Berlin association also grants loans upon town lands. The total number of loans of every kind to the credit of this society in 1907 was 651, for a total sum of 20,367,673 marks ($4,852,085), which gives an average of 31,268 marks per loan.

The Bavarian bank grants loans to communes and to country landowners. At the date of its foundation it received from the Bavarian State the grant of a loan on favorable conditions of 1,000,000 marks. It is also in enjoyment of another loan, at reduced interest, and a subsidy for the expenses of its management. The total number of loans of every kind outstanding at the end of 1907 was 14,675, amounting to 91,397,893 marks ($21,773,244).

These two institutions are most important, particularly in presenting a new method, which permits the farmers, and especially the small farmers, to obtain a large share of the advantages given by the Landschaften.

The Bavarian Agricultural Bank, particularly, has had excellent results and under circumstances of some difficulty, if we consider how the land is parceled out in small holdings in south Germany, and especially in Bavaria. Between 1897 and 1907 the Bavarian bank granted 14,583 loans on mortgage to a total amount of 103,367,250 marks. Of these, 287 loans were on mortgage of holders less than 1 hectare in extent, 8,653 between 1 hectare and 10 hectares, 5,605 between 10 hectares and 100 hectares, and 38 over 100 hectares. These figures indicate how well it has been able to adapt itself to the needs of different classes of agriculturists.

CHAPTER V.

COOPERATIVE AGRICULTURAL CREDIT IN AUSTRIA.

In Austria both the Raiffeisen and the Schulze-Delitzsch system have been adopted as means of giving personal credit to the agricultural population. The Raiffeisen banks are, however, in relation to agriculture, much the more important.

Cooperative credit societies began to be formed in Austria about 1850, and they had at first the character of mutual aid societies. Toward 1870 the earliest societies on the Schulze-Delitzsch system were formed, the majority were based on unlimited liability.

At first the cooperative credit societies developed slowly, and up to 1860 only 15 had been formed. After this they began to be formed more rapidly, reaching the number of 943 in 1872. Then again followed a period of slow increase, the number only rising to 1,363 in 1888. At this period, however, the Raiffeisen system began to be promoted, and the cooperative credit societies increased rapidly in number. At the end of 1906 they had reached 7,886; in 1909 they had risen to 10,097, and in 1910 to 10,893.

1. THE RURAL BANKS.

The Raiffeisen banks, first formed in 1886, began to be promoted rapidly in 1889, reaching the number of 7,631 in 1911.

The Raiffeisen banks in Austria being modeled upon those of Germany it is sufficient to remark that each member is required to take a share, which varies in amount from 10 to 20 crowns (a crown is equivalent to $0.2026 or £0.0416), but the liability of the members is unlimited. At the beginning of November, 1911, the Austrian Government presented to Parliament a bill for modifying the law relating to cooperative societies. The main purpose of this bill is to substitute for the present form of unlimited liability the system of unlimited liability to make supplementary payments. The difference between the two systems consists in the fact that, according to the new proposals the creditor would not be able to have direct recourse, in case of the liquidation of the bank, to any particular member to demand the payment of the sum which remains due to him; it would be the society which would be responsible to the creditor and it would have the right to demand pro rata payments from the members until the creditors were completely satisfied.

The interest paid on the shares is equal to that paid on the savings deposits.

The working capital of the banks is formed by the shares, the savings deposits, and the loans which the banks obtain from the central banks. The Raiffeisen banks have been very successful in attracting savings deposits. In Bohemia alone, the sums deposited by boys and servants occupied in agriculture amounted in 1908 to 5,588,078 crowns.

Many banks required the applicant for a loan to declare the purpose which it is to serve; sometimes it is provided that if a member applies a loan to any other than the declared object, he shall be excluded for a time (or, in case of a second offense, forever) from receiving further loans.

The profits are carried entirely to the reserve fund which, in case of the dissolution of the society, is devoted to some work of public utility.

As in Germany, the Austrian rural banks are affiliated both to central banks, with which they deposit their surplus funds, or from which they obtain loans when required, and to federations, which look after their interests.

The establishment of Raiffeisen banks is greatly encouraged by most of the provincial governments, which make grants of from 200 to 300 crowns for the initial expenses and loans for long periods without interest. In 1909, for example, the Diet of Galicia placed at the disposal of the provincial government a sum of 2,000,000 crowns for the benefit of the cooperative credit societies. Ten years later the Diet established the Provincial Bank for Cooperative Credit Societies at Leopoli, by which the fund is now administered.

The following figures will give an idea of the development of the Raiffeisen banks since 1900:

	1900	1904	1907
Number of banks	2,906	4,557	5,880
Number of members	261,589	504,589	725,666
Number of loans granted	59,531	108,886	.....
Amount of loans outstanding at the end of the year.....crowns..	122,501,009	258,532,000	[1] 428,242,262
Amount of deposits.....do....	155,281,000	335,620,000	556,319,345

[1] $86,772,253, or £17,829,986.

In 1890 there was one Raiffeisen bank for every 131,294 inhabitants; in 1900, one for every 9,002; in 1902, one for every 6,884; and in 1910 one for every 4,018 inhabitants.

2. THE POPULAR BANKS.

It is not necessary to speak at length of the popular banks, since they have only a minor importance as far as agriculture is concerned. Until the formation of the Raiffeisen banks, the Schulze-Delitzsch banks afforded credit to farmers to a considerable extent, but now the Raiffeisen banks have almost completely taken their place. Even up to now the Schulze-Delitzsch banks make loans for fairly large amounts to farmers known to be of good financial standing; the small loans of a few hundred crowns required by the peasants are made exclusively by the Raiffeisen banks. Only in Bohemia, in Moravia and in Galicia are the Schulze-Delitzsch banks at all numerous amongst the farmers and serve to supply their needs.

At first in the Schulze-Delitzsch banks unlimited liability was the rule, but from 1882 onward this was less and less frequently adopted, and now new banks are founded almost exclusively with limited liability. In 1910 there were 2,674 banks with limited liability and 588 with unlimited liability.

Of 2,323 Schulze-Delitzsch banks which furnished particulars of their working in 1908, the membership was 1,479,047; the share capital, 158,000,000 crowns; the loans granted during the year, 1,757,000,000 crowns ($356,010,748, or £73,153,183); the loans outstanding at the end of the year, 1,704,000,000 crowns ($345,271,664, or £70,946,514); the deposits in hand, 1,587,000,000 crowns; the loan capital 234,000,000 crowns; and the reserve funds, 94,000,000 crowns.

CHAPTER VI.

COOPERATIVE AGRICULTURAL CREDIT IN ITALY.

The principal agricultural cooperative credit institutions in Italy are the rural banks and the popular banks. The former are modeled on the Raiffeisen banks and were introduced into Italy by Leone Wollemborg; the latter are modeled on the Schulze-Delitzsch banks, adapted to the special circumstances of Italy by Luigi Luzzatti. The principles upon which these two forms of credit society are based have, therefore, been already described, and we will confine ourselves to indicating how they are organized and how they operate in Italy.

1. THE RURAL BANKS.

Rural banks were first advocated in Italy in 1880, but it was only in 1883 that Wollemborg, after a series of lectures and publications, succeeded in founding the first rural bank at Loreggia, in the Province of Padua, with 30 members. In 1884 other banks were founded at Cambiano di Castelfiorentino, at Trebaseleghe, and subsequently in other parts of Venetia. The banks formed by Wollemborg and his associates were unsectarian in character, but from 1892 onward many banks were formed as a result of the propaganda of the Catholic party with a sectarian character. These have steadily increased in number and now form the largest group of rural banks in Italy. In fact, out of 1,800 rural banks, about 1,200 are sectarian. The Catholic banks are found chiefly in Venetia, in Bergamasco, in Emilia, and in Sicily.

While the rules of all the rural banks insist upon honesty and good character as a condition of becoming a member, the Catholic banks insist also upon certain religious observances, or, at any rate, upon respect for religion.

The liability of the members is unlimited. This is found, in Italy as elsewhere, to prevent the misuse of loans by compelling the members to keep an eye upon one another; it also gives the bank the confidence of the public which deposits its savings.

For their sphere of operations the rural banks restrict themselves to a commune, to a portion of a commune, or to a parish.

As a rule the rural banks have no real initial capital. They receive savings deposits from both members and nonmembers (chiefly the latter), on which they pay an interest varying from 3½ to 4 per cent. It is the deposits which furnish the means for making loans, and only in so far as the deposits are insufficient do the rural banks have recourse to other sources of capital. On December 31, 1910, the aggregate amount of the deposits held by rural banks was 60,000,000 francs. (A franc is equivalent to $0.1929, or £0.0396.) In process of time the banks create a capital of their own, formed of the small payments made by the members upon entrance, or upon taking out their first loan.

The loans, which are generally made on the security of bills, are of two kinds. They are either for short periods, not exceeding 2 years, or for longer periods, extending to as much as 10 years. The first kind are ordinarily renewed every 3 months; the second are repaid by installments. The interest on loans for long periods is slightly higher than the usual rate of interest on loans, which varies between 5½ and 7 per cent. The difference between the interest charged on loans and the interest paid on deposits covers the management expenses and enables a reserve fund to be built up, which, in the event of the dissolution of the society, is devoted to some object of public utility.

The societies enjoy certain exemptions from taxation. Thus their notes, bills, etc., are exempt from taxation for 10 years and until the capital of the bank reaches 30,000 francs.

There are no recent statistics embracing all the rural banks, unsectarian or Catholic, in Italy. The latest official statistics, collected by the minister of agriculture, industry, and commerce, gives the financial position of 1,257 banks out of 1,886 existing on October 31, 1905. This shows that of total liabilities amounting to 46,665,607 francs ($9,004,450, or £1,850,239), 32,499,462 francs were in respect of deposits, while 4,855,456 francs were in respect of loans on current account and 6,392,654 francs of loans on the security of bills. The

loans outstanding were as follows: On bills, 33,464,274 francs; on mortgage, 897,493 francs; on simple note of hand, 369,041 francs; on current account, 5,978,556 francs; total, 40,709,364 francs ($7,855,152, or £1,614,080).

Since 1906 no official statistics have been published, but the National Federation of Italian Rural Banks, which has its headquarters at Rome, has compiled a list of rural banks and agricultural cooperative credit societies in existence on December 31, 1911, from which it appears that there were then 1,855, of which about one-third were unsectarian and the remainder Catholic.

Though complete statistics are wanting, there exist partial statistics, compiled by regional or provincial federations, from which we take the following figures:

Name of federation.	Date to which the figures refer.	Number of affiliated rural banks of which particulars are given.	Membership.	Loans outstanding.	Deposits in hand.
				Francs.	*Francs.*
Federation of the Rural Banks of the Province of Bologna	June 30, 1911	80	6,505	2,263,762	2,608,945
Federation of the Rural Banks of Romagna	Dec. 31, 1910	57	4,723	2,909,040	2,823,671
Federation of the Catholic Economico-Social Associations of the Province of Parma	do	39	3,771	2,033,892	1,683,000
Economico-Social Federation of the Catholics of the Diocese of Adria	do	52	3,945	2,595,424	1,795,004

2. THE POPULAR BANKS.

Unlike the rural banks, which carry on their work in country districts and have a restricted area of operations, the popular banks are formed in urban centers and have a large field of operations. In the popular banks, too, the liability of the members is limited.

They preceded the rural banks, but even after the appearance of the latter they continued to be of service to agriculture in various ways. Not only do they lend money directly to farmers, but they make advances at low rates of interest to agricultural syndicates, agricultural cooperative societies, and even to the rural banks.

The popular banks are composed of members belonging to many different classes; large and small farmers, farm laborers, artisans, small shopkeepers, clerks, and professional men. But the larger number of members belong to the lower middle classes; 23 per cent are artisans or small shopkeepers and 22 per cent small farmers. Clerks and professional men form 17 per cent and the percentage of the other classes of members is much smaller than these.

The value of the shares also varies greatly; it ranges from a minimum of 5 francs up to 100 francs, the maximum allowed by the commercial code; the lower values are the more usual.

The paid-up share capital is usually but little less than the subscribed capital, because many banks allow the payment by installments of the shares subscribed.

The banks work in the first place with the capital which comes in spontaneously, the shares and the deposits, and, secondly, with money which they obtain by rediscounting their bills or contracting loans.

As to the deposits, they are of various forms. The humbler classes, not used to business methods, intrust their savings to the banks as savings deposits; the commercial and industrial classes prefer to lodge money on current account and to withdraw it by means of checks; the workmen's unions and mutual-aid societies deposit funds not immediately required for fixed periods and draw good rates of interest. This variety in the deposits contributes to give elasticity to the operations of the popular banks. The interest paid on deposits varies from 3 to 4 per cent.

The Italian popular banks give credit principally in the four following forms: Loans on the security of bills or the discount of bills; loans against the deposit of securities, goods, or valuables; loans on guaranteed current account; and loans for holding over delivery of securities. In order to increase the capital at their disposal they have the greater part of their bills rediscounted by larger institutions. Against this must be set, however, the bills which they themselves rediscount for other smaller popular banks and for rural banks.

The rate of interest on loans is usually from 4 to 6 per cent. Sometimes it is less than 4 per cent, and there are cases in which it is as much as 7 or 8 per cent.

The latest official statistics of the popular banks relate to the 10 years from 1899–1908. From these we find that in 1908 there were 736 popular banks; of these 690, which furnished the particulars of their working, had a paid-up capital of 98,310,108 francs and reserve funds amounting to 57,354,279 francs. The total deposits in hand at the end of the year were 971,167,644 francs and the capital obtained from outside sources (other banks and private capitalists, etc.), 230,152,110 francs. This gives a total working capital of 1,356,984,141 francs ($261,839,430, or £53,802,887). The loans outstanding at the end of the year amounted to 881,502,350 francs ($170,091,946, or £34,950,572) and the profits during the year to 13,679,929 francs.

CHAPTER VII.

COOPERATIVE AGRICULTURAL CREDIT IN FRANCE.

The first experiments in agricultural credit in France date back to the middle of the past century, but its real development only begins after the promulgation in 1884 of the law on professional syndicates.

In 1894 the law which instituted local agricultural mutual credit banks gave a powerful impetus to agricultural credit, and in 1899 the law on regional banks, which authorized the giving of State aid, consolidated agricultural credit in France into an organic system which to-day spreads over the whole country.

The characteristics of this system are the following: Decentralization, mutuality, organization according to occupation, and State aid. Its object consists, in the first place, in supplying farmers with the means necessary for carrying on the ordinary agricultural operations by means of loans for short periods; in the second place to facilitate cooperative societies and individual farmers in carrying on operations extending over long periods.

Besides the cooperative credit encouraged by the State there exist also various minor groups of cooperative institutions which have wished to remain entirely independent and which rely solely on their own resources.

1. STATE-AIDED COOPERATIVE CREDIT.

The fundametal laws which regulate the State-aided system of agricultural cooperative credit are those of November 5, 1894, and of March 31, 1899.

The former instituted the local mutual agricultural credit bank; the latter the regional bank, which groups together the local banks of a given district, either the region, the department, or a special area determined by its agricultural characteristics.

The State has placed at the disposal of the regional banks, in order that they may in their turn finance the local banks, considerable sums, which the Bank of France is bound to pay to them as a condition of the renewal of its privileges. The law of November 17, 1897, in fact, laid it down that the Bank of France must advance to the State, without interest, for the whole period of its concession (that is, to the end of 1920), a loan of 40,000,000 francs, and that it must also make an annual payment (calculated according to the business done) which must not be less than 2,000,000 francs, and is, in fact, between 3,000,000 and 5,000,000 francs. These sums form the State fund, out of which the agricultural credit system is aided.

(a) The local banks.—The local banks may be composed either of the whole or of a part of the members of one or more agricultural syndicates, or of the members of one or more mutual agricultural insurance societies. The object of this provision is to strengthen their characteristic of mutuality and solidarity and to facilitate mutual acquaintance and confidence amongst the persons composing the credit society.

The objects of a local credit society are to facilitate or to guarantee the operations either of the societies mentioned or of the members.

The local banks have a restricted area of operations, limited to the commune, the canton, or the village. The formalities of registration are reduced to a minimum, and they are exempted from certain taxes.

Their initial capital is formed by shares ("quotes-parts"), subscribed exclusively by the members; it is sufficient if one-fourth is paid up. The shares, which are generally of the value of 20 or 40 francs each, do not give any right to dividend, but bear a fixed rate of interest which must not exceed 4 per cent. The societies can receive deposits with or without interest.

As to the liability of the members, the law allows the utmost latitude to the societies to decide its character and extent by their rules, according to local conditions. In the majority of cases the societies have decided that their members shall be liable up to the amount of the shares subscribed. Some have fixed upon a wider liability, either unlimited liability of all the members, such as is found in the Raiffeisen banks, or unlimited liability of a certain number of members (for example, the members of the committee of management), or a liability extending to two, three, or four times the nominal value of the shares of each member. Amongst the promoters of these societies, however, there is now manifest a tendency to adopt unlimited liability as the best safeguard for healthy cooperation.

The society is managed by a council and by a committee, which generally comprises a president, a vice president, and a secretary. As soon as it is established it becomes affiliated to the regional bank of the department. To do this it must subscribe for a certain number of shares in the regional bank. It is then admitted to partake in the credit facilities afforded by the regional bank, which discounts its bills or grants loans to it to form its working capital.

In the first case, when a member applies for a loan from the local bank it requires him to sign a bill, which is then sent to be discounted to the regional bank, which immediately forwards the amount applied for, less the discount. In the second case, the regional bank grants to the local bank a loan which is usually proportionate to the amount of the shares subscribed. The local bank, when it does not immediately require the money so obtained, deposits it with the savings bank and withdraws from time to time such sums as may be necessary.

The first system, which is simpler and allows of a greater measure of control by the regional bank over the affiliated societies, is adopted in the great majority of cases. Thus, for example, in 1910 the regional banks discounted bills to the amount of 67,000,000 francs and only granted loans of 1,250,000 francs.

The rate of interest on the loans must naturally be higher than the discount required by the regional banks. The latter being 3 per cent, the greater interest demanded by the local banks does not usually exceed 4 per cent. The margin of 1 per cent serves for the payment of the expenses of management and for the formation of the reserve fund.

As to the size of the loans, in some societies the sums which may be advanced to members are proportionate to the shares which they have subscribed, and may be ten, fifteen, or twenty times their amount. In other societies it is laid down that the loan shall not exceed a fixed sum, 1,000 or 2,000 francs, according to the kind of cultivation prevailing and to the solvency of the applicant.

There are different kinds of guarantee, varying according to circumstances. Certain banks insist in every case upon a surety or a "warrant" or upon the deposit of securities. Others only require such guarantees when the loan is of a certain amount. If the object of the loan is the purchase of live stock, the animals must always be insured.

The period of the loans varies, according to the nature of the operations to be undertaken, from three months to a year. The period of the bills varies according to the period of the loan and according to the system adopted by the regional bank to which the local bank is affiliated. Many regional banks only allow bills of three months, with two, three, or four renewals; others allow bills for a period equal to that of the loan. In the case of renewals an installment is almost always required.

At least three-fourths of the profits of the society are allocated to the formation of a reserve fund until that fund is equal to half the paid-up-share capital. The balance, if the general meeting so decide, may be divided amongst the individual members in proportion to their dealings with the society.

When a society is dissolved, the reserve fund and other assets are divided amongst the members in proportion to their shares unless, as is generally the case, the rules have provided for their application to some work beneficial to agriculture.

The local banks have spread rapidly since 1900, as the following figures indicate:

Year.	Number of local banks.	Membership of local banks.
1901	309	7,998
1905	1,335	61,874
1910	3,338	151,621

The following figures give an idea of the business done by the local banks in recent years:

	1909	1910	Increase.
Number of local banks	2,983	3,338	355
Membership	133,382	151,621	18,239
	Francs.	*Francs.*	*Francs.*
Subscribed capital	13,111,206	14,210,598	1,099,392
Paid-up capital	8,470,754	9,916,611	1,455,857
New loans granted during the year (exclusive of renewals)	63,742,093	[1] 70,533,340	6,791,247
Loans outstanding at the end of the previous year	40,126,197	42,671,323	2,545,126
Total	103,868,290	113,204,663	9,336,373
Repayments received	60,889,309	61,388,806	499,497
Loans outstanding on Dec. 31	42,978,981	[2] 51,815,857	8,836,876

[1] $13,609,893, or £2,796,567. [2] $9,998,226, or £2,054,440.

The official reports do not indicate the capital of the local banks separately, nor the business done by them, but limit themselves to giving such particulars for the groups of local societies affiliated to each central bank. From these data, however, it is evident that the capital of the local banks is not very large, and the same may be said of their reserve funds. The statistics give no information regarding the deposits, but it may be assumed that they, too, are not very large in amount.

The interest paid on the shares varies from 2 to 5 per cent; the rate of discount from 3 to 5 per cent.

(b) The regional banks.—The agricultural credit banks of the second degree, called regional banks, are regulated by the law of March 31, 1899. They receive from the State, out of the funds furnished by the Bank of France, loans without interest, up to the amount four times their paid-up capital, for a period of five years, subject to renewal. If, for example, there are in a department 10 local banks which have each subscribed 10,000 francs, their shares form an initial capital of 100,000 francs for the regional bank; the Government will then make an advance of 400,000 francs.

A special committee, nominated by the minister of agriculture, distributes such sums amongst the regional banks, and a body of inspectors supervises their working.

The regional banks are based upon the same principles as the local banks, and they enjoy the same privileges. They are composed of local banks and of individual farmers, but two-thirds of the shares are reserved by preference to the former. The local banks usually pay up their shares in full; the individual members as a rule only pay up one-fourth. Each member is liable up to the amount of the shares subscribed. The committee of management of a regional bank is elected from the representatives of the local banks.

The law limits the interest on the shares to a maximum of 5 per cent and fixes the maximum of the deposits which the regional banks can receive and the bonds which they may issue at three-fourths of the amount of the securities which they hold.

The regional banks can, moreover, have their bills rediscounted by the Bank of France or other credit institutions.

The profits are carried to the reserve fund, which serves, in due course, to repay the State loans.

To the primary object of the regional banks have in recent years been added others, namely, the making of loans to cooperative societies for the production and sale of agricultural produce and of loans to individual farmers for the acquisition and improvement of small holdings. For these purposes special advances are made by the State to the regional banks out of the fund provided by the Bank of France.

The number of regional banks has increased from 9 in 1901 to 66 in 1905 and 96 in 1910.

The State has placed at the disposal of the regional banks in the period 1900–1910 the following sums:

	Francs.
1900	612,250
1901	2,611,210
1902	1,304,337
1903	1,858,262
1904	5,437,969
1905	5,430,301
1906	3,717,530
1907	5,800,157
1908	8,750,717
1910	9,825,260
1911	11,386,815

On December 31, 1910, the regional banks had at their disposal State loans to the amount of 57,177,425 francs, of which 50,442,585 had been advanced to them for the purpose of financing the local banks. Sixty-seven of the regional banks received advances not exceeding 250,000 francs; 33 sums varying between 250,000 francs and 1,000,000 francs and 15 sums between 1,000,000 francs and 4,000,000 francs.

The working capital at the disposal of the regional banks in 1910 for the financing of local banks was 71,423,930 francs (as compared with 61,823,926 francs in 1909) and may be thus classified:

	Francs.
Paid-up capital	15,912,801
Reserve funds	2,868,544
State advances	40,442,585
Mean amount of deposits	2,200,000
Total	71,423,930

The subscribed capital amounted in the aggregate in 1910 to the sum of 17,493,225 francs. Of this sum about two-thirds is represented by the shares subscribed by the local banks. In the separate banks the paid-up capital ranged from a minimum of 7,175 francs to a maximum of 1,021,400 francs; about half have a paid-up capital of less than 100,000 francs.

The interest paid upon the shares varies from 3 to 4 per cent.

The aggregate amount of deposits received by the regional banks up to December 31, 1910, was 16,500,000 francs, the average amount of the deposits in hand being about 2,200,000.

The discounts and loans made in 1910 by the regional banks, in accordance with the law of 1889, including renewals, reached the sum of 130,865,263 francs, as compared with 123,222,174 francs in 1909. The majority of the regional banks (55) have adopted a rate of discount of 3 per cent.

The general expenses amount to 0.32 per cent of the loans.

Without taking into account the renewals, the following figures show the loans made by the regional banks, etc., in 1910, as compared with 1909:

	1910	1909
	Francs.	*Francs.*
Direct loans for working capital	1,251,220	[1] 1,480,180
Loans in the form of discounts of new bills	66,957,353	[2] 61,262,856
Loans outstanding at the end of the previous year	40,971,508	38,022,643
Total	109,180,081	100,765,679
Repayments received during the year	59,887,572	59,502,992
Loans outstanding at the end of the year	49,292,509	[3] 41,262,683

[1] $285,611, or £58,687. [2] $11,821,090, or £2,429,003. [3] $7,961,919, or £1,636,019.

If to the loans for short periods are added those for long periods advanced to cooperative societies and individual farmers, we have the following figures:

	Francs.
Loans for short periods	109,180,081
Loans to cooperative societies	2,284,265
Loans for long periods to individuals	864,190
Total ($21,674,564, or £4,453,699)	112,328,536

To the end of 1910, 131 cooperative societies had received 4,405,840 francs in loans at rates of interest varying from 1 to 2 per cent.

(c) General results.—The general results achieved in the first decade in which the system of State-aided agricultural credit has been in force are most satisfactory. The local banks are constantly increasing and respond ever better to the new needs of agriculture. In the period from 1900 to 1910 they have placed about 384,000,000 francs at the disposal of farmers; the 2,000,000 francs advanced in 1900 have risen to 70,000,000 francs in 1910.

It is noted, however, that many regional banks, trusting too much to State aid, are not sufficiently careful to make the quinquennial repayments of the loans advanced by the State, and neglect to form resources of their own, other than the sums carried automatically to the reserve, by making efforts to attract deposits. The remark also applies to some of the local banks. In view of this, closer Government supervision is recommended, and meanwhile the ministry of agriculture has reorganized and strengthened the service of inspection.

2. INDEPENDENT COOPERATIVE AGRICULTURAL CREDIT.

We have seen that, besides the State-aided cooperative credit banks, there exist cooperative credit institutions which have wished to remain independent of any financial aid from the State. Let us examine briefly the character and results of the principal groups of these societies:

(a) Rural banks of the Raiffeisen-Durand type.—The rural banks promoted by Louis Durand are modeled on the pure Raiffeisen type, and are markedly catholic in character. Their members take no shares and receive no dividend. For their working capital they avail themselves of deposits, loans from members and others, and the accumulated profits which form the reserve. When the reserve fund reaches a fourth of the capital deemed necessary for the working of the society, the rate of interest on loans is reduced to a figure just sufficient to cover the general expenses.

Loans are only granted to members, who are usually small proprietors or tenant farmers, for a definite purpose. They are granted on personal security or on mortgage, often for rather long periods, with repayment by annual installments, at a rate of interest varying from 3½ to 4½ per cent. The interest paid on deposits varies from 2½ to 3½ per cent. The members are liable to the full extent of their possessions for the debts of the bank.

The rural banks have adopted the commune as their sphere of operations, and are combined in regional or diocesan groups, called central banks, which, besides acting as propagandist and supervising bodies, receive the surplus capital of the richer banks and pass it on to those which have need of it. The rural banks are also affiliated to a central federation, the Central Union of Rural and Workmen's Banks with Unlimited Liability, with headquarters originally at Lyon, but now at Paris.

In 1893 the number of the Durand banks was 17; in 1905 it had risen to 443. The statistics for 1910 give their number as 672, but the Union states that this does not include all the existing banks.

The 672 banks of which particulars are given contained 28,279 members, did a total business (incomings and outgoings) of 19,241,933 francs, collected 11,300,450 francs in deposits, and granted 9,396 loans; their total assets amounted to 12,569,915 francs and their profits to 49,124 francs. The business of the banks is based almost

entirely upon deposits; they obtained only a small sum (935,000 francs) from the central banks.

(b) Mutual banks of the Rostand type.—With the idea of directing local savings to local work, Eugène Rostand urged the Savings Bank of the Bank of Rhone, of which he was president, to establish local mutual banks and to finance them with loans. The law of 1895, which authorized the savings banks to allocate part of their funds to agricultural credit, permitted the bank to advance 20,000 francs to the local banks by way of loans.

In the period from 1894 to 1909 there were thus created 22 banks. The Savings Bank of Marseille granted them in 1909 loans to the amount of 45,000 francs. From 1901 to 1909 the Rostand banks had distributed 1,142,663 francs to farmers.

(c) Other cooperative agricultural credit societies. Amongst the cooperative credit institutions which have risen through private initiative we may mention the cooperative credit banks of the Alpes-Maritimes, promoted by Rayneri, and the Popular Bank of Mentone. These follow the unlimited-liability system, and are to-day combined in the Regional Bank of Mentone.

There also exist some isolated credit institutions which act in complete independence, such as the Mutual Credit Society of Senlis (Oise), which granted loans in 1908 to the amount of 438,888 francs, and the Agricultural Bank, founded in 1898, at Boulogne-sur-Mer, which up to 1909 has discounted bills to the value of 1,734,000 francs.

(d) The urban popular banks and agricultural credit.—In France there are some popular banks of the Schulze-Delitzsch-Luzzatti type. They are fairly numerous in the south, and are combined in the Federal Centre of Popular Credit managed by M. Rayneri. Although primarily intended for the industrial and commercial middle classes, they encourage agricultural credit in a variety of ways. Of late a new tendency has manifested itself to bring about closer relations between the urban and rural cooperative credit institutions.

CHAPTER VIII.

COOPERATIVE AGRICULTURAL CREDIT IN BELGIUM.

Not many years ago the Belgian farmers in general, and more particularly the small farmers, were absolutely without any credit institutions to which they could have recourse to obtain capital on equitable terms. In 1884, however, a law was passed with the object of providing them with credit facilities.

Under this law the General Savings Bank was authorized to employ a part of its funds in making loans to farmers and to agricultural cooperative credit societies. The loans to farmers were to be made through the medium of a special kind of association known as "comptoirs," which we shall describe later. The results of this law were, however, disappointing. A few "comptoirs" were formed, but very little use was made of the credit facilities which the law provided.

1. THE RURAL BANKS.

It was generally felt, therefore, that a better system of agricultural credit was required, and the Abbé Mellaerts set himself to adapt the Raiffeisen system to local circumstances and to the requirements of the Belgian laws. As the law stood the rural banks were obliged to take the form of cooperative societies, since it was requisite that they should have the power of admitting new members and of varying the capital without the legal formalities with which commercial companies were obliged to comply. But, contrary to the strict Raiffeisen principles, the law dealing with cooperative societies did not allow such societies to dispense with foundation capital nor to make their reserve funds indivisible. In order not to depart too far from the Raiffeisen model, the Abbé Mellaerts decided that the shares should be very small (2 francs); that the dividend payable on the shares should not exceed the rate of interest charged on loans; and that there should be two reserve funds, the "real reserve," composed of the share payments and entrance fees, and the "conditional reserve," to which the net profits should be placed. The "real reserve" should serve to pay possible losses, and in the event of the dissolution of the society any sum still standing to this reserve should be distributed amongst the members. The "conditional reserve," on the other hand, should be returned, in case of dissolution, to the central bank from which the society had borrowed its working capital.

Except for these slight modifications, the rural banks in Belgium follow closely the Raiffeisen system.

Notwithstanding the difficulties and prejudices which had to be overcome, the rural banks spread rapidly over the country. The first was formed by the Abbé Mellaerts at Rillaer in 1892, and in 18 years no less than 643 banks were established.

The following figures relate to the year 1909:

Number of banks furnishing information		458
Membership		25,762
Paid-up share capital	francs	72,071
Loans granted in 1909 ($803,262, or £165,055)	do	4,162,911
Loans outstanding on Dec. 31, 1909 ($2,110,292, or £433,624)	francs	10,936,597
Deposits received in 1909	do	9,742,693
Total working capital, including deposits in hand Dec. 31, 1909	francs	22,020,786
Reserve fund	do	440,707

2. THE CENTRAL BANK.

All the rural banks in Belgium are affiliated to regional central banks, which are cooperative societies with limited liability. Only recognized local banks and the persons who are intrusted with the management can become members of the central banks. The latter are nominated by the general meetings.

Each member subscribes for one share of the value of 100 francs and is liable up to the amount of 1,000 francs. The dividend on the shares is fixed at 3 per cent and the balance of the profits is carried to the reserve.

The central banks in Belgium, besides accepting deposits from and making loans to local banks, supervise their management and inspect their accounts. They not only make loans directly to the local banks, but guarantee loans made to them by the General Savings Bank, which, in conformity with the law of 1894, set aside a sum of 1,000,000 francs to be lent at 3½ per cent interest to rural banks affiliated to a central bank and guaranteed by it. The General Savings Bank has also agreed to accept on deposit from the central banks at 3 per cent interest the sums which they are not able to employ in lending to the local banks.

Where a central bank guarantees a loan made to a local bank, the General Savings Bank allows it a commission equal to one-twelfth of the interest charged.

There are seven central banks in Belgium, the most important of which is that of Louvain, known as the "Boerenbond." In 1910, out of the 643 Raiffeisen banks in Belgium, 304 were affiliated to the Boerenbond. For several years past the Boerenbond has been practically independent of the assistance of the General Savings Bank, having received sufficient deposits to enable it to grant all the loans applied for by the local banks. In 1910 it granted loans to the total amount of 225,000 francs.

Recently, with the object of extending its utility and to find a safe investment for its capital, the Boerenbond has organized a system of land-improvement credit.

3. THE "COMPTOIRS AGRICOLES" AND THE POPULAR BANKS.

As we have already indicated, the rural banks are not the only institutions in Belgium which provide credit facilities for agriculturists, the "comptoirs agricoles," formed in virtue of the law of 1884, having the same object. The "comptoirs agricoles" are small corporate bodies, consisting of at least four persons, which guarantee the loans granted to individual farmers by the General Savings Bank, receiving a small fraction of the interest as commission.

From 1884 to 1909 only 16 "comptoirs" were formed in the whole of Belgium. On December 31 of the latter year there were 3,605 loans outstanding guaranteed by the "comptoirs," 684 of which had been granted in 1909. Only 104 of these 684 loans were less than 1,000 francs in amount, so that it is clear that the "comptoirs" serve rather the large farmers than the small holders. The "comptoirs," in fact, do not care to guarantee small loans, as they do not find such business sufficiently remunerative. It is, too, less hazardous to make loans to large farmers who own their land than to small farmers who can not furnish adequate security.

Not the least difficulty in the way of forming "comptoirs" is that of finding men who, for such a slender return, are willing to undertake the liability of acting as sureties.

Another form of agricultural credit to be met with in Belgium is the popular bank of the Schulze-Delitzsch type. In the whole country, however, there are only two such banks, which are mainly concerned with agricultural credit—those of Goe-Limbourg and Argenteau. In 1909 these two banks granted 40 loans of the total value of 50,436 francs.

CHAPTER IX.

COOPERATIVE AGRICULTURAL CREDIT IN GREAT BRITAIN AND IRELAND.

In Great Britain the number of agricultural cooperative credit societies which has been formed is comparatively small, but in Ireland such societies are more numerous.

Cooperative credit was introduced into Ireland by the Irish Agricultural Organization Society, aided by grants from the Congested Districts Board for Ireland and, subsequently, from the Department of Agriculture and Technical Instruction for Ireland.

In England and Wales credit societies were promoted first by the Agricultural Banks' Association and afterwards by the Agricultural Organization Society. The latter in recent years has received grants from the board of agriculture and from the development commissioners.

With few exceptions the form of society adopted has borne a close resemblance to the Raiffeisen banks of Germany. The area of operations is limited to a parish or to two or three adjoining parishes. The members are elected by the committee. Loans are only given to members and for reproductive purposes approved by the committee. There are no shares, but the liability of the members is unlimited. Each member pays a small entrance fee.

In some cases "guarantee members" have been admitted whose liability is limited to a specified sum, but this practice is rare.

A small number of agricultural credit societies in which the liability of the members is limited has been formed in Ireland, but the societies of this kind do not seem likely to increase.

In Ireland the credit societies have obtained working capital from the following sources:

1. Deposits of members.
2. Advances from local landowners or other persons interested in the well-being of the farmers.
3. Advances from the Congested Districts Board for Ireland and the Department of Agriculture and Technical Instruction for Ireland.
4. Loans from the ordinary joint-stock banks.

The last named is now the most important source of capital. Nearly all the large Irish banking companies have recognized that the cooperative credit societies can serve as auxiliaries to them, doing business with a clientele which the large banks can not reach without their intervention. They have, accordingly, consented to advance money to the credit societies at moderate rates of interest.

Proposals have been made for establishing a central bank in Ireland, but the need is not a pressing one.

In England and Wales greater difficulties have been experienced in obtaining working capital. The large banking companies have not recognized the credit societies, and no Government department has made advances of money to them. The Central Cooperative Agricultural Bank (Ltd.) has been formed to assist the societies in finding capital. This is a cooperative society, with limited liability, containing both individual members and society members. Before obtaining advances from the central bank a credit society must take at least five shares of the value of £1 each. The central bank also receives deposits from societies which have surplus capital not immediately required for lending to members. As yet the transactions of the central bank have been on a very small scale.

The rate of interest charged by credit societies to their members is usually in the neighborhood of 6 per cent. Sometimes they are able to lend at lower rates than this, but in Ireland the Irish Agricultural Organization Society urges the credit societies to charge even more than 6 per cent in order quickly to build up a reserve fund.

The following are the latest available statistics of the agricultural credit societies (1) in Ireland and (2) in England and Wales:

TABLE I.—*Statistics of agricultural cooperative credit societies in Ireland in 1909.*

Number of societies	234
Membership (26 societies failed to furnish returns of membership)	18,422
Loan capital	£32,780
Deposits	£23,688
Total capital	£56,469
Amount of loans granted (48 societies failed to furnish returns of loans granted. These include societies which had either not commenced working or had not yet worked for 12 months (and so had not yet had an annual audit) on Dec. 31, 1909)	£57,640
Number of loans granted	9,213
Loans outstanding	£55,292
Expenses	£593

Net profit	£554
Reserve fund	£3,559

TABLE II.—*Statistics of agricultural cooperative credit societies in England and Wales in 1910.*

Number of societies (of these societies, 9 either furnished no returns or reported that they had as yet done no business. The remaining figures relate to 31 societies)	40
Membership	663
Loan capital	£1,028
Deposits	£548
Amount of loans granted	£1,390
Number of loans granted	119
Loans outstanding	£1,421
Expenses	£34
Net profit	£64
Reserve fund	£270

CHAPTER X.

COOPERATIVE AGRICULTURAL CREDIT IN BRITISH INDIA.

In British India the promotion of cooperative credit, both rural and urban, has been undertaken directly by the State. The cooperative credit societies act, passed in 1904, authorized the appointment by the various provincial governments of officials known as registrars of cooperative credit societies, with wide powers for the promotion and supervision of credit societies.

For the "rural" societies, defined as societies in which not less than four-fifths of the members are agriculturists, the broad lines laid down are those of the Raiffeisen system, but considerable latitude is allowed.

Save with the special sanction of the provincial government, the liability of the members of "rural societies" must be unlimited. All profits must be carried to the reserve fund until it has reached a certain proportion of the total liabilities and until the rates of interest on loans have been reduced below a certain percentage.

In practice the great majority of the rural societies are societies with unlimited liability, but some societies with limited liability have been formed. Even where the liability is unlimited, members are usually required to take shares besides paying an entrance fee. Loans are almost always for reproductive purposes, but loans for other purposes are occasionally allowed.

The progress made since the passing of the act of 1904 has been rapid. On June 30, 1910, there were in India 3,145 rural societies, 321 urban societies, and 32 "central" societies.

The so-called "central" societies, of which the object is to provide capital for the local societies (rural and urban), show great diversity of character. In some cases they are strictly federal, consisting solely of affiliated local societies. In such central societies the liability of the society members is usually limited to a certain multiple of the shares which they have taken up in the central society. A type of central society also exists in which the liability of the society members is unlimited.

Other central societies contain both individual members and affiliated societies, while yet others contain only individual members.

The following tables contain the principal statistics for 1909–10 of the rural and central societies:

TABLE I.—*Number, membership, loans granted, etc., 1909–10.*

	Rural societies.	Central societies.
Number of societies at end of the year	3,145	32
Membership at end of the year	165,560	3,740
	Rupees.[1]	*Rupees.*
Amount of loans granted to members during the year	[2] 5,434,457	190,902
Amount of loans granted to other societies during the year	201,606	1,469,750
Amount of loans to members outstanding at end of the year	5,991,865	295,601
Amount of loans to other societies outstanding at end of the year	170,106	1,973,422
Net profit during the year	274,368	52,939

[1] A rupee is equivalent to $0.324, or £0.66. [2] $1,761,676, or £362,297.

TABLE II.—*Sources of capital, June 30, 1910.*

	Rural societies.	Central societies.
	Rupees.	*Rupees.*
Loans from nonmembers	1,082,697	889,223
Loans from other societies	2,787,798	85,797
Loans from Government	596,194	60,374
Share capital	923,677	445,448
Deposits by members	977,236	829,892
Reserve fund	205,446	11,373

The latter table is interesting as showing to what a large extent the societies have become independent of advances from Government in finding the necessary working capital. It will be remarked that for the rural societies the principal source of capital is "other societies"—that is, not only central societies, but urban societies and other rural societies. The money provided by the members themselves in shares or in deposits also forms a considerable percentage of the working capital, and the societies have been able to obtain money largely from the general public.

In the case of the central societies it is not possible to distinguish between the capital provided (as shares or as deposits) by individual members and society members, but a large proportion of the capital is provided by the two classes of members together, and another large proportion is obtained from the general public. The amount which the central societies have obtained from the Government is comparatively trifling.

Thus, while the initiative in forming societies has been taken by the Government, the societies are very far from being dependent upon the Government for the working capital which they require.

CONCLUSION.

In the foregoing chapters we have seen that in different countries and in different circumstances cooperative agricultural credit has developed along different lines.

In no respect are the differences more remarkable than in the source of the capital. In Germany the Landschaften obtain the capital they require from the investing public by the issue of bonds. The Raiffeisen banks, too, are almost independent of advances from the State; they find nearly all their working capital in the deposits of members and others and in the loans which they obtain from their central banks and from other banking institutions. In France, on the other hand, it is the State which finds the bulk of the capital for the cooperative banks.

Great variations, too, may be remarked in the liability of the members. While the principle of mutual responsibility is always carried out to a greater or less extent, the liability of the members ranges from the unlimited liability of pure Raiffeisenism to a liability limited to the nominal value of the shares. It seems, however, that unlimited liability, or a near approach thereto, is found by experience to be the soundest basis of cooperative credit, especially where the borrowers are small cultivators.

Again the methods of granting loans and the security demanded vary greatly. The effort to reduce risk of loss is everywhere apparent, but there is a tendency to relax precautions which prevent the system from being elastic. This can, it is clear, be most safely done when the uses of credit are better understood. Where stop-gap borrowing has been prevalent, for instance, credit societies must naturally insist upon the borrower binding himself to apply his loan to a reproductive purpose. In time, however, the credit societies themselves so far educate their members that they only borrow money for investment as capital in their business, and more elastic forms of loan, such as loans on current account, become more usual.

In introducing cooperative credit into any country or agricultural district where it has not been previously practiced it is necessary to take the social and economic conditions into account. It must be inquired: Who are the persons for whom the credit facilities are intended? Are they large farmers or small cultivators? Are they proprietors of the lands they cultivate or only tenants? Are they all approximately upon the same social and financial level or are there wide differences between them? Do they require the loans for long periods for making permanent improvements or for short periods for use as working capital? Are they accustomed to borrowing for reproductive purposes or have they borrowed chiefly for stop-gap purposes? Are they already heavily indebted?

Upon the answers to these questions will depend, to a large extent, the form of cooperative credit to be adopted. The most important consideration is whether the capital is required by landowners for improving their property or by farmers to carry on the ordinary operations of cultivation. In the former case the German Landschaften furnish a model which should not be difficult to adapt to the circumstances of any other country. In the latter case the Raiffeisen system, or some modification of it, is generally the best, but in advanced economic conditions a modification of the less paternal Schulze-Delitzsch system might, perhaps, be adopted with advantage.

It is also important to inquire whether the persons for whom it is desired to provide credit facilities are approximately on the same social and financial level or if there are wide differences between them. It can not be expected, for example, that large farmers will generally be willing to join with small farmers in a society where the liability of the members is unlimited. Where there are great differences of financial status, some limitation of the liability must be adopted in order that it may not press too heavily upon the more well-to-do members.

To attract deposits, the best and most elastic source of capital, a credit society must be founded on a basis which will inspire public confidence and make the risk of a general withdrawal of deposits almost negligible. In large societies it may be possible to keep a considerable proportion of liquid assets, but, speaking generally, the funds of a credit society must, for the most part, be employed in making loans to members on terms which do not admit of their being readily realized. Where credit societies are numerous and are combined together to form central banks a greater elasticity is obtained in this respect.

The security which suffices to attract deposits usually suffices also to enable a credit society to obtain advances from banking institutions or capitalists. In availing itself of this source of working capital a credit society must so conduct its business as to be able to repay the money when it becomes due. It can not, for instance, borrow money for one year and lend it out for two. This, however, is a question of common sense in doing business which does not affect the form of organization.

We conclude this brief study of agricultural cooperative credit with the warning that the systems which we have described have been devised with the object of bringing credit facilities, such as exist in advanced commercial communities, within the reach of persons who individually were not able to obtain them. It is not to be supposed that the adoption of any such system will appreciably diminish the rate of interest at which a person can borrow money who can offer substantial security and has direct access to banks or capitalists.

The following letter from Mr. Louis Dop, vice president of the International Institute of Agriculture, and delegate of France, was read:

"The organization of agricultural credit, whatever be the system adopted, implies the recognition of certain fundamental principles. In fact, the various systems which may be adopted are but the result of the application of these fundamental principles. Therefore a clear explanation and right understanding of these principles is essential to success.

"I would draw Mr. Lubin's special attention to this point as the American people should clearly understand that the solution they will give to the problem of agricultural credit will depend on the nature of the principles from which they start.

"Granted this premise I deem it essential for all who wish to work in the field of agricultural credit to define clearly the distinctive characteristics of this kind of credit.

"The distinctive feature of agricultural credit may be treated under three heads.

"First, the juridical; second, the economic; third, the social.

"If due consideration be given to these three aspects of the question, the United States will be able to solve the problem of agricultural credit for the American people in the most satisfactory manner.

"First. Let us first examine the question from the juridical standpoint. In all countries agricultural credit is classified, from a juridical point of view, according to the nature of the security offered. Until recently most writers and economists who made a special study of agricultural credit, defined it, from a juridical standpoint, as personal credit, i. e., credit granted on personal security guaranteed by movable property.

"This was the generally recognized definition of agricultural credit. But this definition, which I believe a mistaken one, has been almost set aside as the result of the several studies which I have published on

this question. Thus, in 1897 I published a study on agricultural credit, in which I pointed out that it was inaccurate to limit the definition of agricultural credit to those transactions which embraced exclusively personal credit, made on the security of crops, implements, etc.; in short, on the security of the personal estate of the farmer.

"In 1901, when I published my chief work on agricultural credit, I again studied this juridical aspect of the question, and I think I proved what is now accepted as a fact by all modern jurists, that agricultural credit embraces not only personal credit but all credit transactions made for the purpose of carrying out agricultural improvements, whether these improvements refer to movable property, such as machinery, implements, live stock, crops, or whether they refer to the amelioration of the estate itself, of the land, which is the primary source of all production.

"Thus, in my opinion, agricultural credit embraces not only personal credit, but also real estate credit. That is to say, agricultural credit is credit granted not only on the security of crops, implements, machinery; in short, on all forms of personal security, but also credit granted on the security of the land itself. In short, agricultural credit, juridically defined, extends to all credit transaction which aim at the improvement of the farm.

"Mr. LUBIN. Then you refer to mortgage credit?

"Mr. DOP. No; not specifically. A distinction used formerly to be drawn between mortgage, or land credit, and personal agricultural credit. I maintain that even mortgage credit, which is secured by the land, comes under the head of agricultural credit, because, when you make a loan to a farmer or landowner the money is generally borrowed for agricultural improvements, which may consist in improving the estate itself; for instance, by irrigation, drainage, and other works carried out to increase the yield of the soil or in the purcahse of live stock, machinery, or agricultural implements. Therefore all these transactions should be considered juridically as agricultural credit transactions.

Second. I will now define agricultural credit from an economic standpoint. This standpoint is important and even essential in organizing agricultural credit. For the problem of agricultural credit arises from the desire to improve the general status of farming, increase production, and insure the greater prosperity of the agricultural classes.

This point of view has guided the action of most Governments which have undertaken the organization of agricultural credit. And as far as agricultural credit is concerned, the economic standpoint is in direct relation with the general prosperity of the country.

The best solution of this problem, from an economic standpoint, will be that which will take into due consideration the general status of the country, its commerce, its industries, and the special conditions governing its agricultural production. In short, from an economic standpoint, agricultural credit is one of the essential branches of the political economy of a country.

Third. I will not pass in review the social aspect of the question.

From a social point of view, agricultural credit is one of the essential elements in the prosperity of a country, for the increased prosperity of the farming and rural population will increase the prosperity of the State as a whole, and national revenue will grow, and the status of the rural population will improve.

So true is this that most countries which have organized a system of agricultural credit have faced the problem more from the point of view of its social than of its economical and juridical bearings; and most of the writers who have dealt with this question conclude that a sound system of agricultural credit is a valuable factor in the conservation of the State. For, by keeping the rural population on the land, by enabling it to realize profits, by safeguarding it from exploitation by speculative concerns, its independence and prosperity is secured. It is attached to the fundamental principles of the State, and interested in the progress of the various branches of national production.

Therefore, a country, government, individual, or economist interested in the organization of agricultural credit must study the problem from these several points of view—the juridical, the economic, and the social.

In my opinion, it would be a gross error to believe that agricultural credit can be judged by the same standard as ordinary commercial credit.

Let us examine commercial credit. This form of credit is based on the volume of business done by the merchant. The credit of the merchant increases in proportion as his business prospers, and as the value of the security he can offer increases. The measure of his credit will therefore be determined by the importance of his business, by the excess of his assets over his liabilities.

But the characteristic feature of agricultural credit, the bases on which it rests, is quite different. Of course credit is always credit; that is to say, it is a proof of confidence given to an institution or an individual; but the nature of such credit differs widely. In the case of agricultural credit, the main point taken into consideration is the personality of the borrower, his labor capacity, his power of production, his family traditions, the confidence he inspires in his neighbors. In short, all the personal and moral qualities which distinguish a man from his fellows are studied.

In the case of commercial credit these personal qualities, though they have their value, are but secondary considerations. The banker who gives credit to a merchant is primarily interested in his balance sheet. If a firm is not making a profit, it will not obtain credit, and the greater the difficulties besetting the merchant, the smaller the credit facilities afforded him.

But, in the case of agricultural credit, personal qualities have the upper hand, provided the banker or the credit association recognize that the working capacity of the borrower, and the returns that work can earn, place him in a position to return the loan within a more or less lengthy period. It is on the strength of these personal qualities that a certain measure of credit can be granted to the farmer.

These considerations are essential, for they show that in giving a sound organization to agricultural credit one must not consider merely the wealth or the general credit capacity of the individual, but the system selected must give due importance to personal qualities and be adapted to the character, customs, and general laws of the country in which it is to operate.

For these reasons I have always maintained that, in my opinion, the organization of agricultural credit is, above all, the outcome of social consideration, and that its aim and purposes are to improve the social status of the individual, the district, the country.

I am confirmed in the justice of this opinion, for examination of the history of the organization of agricultural credit in the different countries in which it is in operation shows that it has been modeled and adapted in accordance with the customs and national legislation of each.

Let us glance at some of the systems now in operation. Take, for instance, the Raiffeisen and the Schulze-Delitsche system of Germany, and the Luzzatti banks in Italy. Each of these systems have taken as basis of its organization the characteristics and customs of the people it is intended to serve.

What is the main characteristic of the Raiffeisen system?

The spirit of association. What has made it possible to introduce successfully this system in Germany? The fact that the spirit of association is a characteristic German trait. This is exemplified by the saying that whenever two Germans meet it is to form an association.

These details, which may seem puerile, are nevertheless important, for they show that the spirit of association is at the basis of the German character. And this spirit of association has come into play in the field of agriculture as in all other spheres of economic activity in Germany.

These Raiffeisen credit associations are, as you know, based on the spirit of cooperation, of reciprocity, of each of their members. A certain number of persons come together and decide that they will found an agricultural-credit bank, based on the solidarity of the members, with unlimited liability. As this system is in harmony with the special customs and characteristic traits of the German, it is only natural that it should have attained a very high degree of development in a short time, and that it works successfully, because it corresponds to the fundamental essence of the German character.

The deduction to be drawn is that in organizing agricultural credit the first thing to take into consideration is the mental outlook, the customs of the country in which it is to work.

The Schulze-Delitsche system differs little in essentials from the Raiffeisen system. In the Schulze-Delitsche rather more importance is given to the commercial side than in the Raiffeisen, but both systems are based on the spirit of reciprocity, of solidarity of the members, and they have been successful in Germany because the spirit of association is highly developed in the German. And thus Germany has had at its service a system adapted to its customs and national character.

I shall now compare the German system with that of a country in which the national character is somewhat different. I will take the case of France. The Frenchman is more independent in character; individualism and personal rights play a more important part in France than they do in the case of the Germanic people. In fact, this spirit of independence and individualism make the French somewhat similar in character to the English, in whom individualism prevails over all other considerations.

Nevertheless the spirit of association is well developed in France, for the great advantages derived from it abroad has become known.

Several attempts were made to organize agricultural credit in France as the result of private initiative, as in the case of the banks of the Rhone and of the southeast, based on the Raiffeisen system. But the results obtained by these private efforts were inconsiderable, for the French are so individualistic that they can never make up their minds to join an association unless the safety of the transaction is fully guaranteed by official authorities.

Nevertheless the organization of agricultural credit in France has been based on thoroughly scientific principles, which have led to very satisfactory results in a short time. These results are due to the fact that the political, religious, and social bias which distinguished the earlier efforts made in France in this direction have been entirely set aside.

The agriculturists of France, interested in the organization of agricultural credit, have been anxious, above all, that the organization should be in the hands of the agriculturists themselves. And this because some 40 or 50 years ago attempts were made to organize agricultural credit by ordinary commercial banks. But the efforts made by these banks failed, because they looked principally after their own interests and not after those of the agriculturists, and the French farmers said: "We require a system of agricultural credit organized in the interest of agriculture, in our interests, and which shall yield no illigitimate profits to speculators or outsiders who draw dividends on what ought to go to our advantage."

The main difficulty in organizing such a system of agricultural credit was due to the fact that private capital, bank capital, was unwilling to invest in agricultural credit, as the interest earned on such transactions was insufficient.

It was, therefore, necessary to find a system by which, while securing the lender against loss, the farmers could obtain the requisite capital at a very low rate of interest, and which would also make it possible for agricultural credit to be organized for the benefit of agriculturists themselves and not for the benefit of the capitalists.

To insure these results and to make sure that agricultural credit should remain exclusively in the hands of agriculturists, it was decided that it should be organized exclusively by the agricultural unions (syndicate agricoles). These unions, in accordance with the act of April 5, 1884, consisted exclusively of agriculturists.

Mr. LUBIN. Are these unions corporations or free associations?

Mr. DOP. Free associations, but legally recognized under the act of 1884. All syndicates or unions, including those which are not agricultural, are required to observe the provisions of this act.

Mr. LUBIN. But are they corporations or free associations? If several commercial houses work together they form a free association, but if these firms decide to form a corporation, they have to ask for a charter, and they become mutually responsible for their transactions. Limited liability companies, in short.

Mr. DOP. No; these unions are not that. The law of 1884 is a general law regulating the formation of unions or syndicates. Persons belonging to the same profession, farmers, workmen, etc., have the right to form a professional syndicate, as long as they conform to certain regulations laid down in the act of 1884.

Mr. LUBIN. Then they are trades-unions?

Mr. DOP. Yes; trades-unions. It is the same thing. Any association conforming to the provisions of the act of 1884 can form a union. These unions may be formed by merchants, workmen, or farmers, but the members must all belong to the same calling. That is their characteristic features. Consequently agricultural credit in France has taken as its basis these unions formed exclusively of farmers.

Mr. LUBIN. Are these unions incorporated? Can they sue at law?

Mr. DOP. Yes; they are incorporated.

Mr. LUBIN. Are they unlimited-liability associations?

Mr. DOP. Most of the agricultural unions which open credit banks are unlimited-liability associations. But this is determined in each case by their statutes. These syndicates all have to conform to the common law. When a syndicate organizes an agricultural credit bank, the basis of the bank is the syndicate, and formation of the bank subjects all the members of the syndicate to unlimited liability. But it must be remembered that each of these agricultural banks formed by an agricultural syndicate or union draws up its own by-laws, and the

by-laws provide either for limited or unlimited liability of members. Great freedom is left to each of these banks. The system most generally adopted is that of unlimited liability, but in some cases provision is made for limited liability.

The essential point to which I wish to draw Mr. Lubin's particular attention is the following, which I believe to be of great importance for any country anxious to introduce a system of agricultural credit: In France agricultural credit is limited exclusively to agriculturists, and the attention of those who organize these credit associations is mainly concentrated on the exclusion from the benefits and profits accruing from these associations of all parties who are not directly engaged in farming.

On the other hand, in other countries, and more especially in Germany, the Raiffeisen or Schulze-Delitsche systems sometimes admit persons who are not agriculturists. As a result the character of these associations, which was at first agricultural, may be transformed, and agriculturists end by playing only a very secondary part. This is the main point which I wish to emphasize.

You thus see that the spirit of freedom and individualism of the French farmer finds a free play in his right to regulate according to his wishes the by-laws of each of these agricultural credit associations.

You are already acquainted with the broad lines of the organization of agricultural credit in France. The system is both scientific and practical. Scientific, because the organization is uniform, and regulated by organic laws applicable to all similar associations. You know that at the basis of this system are the local credit associations. The first step in the organization is the local rural bank, formed by an agricultural syndicate or union. This means that the local agricultural credit bank is formed exclusively of farmers, as only agriculturists can belong to an agricultural syndicate.

You will have seen by the last number of the Institute's bulletin the nature of the business transacted by these local banks. After the local banks come the regional or district banks of agricultural credit, which generally, step by step, centralize the agricultural credit business for a whole region. We have not yet got the national bank of agricultural credit, but the Bank of France discounts the bills of the farmers, backed by two signatures. The Bank of France itself, under the terms of the act of 1897, by which its charter was renewed, is bound to place at the service of agriculturists a sum of 40,000,000 francs.

Mr. LUBIN. Is that Government money?

Mr. DOP. It is money obtained from the profits realized by the Bank of France. The Bank of France is not a Government bank; it is a bank authorized by Government and which obtains its charter from the State. It is an official bank, but not a State bank. And this bank, the Bank of France, has given an initial sum of 40,000,000 francs.

Mr. LUBIN. In short, this is a subsidy which the bank pays the Government and which the Government uses for the benefit of agriculture.

Mr. DOP. Yes; the Government made the renewal of the charter of the Bank of France conditional on the payment of a subsidy of 40,000,000 francs to be used for the benefit of agriculture, and besides these forty millions the Bank of France is required to set aside, for the purpose of agricultural credit, an annual sum deducted from its profits; and this sum, which is variable in amount, was 2,000,000 francs to begin with, and now amounts to 4,000,000 francs a year.

Mr. LUBIN. Has this money got to be repaid to the Bank of France?

Mr. DOP. This money is to be repaid to the Bank of France at the end of a certain number of years as fixed by law. It is to be repaid by the agricultural credit banks. The money is loaned to these banks free of interest. I will not go into the details of this organization, as they are described in the bulletins of the institute.

What I wish to emphasize about this system is the following:

First. Private initiative, free associations, as represented by the agricultural syndicates or unions, is at the basis of this system of agricultural credit.

Second. To promote this spirit of association and to insure its yielding result of value to agriculture, the State intervenes by granting subsidies, so that this organization complies with the formula, "Help yourself and heaven will help you."

The State only grants its subsidy when private initiative has already founded the bank.

Third. The State makes sure that this organization does not depart from the duties intrusted to it, and that it confines itself strictly to agricultural credit transactions, as required by its statutes, by means of a special bureau of agricultural credit attached to the ministry of agriculture.

This bureau controls, by means of frequent inspections, the business transacted by the regional and local banks. In organizing this service the State was guided by the need of safeguarding agriculturists against imprudent action and of watching over these organizations to see that they do not degenerate into commercial or speculative institutions.

As we have seen, the French system, by combining private initiative with State aid, offers the advantage of giving full scope to private initiative, only intervening when this private initiative has already produced results.

Another important point which should be noted about this system is the very low rate of interest on the loans made to the agriculturists, varying from 2 per cent to a maximum of 4 per cent. This interest may never exceed that charged by the Bank of France for its commercial transactions.

These are the distinctive features of the agricultural credit operations in France. I will now give a rapid glance at the various purposes which this credit is designed to meet.

In the beginning such credit was only granted for such purposes as the purchase of farm requisites or stock required for the improvement of a farm. This was personal credit for agriculturists. In the beginning loans for such purposes were made for short terms—90 days, or 3 months at the most. But it was soon seen that the periods for which the loans were made were altogether too short for agricultural purposes, and the next step was to organize long-term credit to individuals, for periods of three, four, five, and six months, according to the nature of the transaction.

Here is a concrete example: A farmer wants a loan of 200 francs to buy sheep. If the loan is only granted for three months, the farmer is unable to increase the weight of his sheep to such an extent as to be able to sell them at a profit. He has to wait for them to grow, for the weight of meat to increase, for the wool to grow, and all this requires several months. The farmer is therefore unable to repay his loan until he has sold his sheep at a profit due to their increased weight or to the sale of their wool. I quote this instance to show that as a rule, in the case of agriculture, short term loans are insufficient and long-term credit must be provided for.

But agricultural credit in France is not restricted to loans made for the purchase of live stock, farm requisites, or other movable goods. Recent laws have extended these transactions to include land credit.

Thus the acts of 1909 and 1910 authorize the regional associations, and even the local associations, to make loans to farmers for the purchase of a homestead; such loans may amount to as much as 8,000 francs, repayable in 25 years. This is a form of land credit. I wish to lay emphasis on this form of credit, as it is characteristic of the French system, and no provision is made for it under the Reiffeisen system.

Such land-credit transactions are, however, restricted to providing the means to the farmer to become owner of his own homestead.

Besides this, agricultural credit, which at first was only granted to individuals, is now extended to collective bodies; that is to say, to associations formed to carry on a specific business, such as cooperative associations; thus, agricultural credit, which was individual to start with, has become collective.

For instance, a cooperative association is formed to run a winery, or to sell wheat collectively on the best terms. Well, the regional and local agricultural credit banks which grant loans to such associations no longer grant loans to the individuals composing them, but to the cooperative association in its corporate capacity.

This is another innovation and improvement introduced by the French system of agricultural credit, and such collective credit can also be granted for long as well as for short terms.

The above are the general remarks which I wished to place before Mr. Lubin as a basis for his study, so as to make it clear that, in considering the problem of agricultural credit, three points should be kept in mind:

1. In my opinion, a system of agricultural credit can only be practical, effective, and beneficial to the farmer if it is organized exclusively of farmers.

2. It is essential that such credit organizations be quite independent of speculators, i. e., of bankers who transact business with a view to personal profit.

3. That the farmer and agriculturist, who form these credit associations, must realize thoroughly that they are combining for reciprocal benefits, that they are not entering a profit-making business, but rendering each other a mutual service.

The deduction to be drawn from these three points is that the rate of interest charged for the loans made to the farmers must be the lowest current in the section. The rate of interest may vary from a minimum of 2 per cent to a maximum of 5 per cent, which should never be exceeded. The rate within these limits will depend on the length of time for which the loan is made.

In examining which system is most likely to be adaptable to the needs of the United States several points must be borne in mind.

The first question which comes up is the following:

Does the United States wish to plan an organization extensible to the country as a whole, or does it wish to organize State by State or district by district? Whatever be the answer to this question, and in all cases, the agricultural, political, economic, and social status of the territories to which the system is to be applied will have to be taken into careful consideration.

I am convinced that it is absolutely essential to give due weight to the habits of the agricultural population to be served. The organization selected should be adaptable to the daily life of the people. It is therefore impossible to state, a priori, what system is likely to be best suited to the United States. The answer depends on the way in which the organizers conceive this organization.

As far as my knowledge of America goes, I am led to the following conclusions:

1. If the American people wish to plan a national organization I consider that the National Congress should enact general legislation regulating the organization of agricultural credit, laying down the broad outlines and general principles on which such credit should be based. When once these general principles have been determined by law, it would be the duty of each State legislature to adapt them to local requirements, and to the habits, commercial usages, and economic status of the rural population of each State.

This would insure a very flexible system, which could be adapted to the needs of the various environments, whilst at the same time the interests of the rural population would be protected by the recognition of general fundamental principles enacted by law. This would, perhaps, make it possible to safeguard the cooperative credit movement from possible attempts on the part of financial organizations and trusts to get it in its power, and to convert them into purely business concerns.

2. Should the United States not intend to plan a national organization and should it be left to the farmers themselves to take the initiative in this direction, I should then conclude in favor of what is known in France as "organizing from below." In this case I should advise that in such township, in each rural center, an association of farmers be formed on the lines of the agricultural syndicates or of the Raiffeisen banks, but such organizations should always be formed by the farmers themselves. If the population amongst which such associations are formed is largely of Germanic origin it would then probably be preferable to adopt the Raiffeisen system; but if this organization is to be formed in the Southern States, where the Anglo-Saxon and, to some extent, the French spirit predominates, as in Louisiana, it is then probable that the tendencies of the population will be more individualistic.

In this case it would be preferable to follow the French plan and to form associations, consisting exclusively of farmers, which would organize local agricultural credit banks, and these local associations would federate into a central association for a whole district or State.

Such, in its main outlines, is the organization which I can foresee without a thorough study of the environments, legislative, judicial, and administrative conditions of the territories in which such an organization is to be started.

In my opinion, as a committee of inquiry is to be appointed, it is not opportune now to study one system rather than another. I think that Mr. Lubin's efforts should be directed mainly on having the fundamental principles which should underlie any system studied, and then, afterwards, the details of the system best suited to local needs can be taken up for consideration.

If I were at the Nashville convention of the Southern Commercial Congress I should say: We wish to organize agricultural credit for the United States on a sound basis; well, questions of detail in application will be thrashed out by practice, but we should start at once to study the general outline which will fit in with the condition under which farming is carried out in America, and with the character of our people, and when we have done this it will then be time to ask. Should we work for a system founded on the free initiative or local associations, or is national legislation required? All questions of detail can safely be left to be worked out subsequently.

LOUIS DOP,
French Delegate,
International Institute of Agriculture, Rome, Italy.

The following letter from his excellency Hon. Prof. Louis Luzzotti to Mr. David Lubin on agricultural cooperative credit and its introduction into the United States was read:

ROME, *March 11, 1912.*

Hon. DAVID LUBIN,
Delegate of the United States,
International Institute of Agriculture, Rome.

MY DEAR LUBIN: You will express to the honorable delegates of the Southern States my profound regret at my inability to accept their cordial and most interesting invitation; but when one's country is engaged in a war, those who have held positions of grave responsibility in the State are not at liberty to leave it; they must remain at their post in the Chamber of Deputies and do their duty.

Ever since 1862 I have worked in the field of agricultural and land-mortgage credit, and I have had occasion, both out of the Cabinet and when in it, to spread ideas and promote institutions of various kinds, and it would have been a delightful task for me to discuss these questions with the Southern Commercial Congress. The best advice is that which results from actual observation of facts and from the generalizations deduced therefrom.

Just as each country has its special needs, arising from its own peculiar conditions, so, in the field of agrarian economics, each country organizes special forces and adopts special forms, but the same fundamental laws govern all the various types.

Now, the fundamental needs of agriculture are three:

1. Land-mortgage credit, based on the actual value of the estate or holdings, and bearing a certain ratio to that value.

2. Agricultural credit, i. e., credit granted to the farmer on his personal security for the improvement of his farming business.

3. Lastly, a form of credit which stands halfway between land-mortgage credit and agricultural credit, but which extend over a certain number of years.

Agricultural credit comprises loans for transactions which are completed within a year and which do not require the security offered by the land itself. But in carrying out such work as a change of cultures, improvements by means of irrigation, and such like, long-term credit is required, and often the double guarantee of both personal security and that of real estate.

Now, experience teaches that financial institutions for agricultural credit, that is to say, institutions promoted by financiers with a view to dividends rather than to the assistance of agriculture, do not secure the desired results. Their titles proclaim them the protectors of agriculture and agriculturists; in reality they aim at exploiting rather than assisting them.

If I were asked by the Southern States (which, from what you have told me, my dear Lubin, have the good fortune to come last and to profit by the experience of others) to advise an effective system, I should say exclude speculation and create mutual land-mortgage credit associations, mutual agricultural credit associations, linked with the State and with other public bodies which should grant them adequate and timely assistance.

A sound system of land-mortgage credit, one suited to meet the requirements both of the wealthy and the poor, both of large and small landowners, should, as is the case with the German, Austrian, and Australian systems, have as its basis land registers, from which the legal and economic status of each estate or holding can always be clearly ascertained.

These mutual associations of landowners would issue bonds on the joint security of their lands, bonds which could be purchased by the State and other public bodies. In Italy the savings banks, which are autonomous, prosperous, and flourishing institutions, and which have not to declare dividends, as they are impersonal corporate bodies, have for years past transacted and still transact land-mortgage credit business and purchase and sell mortgage bonds. An ideal organization would be that of mutual land-mortgage credit associations, connected up with savings banks, savings banks assisted and watched over by the State.

A whole scheme of legislation would have to be drafted for this purpose. The Federal Government could and should include among the various investments to which it gives its preference in placing the people's savings deposits the purchase of such land-mortgage bonds issued by mutual associations or by autonomous savings banks.

By the side of these mutual land-mortgage credit associations there should be mutual agricultural credit associations, agricultural cooperative banks for medium and large transactions, small rural banks for loans on personal security made to really poor people.

Such agricultural cooperative banks, organized on the basis of unlimited or limited liability, or on immediate systems between the unlimited and the limited, already extend throughout the European countries; and I, who have visited them nearly all and made use of them in my studies, should have had great pleasure in dissecting and analyzing these agricultural specimens before your Congress. But I may not do so, nor do I wish to write this letter in the tone of a university professor, which is always somewhat stilted, for your Congress consists of men who are studying facts with a view to the good of agriculture—that is to say, of eminently practical people.

I will only venture to give you one piece of advice—avoid high rates of interest. Agriculture, even the most flourishing, can not bear them.

Of course there is a half-way house between a profit-making speculation and loosing money, but it should always be borne in mind that the institutions we are considering are not ordinary financial institutions, but institutions for the redemption of agriculture.

If it is their duty to educate the farmer, who is often at fault on this point, to the need for punctuality in payments; it is also their duty to afford credit on conditions which by granting fair and reasonable terms for interest and repayment will abolish the usury exercised by others without replacing it by a usury of their own.

By working along these lines, which combine sound business principles with a soul of goodness, the Americans, who are now the last to enter the field, will soon succeed in surpassing us, and thus become the first.

Europe is accustomed to this spectacle in all fields of economic activity, and she has taken to applauding and admiring what she can not and does not wish to prevent.

I grasp your hand with fraternal affection, dear Lubin, and remain,

Yours, faithfully,

LUIGI LUZZATTI.
Italian Delegate International Institute of Agriculture.

RESOLUTIONS OF NASHVILLE CONFERENCE.

Herewith is a statement and resolution on the Raiffeisen and other systems of cooperative rural banking; a report of the special committee to the conference on the European systems of rural finance; a resolution commending other agencies making investigations of the European systems of finance; a resolution recognizing the valuable services of the King and Government of Italy; a resolution of thanks to Hon. David Lubin, American delegate to the International Institute of Agriculture, Rome, Italy; and a letter to the Senate and House of Representatives of the United States relative to the value of the English edition of the publications of the International Institute of Agriculture:

STATEMENT AND RESOLUTION ON RAIFFEISEN AND OTHER SYSTEMS.

This conference, consisting of representatives from 26 States of the Nation, was called into being by the Southern Commercial Congress in order that we might deliberately consider the evident weakness of rural finance in the United States, and in order that we might study, in advance of the general meetings of the congress, the various European systems of cooperative rural banking that have had so beneficial effects abroad. We consider it part of our function to make a recommendation to the directors of the Southern Commercial Congress, and to do so we reduce the recommendations to the form of a resolution:

Whereas the solution of the problems of rural finance lies at the basis of every attempt to improve rural conditions; and

Whereas the latent wealth of the farmer can only become active wealth through the possibilities of credit freely obtainable on the basis of his character and his assets; and

Whereas there are in operation in Europe the following systems and their variants, namely, Raiffeisen, Schulze-Delitzche, and Landschaften; and

Whereas these systems have during their existence greatly stimulated rural finance in these European countries; and

Whereas we are convinced that the system should be further studied by the United States: Therefore be it

Resolved, That we recommend to the directors of the Southern Commercial Congress that a select committee on rural finance investigation, consisting of one or more, but preferably two, members from each State of the Union, go to Europe in the summer of 1912, under the general management of the Southern Commercial Congress and under the administrative management of an executive committee, to be elected by the members of the select committee, and under by-laws to be adopted by the committee as a whole; be it further

Resolved, That the daily findings of the select committee shall be recorded in such form that each member may return to his State possessed of one copy of said findings for publication and use in his State, and that a second copy be given to the Nation through publication, to be recommended to the Congress of the United States for general distribution; and be it further

Resolved, That we preferably recommend two members from each State for the reason that when the committee returns there will be in each State two men well informed on the whole subject and locally interested in solving the problems of rural finance as presented by the State of their residence, and for the additional reason that a large committee, bringing many minds to bear upon the phases of one subject, can be expected to produce greater national good than would be possible from investigation by a small committee not individually representative of the States of the Nation and in a measure unacquainted with the varying needs of the various sections.

REPORT OF THE SPECIAL COMMITTEE.

Your committee considered three questions to be transmitted to the directors of the Southern Commercial Congress as recommendations from our conference as a whole:

First. How shall the proposed select commission of investigation be selected?

Second. How shall it be financed?

Third. When shall it take the tour of investigation?

First. We regard the directors of the Southern Commercial Congress, by reason of having taken the initiative, as having the authority to select the members of the committee to come from the following States: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia, feeling confident that the directors will have the interest of the committee's successful mission at heart. We also expect the officials of the Southern Commercial Congress to correspond in all other States with agricultural colleges, the agricultural press, agricultural interests represented by farmers' organizations, and other active thinkers on rural problems, in order to secure from these suggestions as to the two men of each State best fitted for the investigation.

Second. We recommend that the directors of the Southern Commercial Congress in each Southern State act as the nucleus of a State committee to raise funds within each State for the purpose of sending two members of the committee from each such State, and appoint additional committeemen from each State. We also recommend that in States outside the South the nucleus of effort within each State be formed by those with whom the officials of the Southern Commercial Congress correspond. We also recommend that our conference, before adjournment, meet in executive session to place in the hands of the directors of the Southern Commercial Congress our personal suggestions as to important and appropriate men in each State.

Third. We recommend that the period covered by the select committee of investigation be preferably from June 15 to September 15, or as near to such dates as may be practicable, said variation of dates to be based only upon the failure of steamship sailing dates to coincide with the above. We also recommend that the select committee of investigation sail direct to Naples, report to the International Institute of Agriculture at Rome, and then visit Italy, Austria-Hungary, Germany, Denmark, Ireland, and such other points as may be deemed necessary.

We are convinced that the plan adopted by our conference is essential. We can not make this clearer than by quoting from the resolution passed by our conference yesterday: "A large committee, bringing many minds to bear upon the phases of one subject, can be expected to produce greater national good than would be possible from investigation by a small committee not individually representative of the States of the Nation and in a measure unacquainted with the varying needs of the various States."

Transcending the limit of our instructions we wish, however, to place before the conference as a whole an emphatic opinion: We believe that in view of the vital relation of the whole subject of rural finance to the welfare and increasing development of American agriculture, and in view of the brief time at the disposal of the select committee of investigation its membership must be strictly held to those whose hearts are in the subject and who will be willing to reserve sightseeing for a more appropriate occasion.

INDORSEMENT OF OTHER AGENCIES.

The subject of cooperative agricultural finance is so vast, its importance is so great, the whole matter is so new to the American people, and the conditions under which these cooperative banking institutions will have to cooperate in the different States are so varied that the problem is worthy of the deepest study by a number of agencies. We observe with pleasure that some of the States are already taking action along this line. We are especially gratified that the Congress of the United States has under advisement the appointment of a national commission upon farm finance to employ experts for making elaborate inquiry into all the details of cooperative land mortgage banks and cooperative rural credit unions and to report thereon for the common good. We welcome all these and similar efforts, and the proposed select committee on rural finance to be appointed by the Southern Commercial Congress will be prompt to cooperate with any and all of the other agencies concerned in the same line of investigation.

TRIBUTE TO THE KING OF ITALY AND THE ITALIAN GOVERNMENT.

Whereas the International Institute of Agriculture was established at Rome, in 1905, upon the initiative of His Majesty Victor Emanuel III, King of Italy, who provided it with land and buildings and is contributing with princely generosity toward its work in addition to the official support and participation therein by Italy, by the United States, and by 48 other Governments, together representing 95 per cent of the world's area and 98 per cent of the world's population; and

Whereas it is now realized that the International Institute of Agriculture is doing a work of incalculable value to the world as a whole, and to the United States of America: Now therefore be it

Resolved, That the Southern Commercial Congress, in convention assembled, with 24 States represented, voices the sentiments of the American people in hereby recognizing the valuable services of the King and Government of Italy in making possible that great world federation for progress, the International Institute of Agriculture.

We trust that the institute may continue to be increasingly successful in securing international cooperation in world crop reports, in disseminating agricultural intelligence, in promoting cooperative agricultural finance, in fostering more economic distribution of the world's agricultural production, and in facilitating better understandings between the peoples of the earth.

APPRECIATION OF HON. DAVID LUBIN.

Whereas the inception and organization of the International Institute of Agriculture, with headquarters at Rome, Italy, was largely the result of the foresight and untiring energies of Hon. David Lubin, of California; and

Whereas his persistent efforts induced the recognition and cooperation of the United States with leading European countries to foster and support this splendid institution in the interest of international agriculture, which is proving of vast benefit to this country through the gathering and publication of important data relating to the world's agricultural crops, and foreign agricultural credits, which are now commanding the serious attention of American farmers: Therefore be it

Resolved, That the delegates from all sections of the American Union at present in attendance upon the annual conference of the Southern Commercial Congress, at Nashville, Tenn., desire to hereby convey to the Hon. David Lubin an expression of their full appreciation of his earnest and valued labors in behalf of the Agricultural interests of American farmers, and to indorse and congratulate the wisdom of the United States Department of State in appointing and retaining the Hon. David Lubin as American delegate to the International Institute of Agriculture, Rome, Italy.

LETTER TO UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES.

The conference on the Raiffeisen and other European systems of cooperative rural banking, held under the auspices of the Southern Commercial Congress, now in session and attended by delegates from Massachusetts to North Dakota and from Minnesota to Texas, earnestly asks reconsideration of the vote of the House throwing out item of $5,000 in diplomatic and consular bill for the cost of editions in English of publications of International Institute of Agriculture at Rome.

These publications are of incalculable value to the American farmer, as shown by the increasing demand from individual farmers and numerous other organizations.

The official language of the International Institute is French; the American farmers can not read French; so provision must be made for English editions or else the valuable work of the International Institute of Agriculture is lost to the American farmer.

We respectfully submit that it is unwise to vote some $18,000 for the support of the institute and then vote down the smaller appropriation which should go to make the work of the institute available to the American people.

Interpreting the needs and wishes of the American farmer through their delegated representatives here assembled, we submit that it would be much more desirable to increase the proposed $5,000 to $10,000 than to vote down the lesser amount.

If additional evidence is needed to show the value of these publications, we have it in the hearty indorsement in favor of this measure by the honorable Secretary of State, the honorable Secretary of Agriculture, and the honorable Secretary of Commerce and Labor. We earnestly hope that the $5,000 appropriation will be granted for the purpose desired, and that if possible the amount be increased to $10,000, so that a larger number of American people may be benefited by the vastly important labors of the International Institute of Agriculture.

A resolution was unanimously adopted extending thanks to the officers of the conference.

The statement and all resolutions above referred to were submitted to the committee on resolutions of the Southern Commercial Congress, reported on favorably, and unanimously adopted by the Congress in regular convention assembled.

The resolutions, as directed, were submitted to the board of directors of the Southern Commercial Congress in annual session and were unanimously approved. The managing director of the congress was instructed to take immediate steps to carry out the spirit of the resolutions.

Respectfully submitted.

CLARENCE J. OWENS,
Secretary-Treasurer Southern Commercial Congress.

APRIL 13, 1912.

EXHIBIT B.

We recommend and urge an authoritative investigation of agricultural credit societies and corporations in other countries, and the passage of State and Federal laws for the establishment and capable supervision of organizations having for their purpose the loaning of funds to farmers. (*Platform, Republican Party.*)

Of equal importance with the question of currency reform is the question of rural credits or agricultural finance. Therefore we recommend that an investigation of agricultural credit societies in foreign countries be made, so that it may be ascertained whether a system of rural credits may be devised suitable to conditions in the United States. (*Platform, Democratic Party.*)

Last year I made some investigations, which I am continuing here at the request of the Department of State, and as a result of all this I have arrived at the firm conviction that the establishment of a rural credit system or systems is an imperative need. There is nothing so important to-day before the American people, in my opinion—not even excepting the currency reform. Consequently, I shall most earnestly welcome your commission on its visit to Europe. I should be pleased to know your plans at as early a date as possible, in order that I may be in Paris to receive you. (Myron T. Herrick, American Ambassador to France, to the Managing Director of the Southern Commercial Congress.)

SELECT COMMITTEE TO GO ABROAD.

Acceptances of membership on the select committee, which will go abroad next May to study the European systems of cooperative agricultural credit, are now being received by Dr. Clarence J. Owens, managing director of the Southern Commercial Congress, Southern Building, Washington, D. C.

The select committee, national in scope, will undertake one of the most important investigations ever projected in this country, for it will bring back information regarding the European cooperative rural credit systems, suggesting modes for their adaptation suited to meet the needs of the American farmer. The importance of these systems is indicated in the table given below.

The select committee is the outgrowth of a conference held under the auspices of the fourth annual convention of the Southern Commercial Congress, April 1–6, in Nashville, Tenn., participated in by representatives of 27 States.

On invitation the American delegate to the International Institute of Agriculture at Rome, Italy, was present and explained the European systems from the publications of the institute. The conference resolved that an investigation of these systems should be made by an American committee, all with the end in view to their adaptation and adoption in the United States.

The select committee goes abroad next May, under the auspices of the Southern Commercial Congress. It will start from New York, direct to Rome, Italy, via Naples. It will arrive in Rome at the time when the General Assembly of the International Institute of Agriculture will be in session. The select committee will thus meet some of the most important experts on the European rural credit systems, who come as delegates to the sessions of the general assembly. Some of these experts will be asked to accompany the committee on its European tour.

On its return to the United States, the select committee will make a preliminary report to the fifth annual convention of the Southern Commercial Congress, at Mobile, Ala., 1913. The full report of the committee will be submitted to the people of the United States in accordance with paragraph 7 of the resolutions adopted at the Nashville conference, which reads as follows:

"The daily findings of the select committee shall be recorded in such form that each member may return to his State possessed of one copy of said findings for publication and use in his State, and that a second copy be given to the Nation through publication to be recommended to the Congress of the United States for general distribution."

The Southern Commercial Congress is now taking steps to have a bill introduced into each State legislature, providing for the expenses of two delegates to the select committee. In those States in which the legislatures will not be in session in time to allow of this—the State legislatures of the following States will not be in session at a date permitting of applying to them for appropriations for the traveling expenses of delegates to the select committee: Alabama, Arizona, Florida, Kentucky, Louisiana, Maryland, Mississippi, New Mexico, Oregon, Virginia—the funds are to be raised by public subscription. The collective funds thus obtained will be employed by the Southern Commercial Congress to cover traveling and hotel expenses of the delegates from New York back to New York, and expenses incurred for interpreters, stenographers, printing, mailing, etc.

In order that the select committee may receive official recognition in Europe it is necessary that the credentials of State delegates be from the State governments, and the credentials of national delegates (delegates at large) from the National Government.

For publications on the European cooperative rural credit systems address the American delegate, International Institute of Agriculture, Rome, Italy.

Correspondence in relation to the select committee, its membership, credentials, etc., should be addressed to the managing director, Southern Commercial Congress, Southern Building, Washington, D. C.

The following official figures, taken from an "Outline of the European Cooperative Credit Systems," published by the International Institute of Agriculture, show the number of institutions, their membership, and their total turnover for the three main systems in operation in Germany alone in 1909–10.

German cooperative credit institutions in 1909–10.

	Rural Raiffeisen.	Central Raiffeisen.	Schulze Delitzsche.	Landschaften type.
Number of institutions	15,158	38	1,035	25
Number of members	1,163,186	15,436	645,342	(1)
Total turnover	$1,061,568,167	$1,557,293,580	$3,231,801,035	$840,981,126

[1] Bonds in circulation.

Mr. FLETCHER. Mr. President, with the consent of the Senator from Nevada [Mr. NEWLANDS], I move that the joint resolution be referred to the Committee on Agriculture and Forestry.

The motion was agreed to.

INDUSTRIAL COMMISSION.

The PRESIDENT pro tempore. Morning business is closed.

Mr. BORAH. Mr. President, before the Senator from Alabama [Mr. BANKHEAD] takes up his matter, I want to prefer a request, which will take but a moment. I ask unanimous consent to consider House bill No. 21094, being an act to create a commission on industrial relations, and the amendments thereto, and vote upon the same on Thursday morning after the routine morning business.

Mr. SMOOT. Mr. President——

The PRESIDENT pro tempore. Is there objection to the request?

Mr. SMOOT. The Senator from North Carolina [Mr. SIMMONS] is not in the Chamber, but I understand he desires to take up the cotton bill immediately after the morning business to-morrow. I also understood that there was to be a unanimous consent asked for the taking up of that bill.

Mr. BORAH. I have preferred a request for unanimous consent.

Mr. SMOOT. In view of the absence of the Senator from North Carolina, I shall object to the request.

Mr. SIMMONS. Mr. President, I was not present when the suggestion was made, and I do not know what it is.

Mr. SMOOT. Mr. President, in answer to the request for unanimous consent by the Senator from Idaho that we take up the bill referred to by him for consideration immediately after the routine morning business to-morrow, I simply called attention to the fact that I understood the Senator from North Carolina desired to take up the cotton bill to-morrow after the routine morning business, and as the Senator from North Carolina was out of the Chamber, I objected to the unanimous-consent agreement.

Mr. SIMMONS. I was in the cloakroom when the request was made, and I am sorry I was not here.

The PRESIDENT pro tempore. Does the Chair understand that the Senator from Utah objected?

Mr. SMOOT. I objected, Mr. President, but I want it understood in this way, that I am not objecting to the consideration of the bill——

The PRESIDENT pro tempore. The Senator can not make a conditional objection.

Mr. SMOOT. I was only going to explain it, Mr. President. If I can not do that, then I object.

Mr. SIMMONS. I desire to say that I will object if it will interfere at all with the consideration of the cotton bill to-morrow after the routine morning business.

Mr. BORAH. I do not believe it will interfere with that bill.

Mr. SIMMONS. I do not mean after the routine morning business, but immediately after the morning hour.

Mr. BORAH. I have preferred this request for consideration of the matter referred to immediately after the routine morning business.

Mr. SIMMONS. I have no objection at all to that bill if it does not interfere with the unfinished business, which ought to be taken up at 12 o'clock.

Mr. BAILEY. Is that the bill to create another Cabinet officer?

Mr. BORAH. No, sir.

The PRESIDENT pro tempore. The proposed unanimous-consent agreement will be stated from the desk. It has not yet been stated.

The Secretary read the proposed agreement, as follows:

It is agreed by unanimous consent that on Thursday, August 15, 1912, immediately upon the conclusion of the routine morning business, the Senate will proceed to the consideration of the bill (H. R. 21094) to create a commission on industrial relations, and before adjournment on that calendar day will vote upon any amendment that may be pending, any amendments that may be offered, and upon the bill, through the regular parliamentary stages, to its final disposition.

Mr. LODGE. Mr. President, I have no desire to prevent a unanimous-consent agreement being reached on this bill so far as the bill itself is concerned, but I am in charge of the fur-seal bill, which involves the carrying out of a convention with three other powers. We are now behindhand with our payments, and the situation is such that if we do not dispose of the bill it will be left to other powers to abrogate the treaty, as, technically, they could do. If we should lose the treaty, it would mean the resumption of pelagic sealing. I had hoped that we might dispose of that bill to-day, in which case it would not be in the way of the Senator from Idaho; but if the bill for the Coosa Dam is to take a long time, it may be impossible to reach the bill to which I refer to-day, and I do not like to mortgage the time ahead so that I can not get at that bill.

Mr. BORAH. I will modify my request so as to make it simply to take up the bill immediately after the routine business to-morrow morning, without the further request that we vote upon it. I think we can dispose of it in 20 or 30 minutes. I will not undertake to mortgage the entire day by that request, and the latter portion of the request can be stricken out if I can simply have consent to consider it to-morrow morning.

The PRESIDENT pro tempore. Is there objection to the request as modified?

Mr. SIMMONS. Mr. President, I understand that it would not interfere with the unfinished business?

The PRESIDENT pro tempore. Not at all. Is there objection? The Chair hears none, and the order is entered. The special order, which is——

Mr. LODGE. I was going to speak when the Chair put the question. If we can not dispose of the fur-seal bill to-day, I shall feel bound to move to take it up to-morrow and try to get the Senate to dispose of it at the earliest possible moment. I do not want to interfere with the other bill, but I can not consent to an agreement which deprives me of the right to make that motion. I do not know whether the agreement was modified so that I could do that or not.

The PRESIDENT pro tempore. The agreement as modified was that the bill should be taken up immediately after the routine morning business.

Mr. BORAH. If the Senator from Massachusetts simply desires to make a motion to take up the bill, this agreement would not interfere with his doing it.

Mr. LODGE. If I retain that right, very well. I will try to have the fur-seal bill disposed of to-day.

COOSA RIVER DAM, ALA.

The PRESIDENT pro tempore. The Chair lays before the Senate the special order, which is Senate bill 7343.

The Senate, as in Committee of the Whole, proceeded to consider the bill (S. 7343) to authorize the building of a dam across the Coosa River, Ala., at the place selected for Lock No. 18 on said river, which had been reported from the Committee on Commerce with amendments.

Mr. BURTON. Mr. President, I desire to offer an amendment.

The PRESIDENT pro tempore. The Chair would suggest to the Senator from Ohio that there are amendments recommended by the committee, and that those should be acted on first.

Mr. BURTON. Very well; after those amendments are disposed of I shall offer an amendment.

The amendments of the Committee on Commerce were, on page 1, line 5, before the word "maintain," to strike out "and," and after the word "maintain" to insert "and operate"; in line 7, before the word "place," to strike out "the" and insert "a," and after the word "place" to strike out the words "selected by the engineers of the United States for the location of Lock and Dam No. 18 on said river and situated 7½ miles, more or less, above the city of Wetumpka, on said river, and all works incident thereto in the utilization of the power thereby developed" and insert "suitable to the interest of navigation about 7½ miles above the city of Wetumpka," so as to make the bill read:

Be it enacted, etc., That the Alabama Power Co., a corporation organized under the laws of the State of Alabama, its successors and assigns, are authorized to construct, maintain, and operate a dam across Coosa River, in the State of Alabama, at a place suitable to the interest of navigation about 7½ miles above the city of Wetumpka, in accordance with the provisions of the act approved June 23, 1910, entitled "An act to amend an act entitled 'An act to regulate the construction of dams across navigable waters,' approved June 21, 1906."

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The PRESIDENT pro tempore. That completes the committee amendments.

Mr. BURTON. I ask that the amendment I send to the desk be read.

The PRESIDENT pro tempore. It will be read.

The SECRETARY. At the end of section 1 insert the following proviso:

Provided, That the rights here conferred shall not be assigned or transferred except upon the written consent of the Secretary of War: *And provided*, That the Federal Government reserve the right to control the charges for service to consumers in the event that the public interest may so require.

Mr. BURTON. Mr. President, I think the bill as amended by the addition of the committee amendment does not sufficiently safeguard the public interest. I can find no fault with the author of the measure, because the bill in the form in which it was introduced conforms to regulations pertaining to dams in navigable streams which have usually been adopted by Congress. But the time has come when we should adopt more stringent rules in granting these privileges. Even the amendment which I have offered does not go far enough.

On this general subject I will say, Mr. President, that concerning no subject of legislation is there a more imperative need of a definite and comprehensive policy than in relation to the development and control of water power.

There are in this country something over 30,000,000 primary horsepowers, of which only about 5,500,000 have already been developed, much of this being the smaller developments in the more settled communities. The total amount of horsepower developed in the United States, according to the best estimates, is about 31,500,000—5,500,000, as I have stated, being supplied by water and 26,000,000 by steam.

The importance of this may be illustrated by the statement that about 340,000,000 tons of coal is consumed per annum in the creation of power. The total production of coal, both bituminous and anthracite, in the United States is about 500,000,000 tons annually. So, according to the best figures, two-thirds of the annual production is used for the development of power, while 30,000,000 horsepower of undeveloped water power, or a quantity nearly equal to the total amount of that now developed by all prime movers, is running to waste.

By the construction of reservoirs and other works necessary for the control of stream flow, there is a possible water-power development of one hundred and fifty to two hundred million horsepower. The magnitude of this industry is almost beyond comprehension. It will probably eventually become an industry of greater magnitude than any ever yet developed in this country, requiring not millions but billions of dollars for its control. Besides its enormous magnitude, this industry will become fundamental to many other industries which depend upon power for their operation and success. The possibility of a control of the business of the country through the agency of water power is more imminent than any other form of control ever attempted in the history of human endeavor. If the Federal Government is to exercise the control that it ought to exercise and must exercise to protect the public interest, further delay is very much to be regretted.

The need of an adequate governmental policy and the imminent danger that this great natural resource might fall into the hands of private interests for their exploitation has been realized by both President Roosevelt and President Taft, each of whom withdrew from entry many of the most valuable water-power sites on the public domain. Each of them did this with an express statement that they had no intention of preventing the development of these water powers for the benefit of the public interests, but felt compelled to withdraw them until such time as Congress should formulate a policy under which they could be developed in accordance with the public interests. To carry out this policy consistently, the officials of the Forest Service were instructed to cruise for water-power sites in order to forestall their location and exploitation for private gain. In the meantime special interests, in order to reap the harvest of the last of our great natural resources, have been grabbing for these water-power sites with a greed hardly paralleled in the history of this country, which has already suffered enough from the exploitation of our national resources.

The House Committee on Interstate and Foreign Commerce has recently reported out an omnibus water-power bill, carrying a total of 10 projects.

The House not long ago commendably killed in summary fashion one such bill, and the President felt called upon to veto another which succeeded in running the gantlet of both Houses.

About three years ago Congress created the National Waterways Commission, and among the subjects referred to it for consideration was that of water power. The commission investigated this matter very thoroughly, calling before it officers of the Government having charge of public lands and the supervision of navigable streams, and also those interested in the development of water powers. As a result of these hearings, I introduced, nearly three months ago, water-power bills intended to establish something like a water-power policy, which would adequately protect the public interests and at the same time make possible the development of water power. The only way this great national resource can be conserved and rendered beneficial to the people is to use it. It is the one unrivaled natural resource the present use of which in no way diminishes its supply or its use by future generations.

Mr. President, I ask leave to print in my remarks, as I do not desire to detain the Senate by reading them, first the dam act of 1910, which expresses the present policy of the Government on this subject, and then Senate bill 6795 and Senate bill 6796. No. 6795 pertains to water power on the public lands. No. 6796 applies to water power developed in navigable streams.

The matter referred to is as follows:

[Public, No. 246. H. R. 24375.]

An act to amend an act entitled "An act to regulate the construction of dams across navigable waters," approved June 21, 1906.

Be it enacted, etc., That the act entitled "An act to regulate the construction of dams across navigable waters," approved June 21, 1906, be, and the same is hereby, amended to read as follows:

"SECTION 1. That when authority has been or may hereafter be granted by Congress, either directly or indirectly or by any official or officials of the United States, to any persons, to construct and maintain a dam for water power or other purpose across or in any of the navigable waters of the United States, such dam shall not be built or commenced until the plans and specifications for such dam and all accessory works, together with such drawings of the proposed construction and such map of the proposed location as may be required for a full understanding of the subject have been submitted to the Secretary of War and the Chief of Engineers for their approval, nor until they shall have approved such plans and specifications and the location of such dam and accessory works; and when the plans and specifications for any dam to be constructed under the provisions of this act have been approved by the Chief of Engineers and by the Secretary of War it shall not be lawful to deviate from such plans or specifications either before or after completion of the structure unless the modification of such plans or specifications has previously been submitted to and received the approval of the Chief of Engineers and of the Secretary of War: *Provided*, That in approving the plans, specifications, and location for any dam such conditions and stipulations may be imposed as the Chief of Engineers and the Secretary of War may deem necessary to protect the present and future interests of the United States, which may include the condition that the persons constructing or maintaining such dam shall construct, maintain, and operate, without expense to the United States, in connection with any dam and accessory or appurtenant works, a lock or locks, booms, sluices, or any other structure or structures which the Secretary of War and the Chief of Engineers or Congress at any time may deem necessary in the interests of navigation, in accordance with such plans as they may approve, and also that whenever Congress shall authorize the construction of a lock or other structures for navigation purposes in connection with such dam, the persons owning such dam shall convey to the United States, free of cost, title to such land as may be required for such constructions and approaches, and shall grant to the United States free water power or power generated from water power for building and operating such constructions: *Provided further*, That in acting upon said plans as aforesaid the Chief of Engineers and the Secretary of War shall consider the bearing of said structure upon a comprehensive plan for the improvement of the waterway over which it is to be constructed with a view to the promotion of its navigable quality and for the full development of water power; and, as a part of the conditions and stipulations imposed by them shall provide for improving and developing navigation, and fix such charge or charges for the privilege granted as may be sufficient to restore conditions with respect to navigability as existing at the time such privilege be granted or reimburse the United States for doing the same, and for such additional or further expense as may be incurred by the United States with reference to such project, including the cost of any investigations necessary for approval of plans and of such supervision of construction as may be necessary in the interests of the United States: *Provided further*, That the Chief of Engineers and the Secretary of War are hereby authorized and directed to fix and collect just and proper charge or charges for the privilege granted to all dams authorized and constructed under the provisions of this act which shall receive any direct benefit from the construction, operation, and maintenance by the United States of storage reservoirs at the headwaters of any navigable streams, or from the acquisition, holding, and maintenance of any forested watershed, or lands located by the United States at the headwaters of any navigable stream, wherever such shall be, for the development, improvement, or preservation of navigation in such streams in which such dams may be constructed.

"SEC. 2. That the right is hereby reserved to the United States to construct, maintain, and operate, in connection with any dam built in accordance with the provisions of this act, a suitable lock or locks, booms, sluices, or any other structures for navigation purposes, and at all times to control the said dam and the level of the pool caused by said dam to such an extent as may be necessary to provide proper facilities for navigation.

"SEC. 3. That the persons constructing, maintaining, or operating any dam or appurtenant or accessory works, in accordance with the provisions of this act, shall be liable for any damage that may be inflicted thereby upon private property, either by overflow or otherwise. The persons owning or operating any such dam or accessory works, subject to the provisions of this act, shall maintain, at their own expense, such lights and other signals thereon and such fishways as the Secretary of Commerce and Labor shall prescribe, and for failure so to do in any respect shall be deemed guilty of a misdemeanor and subject to a fine of not less than $500, and each month of such failure shall constitute a separate offense and subject such persons to additional penalties therefor.

"SEC. 4. That all rights acquired under this act shall cease and be determined if the person, company, or corporation acquiring such rights shall, at any time, fail, after receiving reasonable notice thereof, to comply with any of the provisions and requirements of the act, or with any of the stipulations and conditions that may be prescribed as aforesaid by the Chief of Engineers and the Secretary of War, including the payment into the Treasury of the United States of the charges provided for by section 1 of this act: *Provided*, That Congress may revoke any rights conferred in pursuance of this act whenever it is necessary for public use, and, in the event of any such revocation by Congress, the United States shall pay the owners of any dam and appurtenant works built under authority of this act as full compensation, the reasonable value thereof, exclusive of the value of the authority or franchise granted, such reasonable value to be determined by mutual agreement between the Secretary of War and the said owners, and in case they can not agree, then by proceedings instituted in the United States circuit court for the condemnation of such properties: *And provided also*, That the authority granted under or in pursuance of the provisions of this act shall terminate at the end of a period not to exceed 50 years from the date of the original approval of the project under this act, unless sooner revoked as herein provided or Congress shall otherwise direct: *Provided, however*, That this limitation shall not apply to any corporation or individual heretofore authorized by the United States, or by any State, to construct a dam in or across a navi-

gable waterway, upon which dam expenditures of money have heretofore been made in reliance upon such grant or grants.

"SEC. 5. That any persons who shall fail or refuse to comply with the lawful order of the Secretary of War and the Chief of Engineers, made in accordance with the provisions of this act, shall be deemed guilty of a violation of this act, and any persons who shall be guilty of a violation of this act shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished by a fine not exceeding $5,000, and every month such persons shall remain in default shall be deemed a new offense and subject such persons to additional penalties therefor; and in addition to the penalties above described the Secretary of War and the Chief of Engineers may, upon refusal of the persons owning or controlling any such dam and accessory works to comply with any lawful order issued by the Secretary of War or Chief of Engineers in regard thereto, cause the removal of such dam and accessory works as an obstruction to navigation at the expense of the persons owning or controlling such dam, and suit for such expense may be brought in the name of the United States against such persons and recovery had for such expense in any court of competent jurisdiction. Said provision as to recovery of expense shall not apply wherever the United States has been previously reimbursed for such removal; and the removal of any structures erected or maintained in violation of the provisions of this act or the order or direction of the Secretary of War or the Chief of Engineers made in pursuance thereof may be enforced by injunction, mandamus, or other summary process, upon application to the circuit court in the district in which such structure may, in whole or in part, exist, and proper proceedings to this end may be instituted under the direction of the Attorney General of the United States at the request of the Chief of Engineers or the Secretary of War; and in case of any litigation arising from any obstruction or alleged obstruction to navigation created by the construction of any dam under this act the cause or question arising may be tried before the circuit court of the United States in any district in which any portion of said obstruction or dam touches.

"SEC. 6. That whenever Congress shall hereafter by law authorize the construction of any dam across any of the navigable waters of the United States, and no time for the commencement and completion of such dam is named in said act, the authority thereby granted shall cease and be null and void unless the actual construction of the dam authorized in such act be commenced within one year and completed within three years from the date of the passage of such act.

"SEC. 7. That the right to alter, amend, or repeal this act is hereby expressly reserved as to any and all dams which may be constructed in accordance with the provisions of this act, and the United States shall incur no liability for the alteration, amendment, or repeal thereof to the owner or owners or any other persons interested in any dam which shall have been constructed in accordance with its provisions.

"SEC. 8. That the word 'persons' as used in this act shall be construed to import both the singular and the plural, as the case demands, and shall include corporations, companies, and associations. The word 'dam' as used in this act shall be construed to import both the singular and the plural, as the case demands."

Approved, June 23, 1910.

A bill (S. 6795) [as amended] to control the development of water power and the use of public lands in relation thereto, and for other purposes.

Be it enacted, etc., That the Attorney General, the Secretary of the Interior, and the Secretary of Agriculture shall, for the purposes herein provided, jointly formulate and publish uniform rules and regulations for the use of public lands. The head of the executive department having jurisdiction and control of lands to be occupied and used in accordance with the provisions of this act and in conformity to the rules and regulations to be formulated by virtue of the provisions of this section is hereby authorized to lease any part of the public lands of the United States, reserved or unreserved, including national forests, national parks, national monuments, Indian, military, and other reservations, including the District of Alaska, for a period not longer than 50 years, for the purpose of constructing, maintaining, and operating thereon dams, canals, ditches, pipe lines, flumes, tunnels, conduits, reservoirs, power plants, transmission lines, and other works necessary or convenient to the development, generation, transmission, and utilization of hydroelectric or other water power, which lease shall be irrevocable, but which shall become null and void upon breach of any of its terms. Each such lease shall be issued, as herein provided for, by the head of the executive department having control of the public lands to be used and upon a finding by him that such proposed lease is in harmony with the public interest and, if within any public forest, park, monument, or reservation, consistent with the purposes for which such forest, park, monument, or reservation was created: *Provided*, That transfer of jurisdiction over lands included in any lease from one department to another shall not affect the validity of the lease, but administration and control of the lease in relation to such lands shall be transferred to the department having jurisdiction of the land.

SEC. 2. That the rules and regulations made in pursuance of this act, and each lease granted thereunder, shall provide for prompt and full development and continuous operation of the water power; for a reasonable rate of rental and the terms of payment of the same; for negotiations for a renewal not more than 10 nor less than 5 years prior to the expiration of the lease; for the valuation of and compensation for the physical properties upon the termination of the lease; for accurate reports to be made to the head of the department having jurisdiction and control, in such form and manner as may be prescribed, covering all items of cost, rates of service, and profits, together with all other information which may be required; for the control of capitalization and bonded indebtedness; and such other conditions and requirements as may be necessary to fully protect the public interest.

SEC. 3. That in case the Government shall itself take over the properties of any of these lessees under the provisions of this act, or shall make or transfer its lease to other parties upon the expiration of the lease, it shall pay or require its new lessee to pay the reasonable valuation of all properties taken over or transferred, which shall include all works, equipment, structures, and other physical property created or acquired, valuable and serviceable in the generation and transmission of electrical power, including the transmission system from generating plant to initial points of distribution, and which are dependent in whole or in part for their usefulness upon the continuance of the lease herein provided for, but shall not include or take into consideration any properties or values whatsoever not specifically mentioned in this section. Such reasonable values shall be determined by mutual agreement between the head of the department having jurisdiction and control and the lessees, and in case they can not agree, then by proceedings instituted in the United States circuit court for the condemnation of such properties. The rule for determining the value shall be the cost of replacing the structures necessary and convenient for the development and transmission of hydroelectric or other water power by other structures capable of developing and transmitting the same amount of marketable power with equal efficiency.

SEC. 4. That any lands included in any proposed lease under the provisions of this act shall, from the date of filing the application for such lease, be reserved from entry, location, or other disposal under the laws of the United States: *Provided*, That rights of way contemplated by this act or as provided by any laws of the United States may be approved, and prospecting, entering, or patenting of lands under the mineral-land laws may be allowed so far as the same will not impair, prejudice, or destroy the use of the lands for water-power development, generation, and utilization; it being the intent of this section that, in so far as possible, lands valuable for water power and for mining shall be used for both purposes, the water power, however, being the dominant use: *Provided further*, That upon the rejection of an application or the termination of any lease either by expiration or violation of its terms, unless the lands be again leased within reasonable time, the President of the United States may restore such lands to their prior status.

SEC. 5. That any lease issued under this act shall not be assignable or transferable except upon the written consent of the head of the executive department having jurisdiction of the land.

SEC. 6. That in respect to every lease issued under authority of this act the Federal Government reserves the right to control the charges for service to consumers in the event that the laws and authority of the States or municipalities where the service is being rendered prove inadequate to protect the public interest.

SEC. 7. That all lands of the United States valuable for the development, generation, and utilization of water power are hereby reserved from all entry, and the head of the executive department having jurisdiction and control of such lands shall proceed, as rapidly as may be, to select, designate, and list the same, and shall publish such lists; and after such publication the lands so listed may be opened by the President to location, settlement, entry, and disposition under the appropriate public-land laws only upon the express conditions that all rights to the occupancy and use thereof for the purpose of developing, generating, and utilizing water power are reserved in perpetuity exclusively to the United States, which reserved right shall be expressed in the patent; but the President may, in his discretion, revoke such designation at any time as to any lands not under lease: *Provided*, That the holder of any lease under this act shall be liable, in the case of public lands not designated hereunder, to any settler thereon for any injury or damage which he may sustain on account of the erection or maintenance of works authorized under this act; and in the case of lands designated hereunder, to any settler, owner, or occupant for the agricultural value of the lands and for any injury or damage to improvements or crops lawfully existing thereon.

SEC. 8. That nothing contained in this act shall be construed as in any way exempting or relieving any lessee from full and complete compliance with all laws and regulations made by or under the authority of any State or Territory to whose jurisdiction it is subject.

SEC. 9. That the regulations authorized by this act, and any alterations and amendments thereof, shall be transmitted to Congress as soon as practicable, and each head of an executive department affected by this act shall annually make a report to Congress of each lease issued or terminated during the year, together with a tabulation of all existing leases, as to name and address of lessee, term of years, location and amount of land occupied, capacity of plant, rate and amount of rental charge, and such other facts as Congress may require.

SEC. 10. That it is the intent of this act to promote the development of water power, as being the only means of conserving this valuable natural resource, and to provide reasonable security for the capital necessarily invested therein, and allow a fair return upon such investment and at the same time safeguard the users of the power so developed from extortion, and to fully protect the public interest.

SEC. 11. That all acts and parts of acts inconsistent herewith are hereby repealed.

A bill (S. 6796) to amend section 4 of an act entitled "An act to amend an act entitled 'An act to regulate the construction of dams across navigable waters,' approved June 21, 1906," approved June 23, 1910, and to repeal said original section.

Be it enacted, etc., that section 4 of an act entitled "An act to amend an act entitled 'An act to regulate the construction of dams across navigable waters,' approved June 21, 1906.' approved June 23, 1910, be, and the same is hereby, amended to read as follows:

"SEC. 4. That all rights acquired under this act shall cease and be determined if the person, company, or corporation acquiring such rights shall, at any time, fail, after receiving reasonable notice thereof, to comply with any of the provisions and requirements of the act or with any of the stipulations and conditions that may be prescribed as aforesaid by the Chief of Engineers and the Secretary of War, including the payment into the Treasury of the United States of the charges provided for by section 1 of this act: *Provided*, That Congress may revoke any rights conferred in pursuance of this act whenever it is necessary in the interest of navigation, and in the event of any such revocation by Congress the United States shall compensate the owners in the manner hereinafter provided: *Provided further*, That the authority granted under or in pursuance of the provisions of this act shall terminate at the end of a period not to exceed 50 years from the date of the original approval of the project under this act, unless sooner revoked as herein provided: *Provided further*, That no grant issued in accordance with the provisions of this act shall be assignable or transferable except upon the written consent of the Secretary of War: *And provided further*, That at any time not more than 10 years prior to the expiration of such grant it may be renewed for another period of not more than 50 years, or the grant may be made or transferred to other parties. In case the grant is not renewed to the original grantees or is revoked as herein provided, the Government shall pay or require its new grantee to pay, as full compensation, the reasonable value of the improvements and appurtenant works and property created or acquired under the authority of this act or in connection therewith, useful and convenient for the generation of hydroelectric or hydromechanical power, and including the transmission system from generating plant to initial points of distribution, but shall not include any other property or value whatsoever; such reasonable value shall be determined by mutual agreement by the Secretary of War and the owners, and in case they can not agree, then by proceedings instituted in the United States circuit court for the condemnation of such properties; the rule for determining the value shall be the cost of replacing the structures necessary for the development and transmission of hydroelectric power by other structures capable of

developing and transmitting the same amount of marketable power with equal efficiency, together with the fair value of all other properties herein defined, to which a bonus of not more than 10 per cent may be added: *Provided*, That in respect to every grant the Federal Government reserves the right to control the charges for service to consumers in the event that the laws and authority of the States or municipalities where such service is being rendered prove inadequate to protect the public interest: *Provided also*, That this limitation shall not apply to any corporation or individual heretofore authorized by the United States or by any State to construct a dam in or across a navigable waterway, upon which dam expenditures of money have heretofore been made in reliance upon such grant or grants."

SEC. 2. That said original section 4 be, and the same is hereby, repealed.

Mr. BURTON. I may say that, according to the present outlook, the development of water power on the public lands assumes greater importance and is a problem of greater magnitude than the development of water power in navigable streams.

While the attempts at water power grabbing are still being pursued, and bills for that purpose find a place on the calendar, these important bills which I have introduced, although having the approval of practically all the officials whose duty it is to administer the laws relating to the public domain and navigable rivers, remain undisposed of. It is impossible for the officers having to do with public lands, under the existing state of the laws, to grant any rights which will permit the development of water powers on the public domain and at the same time protect the public interests, not having at hand weapons of legal authority to safeguard such interests. While waiting for Congress to frame suitable laws, they have been obliged to practically refuse the use of any public land and thus have prevented any water power development whatever.

There are within the public domain probably from ten to fifteen million horsepower, and of this barely 300,000 have been developed.

By a comparison of these figures, even taking the smaller estimate of 10,000,000, the fact that barely 300,000 have been developed emphasizes the importance of early action upon this subject.

The difficulties encountered in making developments upon the public domain are fully set forth on page 38 of the final report of the National Waterways Commission.

I ask unanimous consent to have printed a brief portion of the report.

The PRESIDENT pro tempore. Without objection, it will be so ordered.

Mr. BURTON. I will read only those portions which explain the most serious difficulties in the way of any development of this industry.

Because of the lack of legislation properly safeguarding the public interest, the Federal Government has withdrawn from entry many valuable power sites in the public domain, and has been forced, when granting permits for constructions in the forest reserves or upon public lands, to impose conditions so severe that few large developments have been undertaken. Likewise in the case of navigable streams outside the public domain, the lack of a fixed policy has left uncertain the extent and nature of the control which the Government intends to exercise, with the result that few developments have taken place.

As a result of the existing chaotic condition of the laws and the multiplicity of jurisdictions involved, water-power development has been subject to an exceedingly vexatious and unnecessary handicap. Under the present state of the laws, if a company should wish to make a development within any of the national forest reserves, it must first appropriate the water in accordance with the laws and regulations of the State in which the forest reserve is located.

Here the report seeks to enumerate the difficulties in the way. A company or individual—

must first appropriate the water in accordance with the laws and regulations of the State in which the forest reserve is located.

It must then submit its plans to the Department of Agriculture for approval. If the plans are approved, upon the payment of a certain fee, a permit will be granted. As power sites are very apt to be located in places remote from the point at which the power may be utilized, it is generally necessary to build transmission lines of considerable length. Should these transmission lines leave the forest reserve and traverse other portions of the public domain, another permit, imposing similar conditions, must be secured from the Interior Department.

That is, so far as the use of forest reserves is concerned, permission must be obtained from the Agricultural Department. If the use of the public lands is involved, permission must be obtained from the Interior Department.

The situation is still further complicated in the event that the lines must cross an unperfected homesteader's entry. Under the present provisions of law neither the Government nor the homesteader can legally grant permission to cross the claim. Furthermore, if the stream on which the development is to be made happens to affect navigation, plans must also be submitted to the War Department for approval, and, finally, the right to construct the dam must be secured by an act of Congress. The permits which the Secretary of Agriculture and the Secretary of the Interior are allowed by law to grant are revocable at will, unassignable, unmortgagable, and subject to interference by the location of mining claims and the transfer of lands from one jurisdiction to another. It hardly need be said that this condition is so intolerable as to practically prevent any extensive water-power development within the public domain.

Mr. President, there is no form of enterprise in which future developments point to concentration more than in the case of water power. Transmission lines are now in use which make the power created by one development available over an area of 125,000 square miles. It is desirable also that different sources of water power be ultilized under one management, because oftentimes in one watershed there will be a scarcity of water while in another there will be an abundance, because also of operating economies, and, further, as an insurance against a total breakdown of the service.

Along with this is the tendency to concentration which would inevitably raise the most urgent necessity for governmental control so as to prevent monopoly and safeguard the public interest.

There are two features in the amendment which I have proposed. The first is to the effect that no assignment of this privilege shall be made without the consent of the Secretary of War. This enables a public official to prevent the building up of a monopoly by scrutinizing the object of the assignment. The second provides that if the public interests shall require it the Federal Government shall have the right to control the prices which must be paid by the consumer. This second requirement, as well as the first, is of the utmost importance. We will be failing in our duty to the people if we allow these great natural resources to be possessed by private owners without governmental control of rates.

No one can tell what may happen in the course of years. Within 50 years, perhaps—possibly within a much shorter time—the control of water power may be absolutely necessary for the orderly management and development of the industries of the country. The creation of power by falling water instead of by steam may, as the supply of coal becomes less available or as the price increases, be absolutely essential.

The two bills which I have introduced contain no provisions which involve any undue restraint. They have, as I maintain, as their first object the protection of the interest of the public, but they will also make possible the orderly development of this vast natural resource, offering a field for the investment of millions of dollars of capital. I may say to the Senate that after long hearings before the Waterways Commission, in which Government officials whose duty it is to administer laws involving the question of water power had an important part, the terms of this bill were substantially agreed upon. One subject to which the commission gave a great deal of consideration was the length of the franchise to be granted.

Four different forms of franchises may be mentioned. First, a franchise which is revocable at will. The officials of the Department of Agriculture and of the Interior do not feel that they are authorized to grant any permits for the use of lands in the public domain, except those which are revocable at will. It is plain to see that no extensive development can occur under such circumstances. At the same time censure, which I think has been unwarranted, has been visited upon these officials, because they have felt that under the terms of the law they could go no further than to award revocable permits.

The next form of franchise is that which may be called an indeterminate grant. By some it is termed a possession during good behavior. The difficulty about this kind of a grant is that it is practically perpetual, or revocable according to the disposition of the legislators and administrative officers.

The third form is the perpetual franchise. I do not believe the perpetual franchise would find many advocates in this Chamber. By the dam act of 1910, relating to navigable streams, the term of the grant was limited to not more than 50 years. That is the law now—50 years is the maximum.

The fourth form of franchise, which the Commission recommends, provides a 50-year franchise with the provision that if it is terminated at the end of that time the Government shall pay to the owners of the franchise the fair cost of replacing their plant, including transmission lines, without, of course, making any allowance for the franchise.

This provision, Mr. President, safeguards the public, because it prevents monopoly in perpetuity; and in the next place, because it deals fairly with those who make the developments. There is a very substantial reason from the standpoint of the public why compensation should be offered at the end of the term. If the rights of the grantees are absolutely forfeited at the end of 50 years, they will inevitably charge the public in their rates of service an amount sufficient within 50 years to amortize the plant in addition to paying all the costs of operation and afford a reasonable profit. The dam and the appurtenances and transmission lines are constructions of a permanent nature, and are permanently useful.

It is not at all probable that the Government would in any case pay from its Treasury the value of the dam and appurtenances, but if the franchise is granted to another than those who hold it under the first grant, those who have the second grant would be required to pay for fixtures taken over.

There is a further recommendation in the report of the commission, namely, that at the end of 40 years those who possess it may enter into negotiations with a view to an extension. The object of that provision is to prevent deterioration of the plant by neglect, as will inevitably happen if those who hold the power franchise feel that at the end of 50 years they must surrender it, and that therefore it would not be worth their while to maintain the plant in a high grade of efficiency or to make necessary extensions and repairs.

Now, there is another subject, Mr. President, which has been very much discussed and concerning which I wish to read a brief recommendation from the Secretary of War, made with reference to this very bill:

> The principle which should govern the granting of these permits have been laid down by the National Waterways Commission. Before this bill is passed I think it should be amended so as to give to the Secretary of War authority to exact proper compensation for the right thus created and to apply it to the future improvement of the navigation of the river by other dams.

The theory of that recommendation is as follows: When a river which is to be developed for navigation contains rapids which afford valuable water power, the Government, in its policy of improving navigable streams, should receive compensation for that water power which will aid it in the development of navigation in other reaches of the stream as well as at the rapids themselves. In other words, it is not fair to place a stream which flows through a level country and which can be improved at comparatively small expense on the same footing with another stream which traverses a mountainous country and which must be improved by the construction of numerous locks and dams at enormous expense. Those who enjoy that water power should contribute toward the navigability of the stream as a whole.

In the legislation which has already been enacted, the act of 1910, it is provided that on the order either of the Secretary of War and the Chief of Engineers or that of Congress, whoever has the privilege of erecting a dam in a navigable stream must place there a lock as well. That provision is a very just one, and I confidently predict that it will be enforced more and more in the future.

Mr. President, we have come to the time when we must lay down some comprehensive policy on this subject. In the past numerous franchises have been given for the construction of dams where the sole object was to hold them for speculation.

So far as lies in my power I shall in the future object to the granting of these franchises unless the public interests are safeguarded, unless we act with a proper realization of the importance of this problem. It is important enough at present and it is sure to assume far greater importance in the future.

We ought not to turn over these privileges to any grantee who can transfer them to a company seeking a monopoly of the Nation's water power.

We ought not to make another grant unless it contains a reservation that the Government, through proper agencies, may control the charges to the public. That question may ordinarily be left with safety to the States and local communities; but when they fail to act, or when this development of water power assumes that magnitude which it is sure to assume, it will become essential that the Federal Government, which controls interstate commerce and which more and more must exercise its supervision over these great agencies, shall control the prices at which water is to be furnished to the consumer.

Mr. President, I trust the amendment will be adopted.

Mr. CHAMBERLAIN. Mr. President——

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

Mr. BURTON. I do.

Mr. CHAMBERLAIN. I should like to ask the Senator from Ohio a question before he takes his seat.

Mr. BURTON. I yield; certainly.

Mr. CHAMBERLAIN. Does the Senator from Ohio not think that the bill, if it should pass in its present form, would still leave to the State the power of regulating the rates to be charged by the water company?

Mr. BURTON. I do not; at least it is not so clearly stated in the bill. The power to alter, amend, or repeal has its well-defined limitations; and even if we have reserved that power, we ought expressly and in unequivocal language to enunciate our policy upon this subject.

Mr. BORAH. Mr. President, the Senator from Ohio says that the power to alter, amend, or repeal has its well-understood limitations. What is the limitation to the power to repeal?

Mr. BURTON. That question has been very much discussed. The power must be exercised within the limitations of the Constitution. You can not absolutely wipe out the value of property under the right to alter, amend, or repeal.

Mr. BORAH. If we put into this charter the right to amend it, to alter it, or to repeal it, everyone who acquires a right under the charter acquires it with that clause impressed upon his contractual and property rights, and the Government may repeal it at any time it sees fit. True, the Government may be and would be under certain obligations as to the distribution of proceeds, but there would be no question that under this provision the Government could put an end absolutely to the right to use and enjoy this franchise, and could do so without assigning any reason for its action. We may wipe it out of existence entirely. We may terminate all right of the grantees or their assigns to enjoy any rights now granted. I think it a wise provision. I am opposed to granting any corporate right, any corporate charter, or any franchise without reserving this power of altering, amending, and repealing it. I would go further and provide for an absolute forfeiture of all charter or franchise rights when the powers granted were being used in violation of law—a forfeiture clause which would enable private citizens to enforce it in the courts upon showing made that the powers were being so used.

Mr. BURTON. I can not agree with the Senator from Idaho in that assertion.

In the next place, it would leave it to litigation to determine whether this regulation of rates was not an interference with the rights of property. I have no thought that the Government or any State agency would ever exercise this power unreasonably, but under the right to alter, amend, or repeal you throw the door open for litigation.

Another thing. If you mean that, why not say so in your bill and not leave it to the future action of Congress? Who knows what Congress in the future will do? We have our responsibilities to fulfill now and we ought not to leave it to the uncertain action of the future.

Mr. BORAH. Of course, no one knows what Congress in the future will do; but it is to be presumed that we shall transmit some of our wisdom to posterity and that they will act quite as wisely as we do. There can be no doubt, however, as a legal proposition, of our power to act under this clause of the bill. It has been decided very often, and I did not suppose it was open to controversy.

Mr. BANKHEAD. Mr. President, I desire to ask the Senator from Ohio if he has any further amendments that he desires to offer to this bill?

Mr. BURTON. I have no others. As I have said, I do not think these two go as far as we should; but, in view of our past policy, I do not feel like offering other amendments. I think there should be attached to this bill the provision contained in Senate bill 6796 for an adjustment between the grantee or the licensee and the Government at the end of 50 years. I think the Senator from Alabama will agree with me that that would be favorable, rather than unfavorable, to the grantee.

Mr. POINDEXTER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Washington?

Mr. BANKHEAD. I do.

Mr. POINDEXTER. In order that all the questions arising on this bill may be discussed at the same time, I should like to now offer the amendment which I send to the desk.

The PRESIDING OFFICER. There is one amendment pending.

Mr. POINDEXTER. I ask unanimous consent to submit the amendment and to have it read.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Secretary will state the amendment for the information of the Senate.

The SECRETARY. It is proposed to add after section 1 a new section, as follows:

> The said power company, its successors, and assigns shall pay to the United States 1 per cent of the net profits derived from light, heat, power, or other proceeds of said work, to be ascertained and collected by the Secretary of War.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. The Senator from Alabama has the floor. Does he yield to the Senator from Idaho?

Mr. BANKHEAD. I yield.

Mr. BORAH. Would the Senator from Washington be willing to modify his amendment so that these proceeds as paid shall be paid to the treasury of the State in which the power site is located? I am quite in favor of regulation and control, but I want the States to have the benefit of the natural resources of the State. I do not now express any opinion as to the power of the National Government to regulate rates.

Mr. POINDEXTER. At the suggestion of the Senator from Idaho, I will modify the amendment by adding to it the following words:

And one-half of all such collections made by the Secretary of War shall be paid by him into the treasury of the State of Alabama.

The PRESIDING OFFICER. The Chair would suggest that the amendment is not before the Senate, but has been merely read for information.

Mr. BANKHEAD. Mr. President, I do not intend to consume very much of the time of the Senate in the discussion of this measure. I shall endeavor to present to the Senate the common-sense, practical view of it, the business view of it.

In 1872 the Government undertook the improvement of the Coosa River. During the 40 years that have expired since that time $1,600,000 have been appropriated, or $48,000 per annum. The appropriations for this river have gone off of the river and harbor bills on two separate occasions at the instance of the distinguished Senator from Ohio [Mr. BURTON], because he said that the commerce of the river would not justify the expenditure.

On every occasion when he has interposed an objection to the improvement of this river in the ordinary way, he has suggested: "You people down in Alabama ought to help yourselves in the improvement of this river; you ought to make some arrangement by which power on this river could be developed in connection with its navigation; when you do that and come to Congress, I stand ready to give you all the aid I can."

Three years ago, Mr. President, the river and harbor bill contained an item directing a survey of this river along the lines suggested by the Senator from Ohio; that is, that a complete survey should be made looking jointly to the navigation and development of the power on the river. That survey has been made; it is an exhaustive one. The engineers recommend cooperation between the Government and the State or the private individuals, as the case may be, in the development of power and navigation. That report fixed one of the locks and dams to be constructed on that river with a view to its navigation at this identical point, known as Lock 18. When the survey had been submitted, the Government, through its authorized officials, invited cooperation, invited corporations or individuals to appear before its officer in Montgomery and submit propositions by which this power might be developed jointly with the navigation of the river.

Mr. President, this dam is located on a stretch of that river 126 miles long, entirely nonnavigable; and if we are to proceed to the improvement of that river navigation as we have proceeded, according to the appropriations made it will require something over 400 years to improve it in order that you may carry even a raft over it.

Mr. President, the State of Alabama chartered what is known as the Alabama Power Co. and authorized the construction of this dam. The State of Alabama reserved the right to regulate this corporation. The State of Alabama, through its public-service commission, is regulating all matters of this sort wherever occasion requires; and we blieve, Mr. President, that the State of Alabama is the only authority that can regulate matters of this sort.

What do these companies propose to do? They propose to construct this dam at their own expense, the estimate being $1,622,000—that is the Government engineers' estimate—and all they ask for this initial outlay, this vast sum, a sum greater, Mr. President, than the Government of the United States has expended on that river in 40 years—they propose in one year or in 18 months to expend this amount, construct this dam, and all they ask is to be permitted to use the surplus water, if there is any water there beyond the uses of navigation. They say, "Let us have that, because we have expended money enough to be equal to $6.50 a horsepower for every horsepower created every year as long as the water runs." That is the simple proposition here. What right has the Government——

Mr. POINDEXTER. Mr. President, will the Senator allow me to interrupt him?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Washington?

Mr. BANKHEAD. Certainly.

Mr. POINDEXTER. Will the Senator inform the Senate about how many horsepower they contemplate developing?

Mr. BANKHEAD. Ten thousand.

Mr. POINDEXTER. I understand the Senator to say that the value is estimated at $6.50 per horsepower per year?

Mr. BANKHEAD. I said that the cost of this dam at 4 per cent per annum is equal to a charge of $6.50 on every horsepower created. That is what I said.

Mr. POINDEXTER. What does the Senator estimate as the commercial value of the horsepower developed?

Mr. BANKHEAD. Oh, Mr. President, that would depend largely upon where this power was situated.

Mr. POINDEXTER. I mean in this particular case.

Mr. BANKHEAD. I am not an expert in matters of that kind, but I should like to have the Senate bear in mind——

Mr. POINDEXTER. I should like, if the Senator will pardon me——

Mr. BANKHEAD. Certainly.

Mr. POINDEXTER. The Senator, of course, is familiar with the cost of developing power by other means in this locality—the cost of coal—and undoubtedly the company to whom this franchise would be granted have estimated the value of the horsepower. I should like very much, in the consideration of this bill, if the Senator, either now or before a vote is taken on it, would give us at least approximately an estimate of the value per horsepower of the power to be developed there.

Mr. BANKHEAD. Mr. President, I should like to have the Senate bear in mind the fact that this dam is located in the midst of the cheapest coal fields in the United States, perhaps in the world. Not only that, but gas is being produced at coke ovens in Birmingham at a cost of 4 cents a cubic foot, and all these elements of heat and power of course come directly in contact and competition with the power created at this dam. I do not know definitely what is the cost of producing a horsepower with coal, and nobody else can tell, because the conditions vary. It depends upon the cost of the coal; it depends upon the cost of transportation; it depends upon the quality of the coal; it depends upon the machinery used for burning the coal; but all that cuts no figure here.

We have heard, Mr. President, a great deal said in this discussion and in other discussions about the conservation of the natural resources of the country. Here is the greatest conservator of resources that has even been presented to the Senate. Why? In the first place, it provides for navigation; in the second place, it conserves the water and creates power; in the third place, it conserves the forests. Why, Mr. President, if you would burn wood enough in this community to create 10,000 horsepower a day, you would burn up the whole country around; it would go up in smoke, and that would be the end of it. It conserves the coal; it supplants coal, a commodity which is gradually increasing in price and becoming more scarce. Not only that, Mr. President, but, under the plan proposed here and the arrangement made, it conserves the soil. The purpose of this company is to manufacture; and every horsepower they are to create will be used for the purpose, and that alone, of manufacturing an indispensable ingredient in fertilizing the lands of this country. This is to be a nitrogen plant to manufacture nitrogen. Without it you can not manufacture a high-grade fertilizer, and without fertilizers you can not sustain the crops and you can not keep up the yield.

I venture the assertion, Mr. President, that if we were to discontinue the use of fertilizers and nitrogen in our cotton production there would be a falling off of one-half the entire crop; they are indispensable. The time is very near when the grain fields of this country must be liberally fertilized if we are going to produce sufficient food in this country for our rapidly increasing population.

Where does this nitrogen, so necessary to cotton production, come from? It is imported from Chile. The Chilean Government has imposed an export tax of $11.50 on each ton, and the Chilean Government is receiving 60 per cent of its entire revenue from this source; and we are told the supply is rapidly being exhausted. Where are you going to get your supply?

Not only do we conserve timber and coal and water and soil, but we go further; we conserve the air, the atmosphere from which this nitrogen is taken by a process known and patented and used in all the old countries of the world. They are all manufacturing this stuff necessarily.

A few years ago a company went down on the Tennessee River and sought an opportunity to construct a dam to maintain a nitrogen plant there and cooperate with the Government in connection with navigation. Congress said, "No; we will wait. We have not quite reached the time when we can have some uniform plan by which our rivers can be improved and our power developed." What was the result? They said, "We will pull up." And they did pull up and went over to Canada, across the river at Niagara, where they established their plant. They are manufacturing this product there now, and we are paying $4 a ton on it to go in our soil down in Alabama.

Mr. JOHNSTON of Alabama. Four dollars a ton freight.

Mr. BANKHEAD. I mean, of course, that the freight is $4 a ton. The cost of this product in Chile is about $46, with freight added, so that, if it gets much higher, it will be prohibitive; and what we want to do is to manufacture it at home. We have all the power necessary, and, God knows, we have all

the air necessary, and I have sometimes thought that if we would turn a little of the wind that I have observed in this Chamber into that industry we would have an inexhaustible supply out of which we could make this product. [Laughter.]

I am just about through. I want to read, however, very briefly from a message sent to the Senate by the President of the United States. This message is on conservation of national resources, and I want briefly to read what the President says bearing directly upon this question. After discussing the subject, he says:

> The opinion is held that the transfer of sovereignty from the Federal Government to the Territorial governments as they become States included the water power in the rivers except so far as to the ownership of riparian proprietors.

Then he adds:

> I do not think it necessary to go into a discussion of this somewhat mooted question of law. It seems to me sufficient to say that the man who owns and controls the land along the stream from which the power is to be converted and transmitted owns land which is indispensable to the conversion and use of that power.

Further down he says—and then I am through with this discussion—

> In considering the conservation of the natural resources of the country, the feature that transcends all others, including woods, waters, minerals, is the soil of the country. It is incumbent upon the Government to foster by all available means the resources of the country that produce the food of the people. To this end the conservation of the soils of the country should be cared for with all means at the Government's disposal.

That is exactly what we are proposing to do, Mr. President, and that is all we are proposing to do. We deny absolutely that the Government of the United States has any interest in or control over the navigable waters of Alabama, except for the purposes of navigation. The Government has expended no money there to create power. This company is the riparian owner. Who else can go down there and take possession of their property and convert it to their own use? It is an attempt, Mr. President, on the part of Congress to invade a sovereign State by some sort of hook or crook or process and confiscate the property of the citizen.

Mr. BURTON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Ohio?

Mr. BANKHEAD. Certainly.

Mr. BURTON. Does the Senator from Alabama deny the absolute right of the Federal Government, whenever its permission or refusal determines whether or not a privilege shall be exercised, to impose such conditions as it pleases in the public interest?

Mr. BANKHEAD. I absolutely deny that, except as to navigation.

Mr. BURTON. I should like to ask the Senator from Alabama another question. Did he vote for the Panama Canal bill that passed here a few days ago?

Mr. BANKHEAD. I did not.

Mr. BURTON. I am very glad to hear the Senator from Alabama give a negative answer in reply to that question. There is a provision in that bill to the effect that boats of American registry engaged in foreign trade may pass through the canal without payment of tolls upon conditions imposed.

Mr. BANKHEAD. Oh, Mr. President, that has nothing to do with this question.

Mr. BURTON. The owners must be ready to turn over their boats to the Government in case of war or emergency. That is one illustration of the conditions the Government may attach.

Mr. BANKHEAD. That has nothing on earth to do with this question, and no application to it at all.

Mr. BURTON. It is exactly parallel to this question.

Mr. BANKHEAD. That is navigation on the sea, and there is no riparian owner there, so far as I know.

Mr. BURTON. But we must determine the powers of the Federal Government by general principles. There was a case, within a very few days, in which permission was coupled with a condition, absolutely asserting the right of the Federal Government to attach to a right granted or permission given any condition it pleases.

Mr. BAILEY. The Federal Government owns the Panama Canal absolutely.

Mr. BANKHEAD. That argument does not apply here at all. The question here is whether or not the Government of the United States has the right and the power to go down into Alabama, confiscate the property of her citizens, and apply it to its own use, because the property along these rivers, according to all the decisions of the courts, according to the message of the President, who himself is a great judge, belongs to the riparian owner; and nobody, neither the Government nor the States nor anyone else, can deprive him of it without his consent, except, Mr. President, for the purpose of navigation.

Mr. BURTON. To come to something fundamental, the Senator from Alabama concedes that the permission of the Federal Government is necessary in order to enable this dam to be built; otherwise, why are they here?

Mr. BANKHEAD. Of course, Mr. President, on a navigable river you can not construct a dam that interferes with navigation, and the Government must see to it that the navigation is not interfered with. This bill provides that that shall be done; that this dam shall be constructed under the direction and supervision of Government engineers in aid of navigation, not of power.

Mr. BURTON. Mr. President, does not the Federal Government, in giving the right to construct dams, in every case require that fishways be inserted in the dam? What do fishways have to do with navigation?

Mr. BANKHEAD. I do not know that that is done. I know that there are 10 dams on the Black Warrior River, and there are no fishways there. It ought to be done, but it has nothing to do with navigation; it has something to do with the preservation of a food supply.

Mr. BURTON. This provision relates to something very much more important than the preservation of fish for a food supply; it relates to the protection of the people against monopoly and exorbitant charges.

I should like to ask the Senator from Alabama another question. Is it not true that, in case we allow a bridge to be built across a navigable stream, it is made a condition that troops and munitions of war of the United States may pass thereon under certain conditions? Is it not also made a condition in many bridge bills that other railway companies, in case it is a railway bridge, may cross it on terms fixed by the Federal Government?

Mr. BANKHEAD. Oh, Mr. President, that has no application here. The Senator has got out on the dry land, and is talking about railroad bridges.

Mr. BURTON. I maintain that it is exactly applicable.

Mr. BANKHEAD. The railroad bridge must be built so as not to injure navigation.

Mr. BACON. Will the Senator permit me to ask the Senator from Ohio a question?

Mr. BANKHEAD. Certainly.

Mr. BACON. Although those conditions are imposed as to the free transit of troops and other matters in which the Government is interested, does the Senator from Ohio think the Government has the right to impose that condition?

Mr. BURTON. I do.

Mr. BACON. To require it?

Mr. BURTON. I do.

Mr. BACON. I should like the Senator to point out where the authority for any such power is to be found.

Mr. BURTON. In that broad, general authority which exists whenever a right is granted to attach conditions thereto.

Mr. BACON. Does the Senator mean to say unlimited conditions?

Mr. BURTON. Yes; unlimited conditions.

Mr. BAILEY. Not in derogation of the right of other people or the rights of the State.

Mr. BACON. The Senator from Ohio is right only to this extent: The Government has a right to attach a condition which will not interfere with the right of the exercise of a power, but no other condition. In other words, when it comes to the obstruction of a navigable stream the Government has the right to attach a condition, and that is a matter of power in the Government, not simply a matter of convenience or agreement. The Government has an arbitrary right to attach as a condition anything which is necessary in order that the great purpose of the exercise of the power shall not be defeated and that the navigation shall not be interfered with. It may do so by consent; it may do so by agreement; but the Government has no power to attach any condition, except such condition as is necessary for the proper preservation of the exercise of that power with such appliances as it adopts for the execution of the power.

Mr. BURTON. With the greatest respect to the Senator from Georgia, to whom I always listen with the utmost interest, I differ with him entirely.

But it is not necessary to go so far as he enunciates. This is but an incident and an assertion of the manner in which this privilege may be exercised. I happen to have before me a decision of the Supreme Court of the State of Illinois in a case in which the condition was attached for the payment of a mileage tax of $500 per mile in a grant by a city for the construction of a State railway. After accepting the ordinance,

the grantee attempted to repudiate the condition on the ground that it was one the municipality had no power to impose. The court held that the condition was valid, saying:

Even though it might be held that the condition upon which the permit or license was granted to the defendant railway company was ultra vires, the city not having the power to impose it, nevertheless, the ordinance having been accepted by the company with the condition attached, agreeing thereby to perform it, it became a valid contract between it and the city, the validity of which the defendant is now estopped to deny.

I do not recall the volume, but there is a decision of the Supreme Court of the United States, rendered by Justice White before he was promoted to the position of Chief Justice.

Mr. BACON. Will the Senator permit me right there? Suppose a party would come to Congress and ask authority to construct a toll bridge across a navigable stream. The only authority which Congress has is to require that that toll bridge shall be so constructed as not to interfere with navigation, and it is the judge of what will or will not interfere with navigation. But upon the application of a citizen for authority to construct a toll bridge across a stream, does the Senator think the Government would have the constitutional authority to say, "Yes; you can do it, but you must pay half the tolls to the Government?"

Mr. BURTON. It would have that power. I must most fundamentally differ with the Senator as to the condition of granting consent. Of course it is not conceivable that the right would be exercised in such a case as that the Senator mentions. I was about to refer to the decision of Justice White. Congress passed a bill for the payment of a certain claim of the State of Maryland against the Federal Government, and attached to that bill a condition that no fee be paid to any attorney for collecting it. The attorney, who had rendered very valuable service, who had secured the payment of the claim, made application to the auditor of the State of Maryland for his fee, notwithstanding the inhibition, on the ground that Congress had no right to impose it. The case came here to the Supreme Court, and it was held that whether that were a condition in accordance with the general rights relating to the subject, the bill having passed on that condition, it was nevertheless binding, and no fee could be collected.

Mr. BANKHEAD. Mr. President, I have said about all I care to say on this subject.

Mr. POINDEXTER. Before the Senator sits down I wish to ask him a question.

Mr. BANKHEAD. I merely wish to read one short extract from the conservation message of the President. I should like to have the attention of the Senator from Ohio to it.

Mr. BURTON. I beg pardon.

Mr. BANKHEAD. I am going to read an extract from the President's conservation message, sent to Congress, and I wish the Senator to hear it:

It is exceedingly difficult to frame a statute to retain Government control over a property to be developed by private capital in such manner as to secure the governmental purpose and at the same time not frighten away the investment of the necessary capital.

Now, hear:

Hence it may be necessary by laws that are really only experimental to determine from their practical operation what is the best method of securing the result aimed at.

Now, Mr. President, that is all I care to say. I will answer the Senator from Washington.

Mr. POINDEXTER. I should like to ask the Senator how far this location is from the city of Birmingham and what is the status of the country as to the market for the power.

Mr. BANKHEAD. There is absolutely no demand for this power except for the purpose I have stated, the matter of the manufacture of nitrogen, and the American Dynamite Co. has a contract with the Alabama Power Co. to take every horsepower it produces for 25 years for that purpose. They are 30 miles from Birmingham.

I should like to have a vote on the amendment now, if agreeable to the Senator.

Mr. POINDEXTER. Mr. President, I am heartily in accord with the amendment offered by the Senator from Ohio. I would prefer that he would make a modification of the amendment providing that the power of the Federal Government to regulate the rates should only be exercised in case the State governmnt failed to exercise it.

Mr. BAILEY. Both governments could not possess the power.

Mr. BURTON. I drew the amendment in a different form at first, providing for Federal control in case power was not adequately exercised by the State or municipality, but it seems to me the form in which it was introduced was more general and better. I drew the amendment in this form:

In the event that the laws and authorities of the State or municipalities where such service is rendered prove inadequate to protect the public interest.

So far as I am concerned I shall be just as willing that the latter amendment be adopted. I stated in my remarks that it was presumed that in the first instance the State would control, but when they failed to act or when this problem assumes the greater magnitude which makes the transmission of power a matter of interest to commerce, the Federal Government might intervene.

Mr. BAILEY. Would the Senator permit me to ask him a question before he sits down?

Mr. BURTON. Certainly.

Mr. BAILEY. I was curious to know where he found an authority for the doctrine that a State possesses a power, but if it failed to wisely exercise that power it then passes to the Federal Government. I remember a speech delivered at the city of Pittsburgh several years ago which announced a doctrine of that kind, which rather startled the country. I am not surprised that the Senator in front of me is approving it, but I am rather surprised that the Senator from Ohio is now approving that doctrine.

Mr. BURTON. In the first place, the right to control would be reserved under this amendment as a condition of the grant, and the Federal Government might refrain from exercising that power at its option until a case arose when in the judgment of its duly constituted authorities the right should be exercised.

The PRESIDENT pro tempore. The hour of 12 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (H. R. 25034) to reduce the duties on manufactures of cotton.

Mr. SIMMONS. I ask unanimous consent that the unfinished business be laid over until the measure now before the Senate is disposed of, and then I shall ask the Senate to take up the cotton bill for consideration.

Mr. PENROSE. Before unanimous consent is given, I should like to have, and I think the Senate would like to have, some information as to how long the present measure will take. A number of Senators have expected the cotton bill to come up this morning about this hour.

Mr. BAILEY. I do not think it will take an hour.

Mr. SIMMONS. Probably it will not take more than 15 or 20 minutes.

The PRESIDENT pro tempore. The Senator from North Carolina asks unanimous consent that the unfinished business be laid aside until the measure now before the Senate is disposed of.

Mr. LODGE. Before that is done, I think we ought to have some agreement as to a vote on this bill.

Mr. PENROSE. If we could have an agreement to vote on it at 12.30, I would not object.

Mr. POINDEXTER. I object.

Mr. LODGE. Then I object to temporarily laying aside the unfinished business.

The PRESIDENT pro tempore. The Senator from Massachusetts objects. The unfinished business is before the Senate.

Mr. BAILEY. Mr. President, I was under the impression that this being a special order after we entered upon the consideration of this bill we should proceed with it until disposed of, just as we entered upon the consideration, as a special order, of the Post Office appropriation bill. I do not think the demand for the regular order can displace the unanimous-consent agreement.

The PRESIDENT pro tempore. The Chair will state that on that point neither the rules of the Senate nor the precedents are very clear, and yet the Chair is clearly of opinion that the unfinished business does displace a special order, and will so rule.

Mr. BAILEY. It is probably true that if it were made a special order by a vote of the Senate then the unfinished business would displace it, but not in the case of a unanimous-consent agreement.

Mr. BACON. No, Mr. President, the rule is exactly the reverse of that. It is Rule X, I think.

The PRESIDENT pro tempore. It is Rule X.

Mr. BACON. It expressly provides for the contrary.

Mr. BAILEY. I thank the Senator for the correction. I guarded myself by saying that it was probably true. When the Senate gives its consent unanimously to take up a measure and proceed with it I feel very sure that there the matter must be disposed of before it could be displaced in this way.

Mr. LODGE. Mr. President——

Mr. BAILEY. The anxiety of the Senator from Massachusetts to dispose of the fur-seal matter is a perfectly natural and proper one, but it is not greater than this matter which relates almost entirely to Alabama and whose Senators have been waiting here for days to try and dispose of it.

Mr. LODGE. I desire to call attention to the fact that in regard to the Coosa River bill we are not acting under a unanimous-consent agreement, but under a special order.

Mr. BAILEY. A special order made by unanimous consent.

Mr. LODGE. Very well, whether made by unanimous consent or agreed to by a two-thirds vote, it remains a special order.

Mr. BAILEY. Everything is a special order that is made by unanimous consent.

Mr. LODGE. One moment, if I may be allowed to finish my sentence. Whether it is a unanimous-consent agreement or a special order I think there is a distinction between them; but whether one or the other, the only agreement made was that it should be taken up immediately on the disposition of the Post Office appropriation bill. There was no agreement that it should be proceeded with through the parliamentary stages to a final disposition. There is not a word about it in the special order. The agreement was to take it up, and that has been done.

I have not desired to throw the slightest obstacle in the way of the disposition of the Coosa River bill, but I do think at this stage of the session, if we can not reach a reasonable agreement as to time, it is not quite fair, with all the great matters—appropriation bills and so on—pressing, to make an agreement to go on with all this discussion of the conservation of natural resources on this bill, which may be protracted indefinitely. I venture to think that the carrying out of the convention with three other countries in which we are now in default in our payments is a matter quite as important as the improvement of any river in the United States.

Mr. BAILEY. Mr. President, the Senator from Massachusetts can provoke no controversy with me with that statement. I think the most important thing with nations as well as with individuals is to meet their engagements. But the Senator, I think, overestimates the debate which this measure will provoke. I believe the Senator from Washington [Mr. POINDEXTER] desires to be heard, but I am sure he does not desire to be heard to any such length as will interfere with the disposition of the bill. If he will give us the opportunity I think we can agree on a reasonable time.

Mr. LODGE. If an agreement can be made on a reasonable time, I shall not interpose the slightest objection, but I want some end to the debate. If a vote can be taken at 1 o'clock——

Mr. BAILEY. I ask unanimous consent that the vote on the pending matter shall be taken at 1 o'clock.

Mr. PENROSE. Or earlier if possible.

Mr. BAILEY. Not later than 1 o'clock.

Mr. SIMMONS. I assume that the debate will not last more than half an hour.

Mr. LODGE. I would make it not later than 1 o'clock. That is a fair request.

The PRESIDENT pro tempore. The Senator from Texas asks unanimous consent that the consideration of the special order be continued and that a vote be taken upon the bill not later than 1 o'clock this afternoon. Is there objection?

Mr. POINDEXTER. I object.

Mr. BAILEY. What time would the Senator consent to?

Mr. POINDEXTER. So far as my consent is necessary I will consent to proceeding now with the consideration of the bill and to set a future time, but I will not consent to a limitation of the discussion to a brief period because it is a question of national importance. It does not simply involve the Coosa River. It involves every other similar situation in the United States, most of them being in the western country, for the reason that every precedent that is established is set up as a rule of action in every subsequent bill that comes up in Congress. For that reason it ought to be thoroughly discussed and the principles involved in it ought to be thoroughly understood by the Senate before it acts.

Mr. BAILEY. I can understand how the Senator would want to present his views fully, and I assume that what the Senator desires is an opportunity to present his views. I understand that there is no disposition to discuss it by other Senators. I want the Senator to have such time as he thinks necessary. Surely, I have no desire to abridge his freedom of speech or his opportunity to debate the matter.

Mr. BACON. I should like to ask the Senator from Washington if he can conclude the presentation of his argument within an hour, and I would ask if anyone else would want to speak?

Mr. MASSEY. I should like to have about 10 minutes, not more than that, on the Coosa River bill.

Mr. SIMMONS. If we can not fix an hour I shall demand the regular order, and it does not seem to be possible for us to do so.

Mr. NEWLANDS. In order that there may be no misunderstanding, in reply to the statement of the Senator from Texas, I will state that it is my desire to address the Senate for about 10 minutes upon this bill.

Mr. BAILEY. And the other Senator from Nevada wants about that time.

Mr. BORAH rose.

Mr. BAILEY. The Senator from Idaho desires some time.

Mr. BORAH. I do not desire to delay the bill unless some amendments are put on, and if they are put on there will not be any chance of passing it at this session.

Mr. BAILEY. I understand how the Senator feels about the amendment of the Senator from Ohio, and, of course, if that should be adopted, I would understand that he would want to discuss it.

Mr. BANKHEAD. I should like to say that if the amendment of the Senator from Ohio is adopted I will ask unanimous consent to withdraw the bill as a special order.

Mr. BAILEY. I am going to make one more effort. I ask unanimous consent that the vote on the bill be taken not later than 1.30 o'clock.

The PRESIDENT pro tempore. The Senator from Texas asks unanimous consent that the consideration of the bill be continued, and that a vote be taken upon it not later than 1 o'clock and 30 minutes this afternoon. Is there objection?

Mr. POINDEXTER. I object.

The PRESIDENT pro tempore. The Senator from Washington objects.

Mr. PENROSE and Mr. LODGE. The regular order.

The PRESIDENT pro tempore. The unfinished business is before the Senate.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the President of the United States having returned to the House of Representatives in which it originated the bill (H. R. 18642) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, with his objection thereto, the House has proceeded in pursuance of the Constitution and reconsidered the same, and had passed the bill by a two-thirds vote the objection of the President to the contrary notwithstanding.

THE COTTON SCHEDULE.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 25034) to reduce the duties on manufactures of cotton.

Mr. PENROSE. Mr. President, ordinarily there might have been an effort made to get the Republicans of the Senate together upon a cotton bill, but this very long session has elapsed, and we are on the point of adjournment; and there was no indication of any purpose on the part of the Members of the House to take up the cotton schedule at the present session until this bill came to the Senate a few days ago. It is obviously impossible for the majority members of the Finance Committee, with the prospect of an adjournment of Congress, it is hoped, at some period next week, to go into this very complicated schedule. The Tariff Board, it is true, has reported upon the cotton schedule, and an effort similar to that which was made on the wool schedule would have been made in this instance to present a bill to the Senate showing reductions in some of the items, and most of them perhaps, of the cotton schedule, but it is felt to be unreasonable to expect the Republican members of the committee to take such action at this time. Had the House given any intention early in the session of a purpose to bring up cotton legislation we would have been in better shape to take the action to which I have referred.

Under the circumstances, the majority members of the committee have no bill to present to the Senate. I want to be careful in saying that I represent but a majority of the Republican members of the Finance Committee in making this statement; but we are ready to act upon the bill as it comes from the House.

In this connection I have a brief statement upon the hosiery paragraph, which I will not detain the Senate by reading, but which I will ask to have printed as a part of my remarks.

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

The statement referred to is as follows:

RELATING TO HOSIERY.

HOW EUROPEAN MANUFACTURERS DESTROY THE INTENT OF OUR TARIFF LAWS.

The attention of the Senate is requested to a few remarks I wish to make on a phase of the tariff question of vital importance to wage earners and manufacturers, more important, possibly, to wage earners, as the facts I desire to present are an ever present menace to the high wages they receive under the Republican policy of adequate protection to American labor and industry.

At all times, especially following a change in our tariff laws, whereby rates of duty are increased, foreign manufacturers make a generally successful effort to reduce the cost of merchandise they export to this

country. This, coupled with changes made in the administration of the law by our customs officials, reduces the rate of protection to a point where American manufacturers find it very difficult to compete and pay the high wages demanded by wage earners in America, thus destroying the intent of Congress.

Interesting facts connected with the hosiery trade have been brought to my attention recently, proving conclusively by official records that American manufacturers of hosiery have never received the rate of protection written in the Payne law.

It should be explained that the class of hose the foreign value of which is $1 or less per dozen pairs, retailing at 25 cents per pair, is the chief competitive class, and German manufacturers of hosiery have reduced the value of this class sufficiently to eliminate the advance in duty of 20 cents per dozen pairs written in the Payne law, thus destroying the intent of Congress.

From 1898 to August, 1909, the class of hose valued at $1 or less per dozen pairs, with few exceptions, entered the American market, duty paid, at $1.59 per dozen pairs, but immediately following the passage of the Payne law, foreign manufacturers of hosiery began a systematic reduction in the value of this class of hose, until in May, 1912, there were imported thousands of dozens at $1.56 per dozen pairs, duty paid, 3 cents per dozen pairs less than they were imported for at any time during the operation of the Dingley law, thus destroying the intent of Congress.

If foreign manufacturers can continue to land this grade of hosiery in this country, duty paid, at $1.56 per dozen pairs, hosiery mills must close or reduce wages, and should the Underwood or Hill cotton-tariff bill become the law, the result, as shown by the figures following, would insure immediate disaster to the hosiery trade in America.

	Rate of duty.	Foreign value per dozen.	Duty.	Landing value, duty paid.
	Per ct.			
Underwood bill	40	$0.75	$0.30	$1.05
Hill bill	50	.75	.375	1.125

After making careful estimates American manufacturers of hosiery claim that it costs them $1.769 to manufacture one dozen pairs of this grade of hose, and are willing to give Members of Congress every opportunity to investigate this claim.

During the operation of the Payne law some hose of this class have been imported at a value above $1.56 per dozen pairs but none at $1.79, the value at which they should be imported, duty paid, to give American manufacturers of hosiery the advance in duty of 20 cents per dozen pairs, as intended by Congress in passing the Payne law. In the debate on the Underwood and Hill cotton-tariff bill in the House of Representatives on August 2, 1912, Hon. SERENO E. PAYNE strongly defended the rates of duty on hosiery incorporated in the Payne tariff law and insisted that the report of the Tariff Board on the cotton schedule submitted no facts justifying a change in hosiery rates of duty.

It can be said without fear of contradiction that Mr. PAYNE during the revision of the Dingley law made a thorough investigation of hosiery costs both here and abroad.

That German manufacturers of hosiery are closely watching tariff legislation in this country confidently expecting a reduction in rates of duty which will allow them to control our market is indicated by the following quotation from the leading trade paper in Chemnitz:

[From the Deutsche Wirker Zeitung, May 23, 1912.]

"England also operated at a some more lively rate in the local market and in America and placed nice orders in fine-gauge qualities. This was taken as proof that America, if fashion so wills, is not entirely independent of the Saxon production. Optimists went so far that America—that is, the United States—would eventually have to buy Saxon staple articles, as the new election in all probability promises to bring about a change in the tariff in our favor."

Another quotation from the same German paper, of May 16, 1912, shows the German hosiery manufacturers fear competition from Japan fully as much as American manufacturers do:

"In Japan may arise a rather important competitor to our stocking industry. At the local board of commerce was shown a collection of Japanese manufacture marked with prices which would not cover the cost of production if they had to be made here. We do not consider them equal to our product. The material is inferior, but a low price is for certain countries often the only factor, and therefore it is to be feared that the large business we are doing at present in countries like Turkey in Asia and Egypt, etc., can be torn from our hands."

From time to time, as the facts reach me, I shall call the attention of the Senate to similar cases in connection with other industries where the intent of Congress has been destroyed.

Being in possession of these facts, hosiery workers and manufacturers have just reason to be alarmed at a further reduction in the rates of duty on hosiery and may well hesitate before casting their votes in the coming election in favor of a party pledged to revise the cotton schedule downward on a "tariff-for-revenue-only" basis.

Cost of producing one dozen pairs of fashioned hose retailing at 25 cents, 35 cents, and 50 cents per pair.

[These figures have been prepared under the supervision of the Hosiery Manufacturers' legislative committee, C. H. Brown, chairman.]

	25 cents.	35 cents.	50 cents.
YARN PER DOZEN PAIRS.			
Main yarn	$0.525	$0.84	$1.19
Splicing yarn	.08	.09	.17
Looping yarn	.002	.002	.002
Seaming yarn	.007	.008	.008
	.614	.94	1.37
LABOR PER DOZEN PAIRS.			
Knitting legs	.19	.23	.27
Knitting feet	.10	.125	.15
Topping	.05	.07	.08

Cost of producing one dozen pairs of fashioned hose retailing at 25 cents, 35 cents, and 50 cents per pair—Continued.

	25 cents.	35 cents.	50 cents.
LABOR PER DOZEN PAIRS—continued.			
Looping	$0.065	$0.07	$0.08
Seaming	.07	.08	.09
Mending	.04	.05	.05
Turning	.005	.005	.005
Winding	.02	.03	.05
Boarding	.04	.06	.07
Pressing	.01	.01	.01
Pairing and packing	.05	.06	.07
General expense	.10	.10	.10
Mill expense	.125	.15	.175
	.865	1.04	1.20
SUNDRY ITEMS OF EXPENSE PER ONE DOZEN PAIRS.			
Dyeing and singeing	.105	.10	10
Bands and labels	.004	.005	.006
Packing cases	.01	.01	.01
Paper boxes	.05	.06	.075
Commission	.055	.076	.10
Discount	.046	.062	.083
Seconds	.013	.045	.08
Freight	.007	.007	.007
	.290	.365	.461
Total cost per dozen	1.769	2.345	3.031
Manufacturer's profit	.081	.105	.319
Wholesale price	1.85	2.45	3.35
Middleman's profit	1.15	1.75	2.65
Retail price	3.00	4.20	6.00

The following article appeared in the Washington Star on July 29:

"GERMANY FOR HIGH TARIFF—MERCHANTS INSIST ON PROTECTIVE SCHEDULES, SAYS HERR SYDOW.

[Foreign correspondence of the Star.]

"BERLIN, *July 15, 1912.*

"Herr Sydow, the Prussian minister of commerce, stated in his speech at Crofeld that German merchants and manufacturers insist upon the maintenance of a high protective tariff as the sheet anchor of German trade.

"In the course of a trip through the industrial regions the minister declared that it had been borne in upon him from all sides that the German business world sees its salvation in 'the highest possible tariffs on the goods of foreign competitors and the most liberal terms for the export of German goods.'"

While Germany is agitating the question of a higher tariff at home her manufacturers boldly attempt to influence tariff legislation in other countries, especially in America, and in this connection, I think, letters in my possession should be printed in the RECORD, showing, as they do, that German manufacturers have sent to this country a large amount of money with explicit directions as to how it should be used to obtain a revision of our tariff downward, even stating the rate of duty on bronze powders, which would give them control of this market.

Mr. NEWLANDS. May I ask the Senator from Pennsylvania what bills the majority of the Republicans of the Finance Committee are ready to present to Congress for immediate action?

Mr. PENROSE. Does the Senator refer to tariff legislation?

Mr. NEWLANDS. Yes; to tariff legislation.

Mr. PENROSE. There is no tariff legislation now pending before the Finance Committee. No legislation of that character can originate in the Senate. All that we can do is to await the action of the House of Representatives.

Mr. NEWLANDS. The Senator well knows the Republican Party now is divided into two factions, the stand-pat and the progressive, and that the legislation which has been produced as the result of the joint efforts of the Democrats and the Progressive Republicans has been vetoed by the President.

Mr. SIMMONS. Mr. President, there is so much confusion in the Chamber that we are unable to hear anything that the Senator is saying.

The PRESIDENT pro tempore. Senators will please refrain from audible conversation in the Chamber and take their seats.

Mr. NEWLANDS. I was stating, when interrupted, that the Senator from Pennsylvania is aware of the fact that the dominant party is divided into two factions, the stand-pat and the progressive; that the legislation which has been presented by the Democratic Party regarding the tariff has been defeated by the action of this body; and that the legislation which has been the result of the joint efforts of the Democrats and the Progressive Republicans has been vetoed by the President. He is also aware of the fact that the President has indicated a willingness to present to Congress certain bills which have been framed or are to be framed pursuant to the findings of fact of the Tariff Board, and that it is possible to have those bills enacted into law.

I wish to ask the Senator from Pennsylvania, the chairman of the Finance Committee, what bills making a revision of the

tariff the stand-pat element of the Republican Party is willing to present for immediate action by Congress, so that they can receive the approval of the President, with a view to giving the people of the United States some measure of reduction in excessive tariff duties, which they have been demanding?

Mr. PENROSE. Mr. President, the majority of the Republican members of the Finance Committee have presented two bills to the Senate. One is the sugar schedule, embodying their ideas of what would be a safe reduction and a modification of the schedule, and at the same time afford an adequate protection to the growing industry, particularly of beet-sugar raising in the United States. It appears to be impossible to get the House of Representatives even to consider the Senate amendments on the sugar schedule.

The Republican Members, or a majority of them, presented a wool bill to the Senate, which failed of passage owing to well-known conditions existing in this body. That bill embodied the views of the majority of the Republican Members on the committee and of the Senate on the wool schedule, indicating a very substantial reduction in the rates of that schedule, and being about as far as the Republicans are willing to go at this time. The measure was one which not only afforded very substantial reductions, but at the same time seemed to the committee to give adequate protection from the Republican point of view to the industries affected.

The Senate can not originate tariff legislation. We must await the action of the House. Five or six months elapsed without any indication at the other end of the Capitol that it was contemplated bringing up the cotton schedule, and all we could do has been to wait. I do not want to criticize the other body, and I do not criticize it at this time. I am simply stating a fact.

Mr. NEWLANDS. Am I to understand then, Mr. President, that the dominant portion of the Republican Party is ready to present only two bills—the sugar bill and the wool bill?

Mr. PENROSE. I have already stated, Mr. President, the position——

Mr. NEWLANDS. How about the steel bill?

Mr. PENROSE. The position of the majority, as I understand it, of the Republican members of the Senate and of the President is that it is only incumbent on us to take up tariff revision where the Tariff Board has made a report. That report has been made in the case of the wool schedule and the cotton schedule.

Mr. NEWLANDS. May I ask regarding the steel schedule. Has any bill been prepared?

Mr. PENROSE. No bill has been prepared on the steel schedule. That was a schedule where admittedly very great reductions were made in the Payne bill. The schedule was not in any way taken up by the Tariff Board. No data, such as the trend of thought indicates should be had before revision is made, was available on the metal schedule, and the Senator well knows that no effort was made to present a bill.

Mr. NEWLANDS. May I ask whether the dominant faction of the Republican Party is ready to present a bill on the cotton schedule?

Mr. PENROSE. I have already explained to the Senator that we are not ready to present a bill on the cotton schedule; neither is it reasonable to expect us to present a bill on the cotton schedule, as every Senator knows.

Mr. NEWLANDS. The findings of the Tariff Board have been made with reference to that.

Mr. PENROSE. They have been made, and five months elapsed without any indication being given on the part of the Members of the House of Representatives that it was their intention to send a cotton bill to the Senate. It is well known, Mr. President, to every Senator and to every Member of the House that after the appropriation bills are passed there will not be a quorum held in Washington in either branch of Congress.

Mr. NEWLANDS. My only purpose is to inquire what tariff reduction is within immediate reach by some understanding between the Senate and the House and the President, all of whom profess to be for a reduction, but all of whom as yet have been unable to agree as to the precise reduction that should be made.

I understand the Senator to say that the Republican Party is prepared to act upon two schedules—the sugar schedule and the wool schedule. I ask the Senator what is the average reduction in existing conditions made by the wool schedule, both on the raw wool and on the manufactured material?

Mr. PENROSE. Mr. President, I am unwilling to go into a discussion with the Senator from Nevada as to the wool bill; it is not before the Senate.

Mr. NEWLANDS. Can the Senator answer regarding the sugar schedule?

Mr. BRISTOW. Mr. President——

Mr. NEWLANDS. I will cease interrogating the Senator from Pennsylvania, and I shall not take up the time of the Senate in the discussion of this matter. Does the Senator from Kansas wish to make an inquiry?

Mr. BRISTOW. The Senator made an inquiry about the sugar bill. I desire to say that the House refuses to accept the sugar bill as passed by the Senate, and there seems to be no hope of getting it passed. As the Senator from Nevada knows, it makes very material reduction; it takes out of the present law features that have been complained of very bitterly by the Democratic Party as well as by a number of the Republicans, and I think it would be well, if the Senator will permit me to suggest it, if we are to have legislation that will meet the Executive approval to reduce duties, any energy the Senator from Nevada can exercise on his friends in the House of Representatives to get them to pass the sugar bill will bring about a result which he desires very much, and which I think would be of great benefit to the country and in exact harmony with the Democratic Party's declaration in their platform as well as in the letter of acceptance of their candidate, Mr. Wilson.

Mr. NEWLANDS. Mr. President, it is not my intention to enter into any discussion of this matter at the present time. I simply wished to ascertain what bills the dominant faction of the Republican Party with which the President is identified is willing to present with a view to their immediate passage. It seems to me in view of the fact that the people of the United States demand a reduction of duties, in view of the fact that the House of Representatives desires a reduction of duties, the fact that the Senate of the United States desires a reduction of duties, the fact that the President of the United States desires a reduction of duties, it would be a signal failure of representative government if we fail to secure some reduction in duties at this session of Congress.

Mr. PENROSE. Mr. President——

Mr. NEWLANDS. If the Senator will just permit me to complete my sentence. There is a method of bringing the Senate and the House into agreement where they disagree through conferees appointed by both Houses. There is as yet no method provided by law or by custom for bringing the President, the House, and the Senate into agreement where they disagree with reference to an important matter of legislation. It seems to me it is highly desirable that some machinery should be provided and the very method which we have adopted with reference to bringing the House and the Senate into agreement could be availed of with a view to bringing the President into agreement with both Houses. That would be a committee of conference of which three should be appointed by the Senate and three by the House with a view to conferring with the President upon the important subject of bringing these three important bodies, charged with responsibility, in agreement, when they all agree that some relief should be immediately afforded.

Mr. LODGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Massachusetts?

Mr. NEWLANDS. Certainly.

Mr. LODGE. I merely desire, if the Senator will permit me, to call his attention to the fact that the Senate appointed a committee to confer with President Madison and President Madison then took the ground that the President could not confer with committees of the Houses; that he could communicate only with the Senate of the United States or with the House of Representatives, or both; that he could not recognize the committees, and I think he was absolutely right.

Mr. NEWLANDS. I am inclined, Mr. President, without an examination of the authorities at all, to say that I think it is absolutely wrong. It does not seem to be the practical thing at all, where three bodies charged with responsibility by the people for legislation upon certain subjects with reference to which relief is necessary, where the people and all three bodies agree that relief is necessary—that there should not be some practical business method by which they could be brought into conference and into agreement. We already have an indication from the President of the United States in a message that he is willing to go into an agreement, for he makes an offer of certain legislation. So far as I am concerned, I am prepared to accept an offer of any legislation that will reduce the intolerable burdens of the tariff now existing.

The PRESIDENT pro tempore. The reading of the bill will be proceeded with.

Mr. DU PONT. I ask unanimous consent that the Senate take a recess not later than 6 o'clock to-day, to reconvene at 8 o'clock, the evening session to be devoted to the consideration of the Army appropriation bill.

Mr. PENROSE. Exclusively.

Mr. DU PONT. Exclusively. It is very important that that measure should be acted upon, because it will lead to protracted discussion in conference and will take a great deal of time. While that discussion is going on in the conference other measures can be considered in the Senate.

Mr. SIMMONS. What does the Senator desire taken up?

Mr. DU PONT. The Army appropriation bill.

Mr. JOHNSTON of Alabama. I want to say that I hope very much that will be done. It will expedite the public business, and I think it will hasten the adjournment of Congress. The bill will have to go to conference. It has come from the other House just exactly as they originally passed it, and it comes back to the Senate from our committee just as it did before. I think in 30 minutes we would be prepared to send the bill to conference.

Mr. LODGE. I desire to say that I hope the request will be granted. It will enable us to dispose of the Army appropriation bill this evening.

The PRESIDENT pro tempore. The Senator from Delaware asks unanimous consent that at 6 o'clock this evening the Senate take a recess until 8 o'clock, the evening session to be devoted exclusively to the consideration of the Army appropriation bill.

Mr. BACON. I do not object to the bill being taken up just as soon as it can be reached. I am willing to come here at the early hour of 10 o'clock, after having been engaged every day very much earlier than that in other matters, and to devote the whole day up to 7 o'clock, if Senators wish, to public business; but, Mr. President, with our experience last week, it is too much to ask Senators who devote their whole time here from 10 o'clock in the morning until 7 o'clock at night after that to come back. If we remain in session until 7 o'clock to-night the work can be done.

Mr. LODGE. The object can be accomplished by a motion, but I think it is a great deal better that we should have an agreement. We certainly are all interested in getting the bill passed, and I think that there should be some consideration shown to each of us.

Mr. BACON. There is no trouble, Mr. President, about the bill being taken up, I presume, at some time during the day, if it is so desired. I presume the regular order will be laid aside now if the Senator desires that the Army appropriation bill be taken up.

Mr. LODGE. Oh, no, the regular order can not be laid aside now.

Mr. DU PONT. I will say to the Senator from Georgia that I have made every effort to have the regular order laid aside, but no one will yield. The consideration of the pending measure is insisted upon on both sides of the Chamber, and I can see no other way by which the Army appropriation bill can be considered, except in the manner in which I have suggested.

Mr. LODGE. Mr. President, it seems to me a most reasonable request, and it will facilitate business.

Mr. BACON. Mr. President, it is not an unreasonable request that this bill should be expedited, and I am in sympathy with that. The only suggestion I am making is that we can probably, without a night session, accomplish the object desired. That is the only objection I have to it. I want the bill taken up, discussed, and disposed of.

Mr. JOHNSTON of Alabama. If we can pass it without a night session, we will do so.

Mr. PENROSE. I hope the Senator from Georgia will not object.

The PRESIDENT pro tempore. Is there objection?

Mr. McCUMBER. Mr. President, I have no objection to taking up and disposing of the appropriation bills as rapidly as possible. There is a bill, however, which has been before the two Houses very much longer than the Army appropriation bill; one which, I presume, we can dispose of to-day, and which ought to be disposed of, because we are behind in the payments provided by that bill. I refer to the pension appropriation bill that is again before the Senate. It reached the Senate a month or two before the Army appropriation bill, and, under the circumstances, I feel that we ought to try to get at that and dispose of it. I think Mr. President, we have now reached a point where we can probably agree and I wish to get a vote on the measure this afternoon. If we get through with this other matter before 6 o'clock or 7 o'clock, and can take a vote upon the proposition, which I will make, then I will agree with the Senator to vote for an evening session, but at present I will have to object to the agreement being made.

The PRESIDENT pro tempore. Objection is made. The reading of the bill will be proceeded with.

Mr. JOHNSTON of Alabama. Who made the objection?

The PRESIDENT pro tempore. The Senator from North Dakota [Mr. McCUMBER].

Mr. JOHNSTON of Alabama. Then, I shall object to the consideration of the pension appropriation bill.

The PRESIDENT pro tempore. Objection is made. The reading of the bill will be proceeded with.

Mr. SIMMONS. Mr. President, the bill which is now before the Senate is identical in its provisions, except as to the date when it shall become effective, with the cotton bill which passed the House during the special session of Congress and which was acted upon by the Senate and vetoed by the President. The chief reason given by the President for his veto was that there had been no report upon the cotton schedule by the Tariff Board. Since the last session of Congress and since the veto by the President that board has made its report, and it has been transmitted to Congress by the President, with the recommendation that Congress proceed to the consideration of this schedule, with a view to the revision and reduction of its rates. The House, after taking that report into consideration and making a very careful analysis of it, reached the conclusion that there was nothing in the report that called for any change in the bill which it had passed at the last session, and therefore the Ways and Means Committee rereported the old bill and it was passed and is now before the Senate.

Mr. President, in that connection I will ask, without reading, to incorporate in the RECORD as an appendix to my remarks an analysis of the report of the Tariff Board upon the cotton schedule.

The PRESIDENT pro tempore. Without objection, permission is granted.

Mr. SIMMONS. Mr. President, it is proper that I should state briefly, and in general terms, the extent to which this bill, if it shall become a law, will reduce existing rates upon the manufactures of cotton. The bill contains only 14 paragraphs. The average reduction of rates made in these paragraphs is about 44 per cent. The average ad valorem rate upon the manufactures of cotton under the present law is 48.12 per cent. The average rate in the pending bill is 27 per cent. Referring to it more specifically and by paragraphs, in the first paragraph, which relates to cotton thread, carded yarn, combed yarn, warps or warp yarn, and so on, the present duties average 32 per cent; the duties in the House bill are 14.11 per cent. On spool thread of cotton, crochet, darning and embroidery cotton, and so on, embraced in paragraph 2, the present duties are 26.63 per cent, and in the bill 15 per cent.

On cotton cloth, not bleached, dyed, colored, stained, painted, printed, or mercerized, containing yarn the highest number of which shall not exceed No. 50, and so on, the present duties are 42.46 per cent, while those in the bill are 24.51 per cent.

On handkerchiefs or mufflers composed of cotton, whether in the piece or otherwise, and whether finished or unfinished, embraced in paragraph 6, the present duties are 50 per cent, and the proposed duties 30 per cent.

On plushes, velvets, velvetines, corduroys, and all pile fabrics, cut or uncut, and so on, embraced in paragraph 8, the present duties are 54.33 per cent, and the proposed duties 30 per cent.

On curtains, table covers, and all articles manufactured of cotton chenille, or of which cotton chenille is a component material, embraced in paragraph 9, the present duties are 50 per cent, and the proposed duties 35 per cent.

On stockings, hose, and half hose, embraced in paragraph 10, the present duties are 30 per cent, and the proposed duties 20 per cent.

On stockings, hose, and half hose, known as the seamless stocking, embraced in paragraph 11, the present duties are 71 per cent and the proposed duties from 35 to 40 per cent, according to value.

On shirts and drawers, pants, vests, union suits, combination suits, and so on, embraced in paragraph 12, the present duties are 59 per cent, and the proposed duties 30 per cent.

On bandings, belting, bindings, bone casings, cords, garters, ribbons, and so on, embraced in paragraph 13, the present duties are 36.97 per cent, and the proposed duties from 15 to 25 per cent, according to value.

On cotton table damask and manufactures of cotton table damask, embraced in paragraph 14, the present duties are 40 per cent. and the proposed duties 25 per cent.

On towels, bath mats, quilts, blankets, polishing cloths, wash rags, sheets, and batting, embraced in paragraph 15, the present duties are 45 per cent, and the proposed duties 25 per cent.

On articles made from cotton cloth, whether finished or unfinished, and all manufactures of cotton or of which cotton is the component material of chief value, not specially provided for, embraced in paragraph 16, the present duties are 45 per cent. and the proposed duties 30 per cent.

Mr. President, this matter has been so thoroughly discussed in the other branch of Congress during this and at the special

session of 1911, and it was so fully discussed here during the special session, that I do not think, in view of the conditions which now obtain and the anxiety of all Members of the Senate and of the House to act upon these matters as quickly as possible and with as little discussion as possible, there is any necessity for any further elaboration of the general purpose of this bill than the statement I have made as to the reductions.

The amount of imports of cotton manufactures now is about $28,000,000. It is estimated that under the stimulus that would be given by the reduction of rates in this bill there would be an increase in those importations, running them up to about $39,000,000. There will not be quite so much revenue from this source as under the present law, because of the reductions made, but the amount of revenue lost will not be more than about $3,000,000.

Mr. POMERENE. I should like to ask the Senator whether he has in mind what the present revenues are derivable from this schedule?

Mr. SIMMONS. I can furnish the Senator with that. The revenues under the present law are about $13,673,801. It is estimated that under this bill the revenues will amount to $10,509,000.

APPENDIX.

ANALYSIS OF TARIFF BOARD'S REPORT—SCOPE OF ANALYSIS.

The following discussion of the Tariff Board's report on cotton manufactures deals with (1) the theoretical basis upon which the report is founded; (2) the character of its data, statistical methods, and the qualities which entitle it to confidence, or the reverse; and (3) interpretation of the board's report and the attempt to apply the same to the tariff situation. The first of these phases of the discussion demands no elaborate treatment inasmuch as the ideas involved in it have already been presented by the committee in its report on the wool bill (H. R. 22195). (H. Rept. No. 455, 62d Cong., 2d sess.)

COST-OF-PRODUCTION THEORY.

As in the report on wool and manufactures of wool, so in its report on cotton manufactures, the board technically accepts the theory that the tariff is in some way dependent upon or related to the cost of producing the goods, and a considerable portion of the cotton report consists of a study of costs of producing cotton yarns and fabrics. The investigation of the board was conducted chiefly in the United States, although some data purporting to show foreign costs are presented in the report. A new element in the form of the analysis of prices has been projected by the board; these and its study of trade conditions are both factors in the problem which received no considerable attention in the report on wool and manufactures of wool. This change in method will be considered hereafter. At this point it is necessary to note, first, that, notwithstanding the shift to the price basis of study, the board adheres to the comparative cost-of-production theory as a basis for fixing tariff duties, and the larger part of its report consists of an analysis of what is called costs, or, more correctly stated, money expenses of production.

In the committee's report on the wool bill, H. R. 22195 (H. Rept. No. 455, 62 Cong., 2d sess.), some familiar economic reasoning was reviewed bearing upon the cost of production theory as a regulator of tariff duties. What was said in that report applies with equal force to the use of the same theory with regard to rates of duty for cotton manufactures. The remarks made in that report with reference to the abstract basis of the cost of production theory, the relationship between prices and costs, variations in costs, the importance of ascertaining accurate comparative costs, and the general futile character of this mode of inquiry are applicable to the report of the Tariff Board on manufactures of cotton. All that was said on these subjects in discussing the report of the Tariff Board on wool and manufactures of wool is equally applicable to the report on cotton manufactures in so far as the report is based upon the theory of comparative costs of production.

EVASION OF TARIFF ISSUE.

It was pointed out in House Report No. 455 (62d Cong., 2d sess.) that the Tariff Board report on wool was not in reality a tariff document. This comment is also applicable to the report on cotton manufactures, though the latter contains much more material than the former concerning rates of duty and the method by which they have been levied. However, nowhere in the report is there any recommendation as to the proper course to be pursued in adjusting the tariff, the reader being left to draw his own conclusions as to this from the data presented. As in the report on wool, the board has nothing to say respecting the duties as affecting capital or labor, the profits of the manufacturing concerns engaged in the industry, and practically nothing relative to the general influence of the present tariff on the status of the industry. The Tariff Board report, now before Congress, consists of two parts. One part contains the President's message, letter of submittal, summary of findings, and a so-called "glossary," in which are given definitions of the terms used in tariff legislation; matter relative to production, importation, consumption, and processes of manufacture in the United States and in other countries. The other part consists of a study of the relative costs of production, prices, and wages for the cotton industry. The board adds that this investigation has been conducted "with special reference to the existing rates of duty," a description not fully borne out by a careful examination of the text.

VALUE OF REPORT.

Part 1 will be of service to the public in explaining the terminology of the tariff and the significance of the existing rates. It contains little that was not already available to any Member of Congress who chose to avail himself of the facilities at hand. It is essentially a clerical or library compilation from printed sources, and as such affords little of service to the practical legislator other than its convenient form. Much of the material has been given in an even more complete manner in the report of the Ways and Means Committee to accompany H. R. 12812 (H. Rept. No. 65, 62d Cong., 1st sess.). A considerable portion of the board's report has been prepared by drawing upon technical works relating to cotton manufactures. Part 2 deals with the cost of producing cotton yarn in the United States and in England, and the cost of producing fabrics in these countries. It includes a study of the cost of finishing cloth and putting it through different processes, such as bleaching, dyeing, mercerizing, and the like. It also includes a study of cotton-mill efficiency, the wages of employees in the industry, and a section is devoted to knit goods. Detailed figures are given in the appendices, but consideration of these appendices may be omitted in view of the fact that they supply merely the material upon which the board has drawn in presenting its general discussion. The portion of the report which should receive attention is found on pages 349 to 666. A considerable portion of the material, even in this part of the report, consists of figures that are not required for the discussion. Much of the material has practically been covered in another form in the reports on the cotton industry made during the last two years by the Immigration Commission and by the Bureau of Labor. The total amount of data, therefore, comprised within the pages named must be materially cut down, if one desires to ascertain the exact scope of the report, which is new and worthy of detailed study at this time.

SOURCE OF COST DATA.

The Tariff Board is specific in furnishing the names of the American mills from which data were obtained during the cotton investigation, and notwithstanding that these data are presented in a way not to involve publishing the facts as to any particular mill (each mill being referred to by a number, so that identification of the data would be impossible), yet the board has failed to furnish similar information with reference to the alleged costs it obtained from mills in England. The board presents alleged costs for seven different yarn manufacturing plants in the Lancashire district, the mills being numbered from 1 to 8, and the data being presented according to the mills as thus numbered. Having been officially requested by the Ways and Means Committee for the names of the mills thus considered in England on the same basis as given for the United States, the Tariff Board has declined to comply with the request. This is on the stated ground that the information from abroad was obtained under seal of confidence and in a way that prohibits the board from making the facts known in any manner that would result in publicity. The absence of any statement in the report concerning the methods that were adopted in getting the costs from these mills naturally raises a question as to whether they were obtained in the same manner as in the United States. In response to an inquiry addressed by the chairman of the Ways and Means Committee to the chairman of the Tariff Board, Chairman Emery does not state that the English mill costs were obtained by the agents of the board. His language is:

"The manufacturing costs of yarn in the English mills were taken directly from the books of the mills by sworn chartered accountants and checked by another set of sworn chartered accountants."

Who the chartered accountants referred to were and whether they were or were not in the employ of the board is not indicated, but the inference may be that none of them were employed by the board and that the figures which are offered as representing costs in the English mills were not obtained directly from the books by persons over whom the board had control.

In his reply to the letter of the chairman of the Ways and Means Committee, Chairman Emery continues his explanation of the way in which these data were computed, as follows:

"The cost figures secured by these chartered accountants for a complete year's operation were transferred to our schedule forms as used for American mills, except that productive and nonproductive labor, which are given separately for the American mills, were combined under one head—'labor'—in the English mills."

Apparently, therefore, the schedules were not filled out directly from the mill books, and it is thus obvious that serious doubt exists as to the nature of the yarn cost figures which are said to have been obtained in England by the Tariff Board. Should, however, these costs be accepted as correct, their comparability is open to the following objections:

1. The board does not state the year to which the data for England relate, nor does it advise whether that year was identical with the year for which information was obtained from American mills.

2. The board fails to state whether the mills in England were running full time; or, if not, whether the data were reduced to a basis of full-time operation; or whether the hours during which those mills worked were comparable with the operation of the selected mills in the United States.

3. The fact that the board states that the figures for the English mills did not distinguish between productive and nonproductive labor, as was done in the American mills, introduces a distinct element of noncomparability into the returns.

4. The mills in the United States from which the yarn costs were obtained appear to have been mills that were engaged both in spinning and weaving. This was not the case with the English mills, which it is understood were devoted to yarn production exclusively.

Inasmuch as the English cost computations shown are worked out to four decimal places, and as a variation in any one of the points above enumerated would very largely affect a computation nominally so close as this, it must be admitted that the data are not entitled to the credence as a basis for the ascertainment of comparative yarn costs in the two countries which the board apparently reposes in them. Since these costs are the only ones given in the report that profess to have been obtained direct from books, the conclusion is inevitable that the report does not afford any data whatever on actual costs in foreign countries, certainly none that has been obtained upon a basis identical with, or even closely similar to, that which was adopted in the United States. It is therefore impossible to accept as final the conclusions of the board on this subject.

With reference to the source of information for the cloth costs, it appears that the board has followed the sample method adopted by it in the wool report—that is to say, it has taken selected cloth samples and obtained figures from representative makers with reference to the cost of producing cloths of the kinds indicated. These costs were obtained by representatives of the board from the mills visited in connection with the general cost investigation. In the case of every mill investigated all the costs incurred in the production of its products were noted. The costs of the cloths were worked out, as explained in the report of the board, independently of the mill's own figures. Granting that the data thus obtained were the best that could be secured under the sample method, it does not appear that any considerable value should be assigned to them. Experience shows that such estimates of costs on samples are seldom satisfactory, and the board's report itself indicates how misleading they must have been for any tariff purpose, since in the cost of many samples a low and high cost is stated, the variation between the two being in many instances very wide.

It may be said that this variation corresponds to the actual variation of costs found in mills of different efficiency, but there is no authority for asserting that this is the case, since the variation may quite as easily arise from the circumstances under which the given mills were being operated; that is, whether on full time or part time, and whether with efficient or inefficient machinery. Unless it were known to what mills the costs thus afforded relate, it would be out of the question to regard them as accurately indicating actual costs of manufacture in the United States. Still less could such costs for foreign countries be regarded as trustworthy. For these reasons, therefore, the authority upon which the cost data on cloths were secured must be regarded as exceedingly unsatisfactory, and hence the conclusions based on them must be rejected or treated with great caution.

USE OF PRICE FIGURES.

It should, moreover, be noted in examining the cotton report of the Tariff Board that the board has made a marked departure from the methods employed in the wool report. In the latter the discussion was primarily based upon supposed cost figures which had been obtained from selected mills or which had been secured with reference to chosen samples of cloth. The theory acted upon was that the proper rate of duty to be levied upon a given article could be determined by ascertaining the cost of production of that article at home and abroad and computing the difference as a percentage on the foreign money costs thus stated.

In the cotton investigation the board recognized that the data with reference to costs are insufficient and that it would be impossible to base findings upon these cost returns. Hence, recourse is had to price figures to establish the relative position of various countries with reference to competition in specified products. As the board expresses it (p. 11):

"For tariff purposes, however, valuable conclusions may be drawn from a comparison of relative prices under competitive conditions in this and other countries and from a comparison of duties with domestic production costs."

This means that since, as the board states it (p. 11), "in the matter of turning yarn into woven fabrics the board was unable to secure such detailed foreign-cost figures as in the case of spinning," it has been obliged to abandon the cost idea entirely, and "for tariff purposes" it draws its conclusions by comparing prices under competitive conditions and by ascertaining the relationship between rates of duty and domestic costs of production. This method has always been employed by careful legislative committees in dealing with the tariff. These committees have sought to secure data with reference to prices through official sources and by the aid of special agents. They, moreover, have sought to obtain facts as to domestic costs by interrogating manufacturers and by obtaining, from the latter, estimates with reference to the sums for which they could produce given articles of manufacture under existing conditions; then on the strength of these data the effort has been to make the proper adjustment of duties.

In accepting this same plan the Tariff Board has practically abandoned the object for which President Taft stated it had been created, namely, to ascertain the cost of production at home and abroad, and consequently the amount of tariff duty required to place the domestic producer on an equal competitive basis with the foreigner, and at the same time afford the American manufacturer a reasonable profit. The question presented, then, in determining the value of the board's report as compared with what has been done on the same subject on former occasions, is whether the board has obtained more and better price data than were obtained by committees of Congress working independently. The fact remains that the board has made a wide departure from the theory upon which its former reports have been prepared, and in examining the cotton report care should be taken to segregate those conclusions which are based upon its new method of investigation from those arising from the use of the old cost of production plan.

COMPETITIVE STATUS AS TO RAW MATERIAL.

Little or nothing need be said of the position of the cotton industry with regard to raw material in the United States and in foreign countries. In this respect the problem of the cotton industry is very widely at variance with that discovered in the wool and woolen investigation. There is no duty on raw cotton in the United States and none in England, the latter country being, as the board points out, our principal competitor. As the board plainly states (p. 8):

"In the cost of raw material there is practically no advantage possessed by either country. Any general difference in price between England and the United States is less than occurs from mill to mill or month to month in either country."

That being true, England, our principal competitor, may be taken as having substantially as favorable access to raw material as the United States—both countries being regarded in their entirties; special cases where an advantage of location exists, as in the case of our southern cotton mills, being neglected.

YARNS.

The fundamental work done by the Tariff Board in connection with the limited analysis of cost of production in the United States and in England, undertaken by it in its report, is found in the section dealing with comparison of conversion costs of warp and filling yarns as found in various mills in England and the United States. Yarn is the first step away from the raw material and toward the finished product. The conversion costs which the board studied are those which it took from 7 English yarn mills. The 7 English mills are compared with 28 American mills. "For this comparison," says the board (p. 415), "we have selected warp yarns Nos. 28, 30, 36, 40, and 50, and filling yarns Nos. 26, 36, 38, 40, 50, 60, and 70. The costs on each count of yarn is given as found in 4 or more of 7 English mule spinning mills and in 2 or more of 28 American mills for which comparable data were secured." The question may arise at the outset why these particular English mills were selected for representative costs.

On this point unfortunately the board furnishes no information, thereby subjecting its report to the same character of criticism to which the wool report was liable. In fact, the board even admits that the basis thus taken for the study of comparative costs in yarn mills was not satisfactory. It points out that the English mills vary in size from 80,000 to 120,000 spindles each, while the American mills vary from 25,000 to over 500,000 spindles. All the English mills were in Lancashire, and therefore only a short distance apart; they pay wages that are more or less standardized and are subject to the same general conditions as to proximity to fuel, to raw materials, to selling markets, etc. The American mills are scattered over an extensive area of country, have no standard of wages, and work under very diverse conditions. The 7 English mills are all modern and well equipped, while many of the American mills are old, one being equipped with spinning and weaving machinery 60 years old. This evidently did not prove a satisfactory basis for the study of comparative costs, inasmuch as there was no selection of mills in either country with a view to the choice of establishments which could fairly be placed upon the same footing of industrial efficiency. It is not surprising therefore to find very wide variations in costs in the different mills. In Table 127 (p. 418), which gives the ring-spun yarn conversion cost in American mills, it appears that the cost of 26's ran from $0.026438 to $0.047417 per pound.

Here is a cost variation between mills of nearly 80 per cent. In the case of the finer yarns like variations are observable. No. 40 yarn ranged from $0.045110 to $0.074911 per pound, a variation in cost of about two-thirds. The same is true of other mills, which vary widely in the different districts of the United States. The board remarks (p. 419) that "the most striking feature about the costs given for the English mills is the very small range of costs for each number of yarn as compared with that found in the case of the American mills." The range in conversion cost was about 13 per cent in the case of all yarns for which cost data were secured in England. Bearing this point in mind, it is not difficult to account for the variation in conversion cost between the United States and England. There is no reason why the cost in the two countries should show any considerable degree of correspondence; and the board itself apparently recognizes this, inasmuch as in the table on page 409 it undertakes to present only the comparison of costs calculated for the most efficient American mill and the most efficient English mill for which data were available. The difference in costs is thus based upon the difference existing between the two most efficient mills of which the board had knowledge, one being in England and the other in the United States.

This would be much more satisfactory if there were information as to how efficient the mill selected in each country as the basis of comparison actually was as compared with other mills in the same country. But, as already noted, there is no way of ascertaining such facts from the board's report. It can not be known whether the seven or eight mills studied in England were more or less efficient than the average, unless it be stated how these mills were chosen by the board, nor can any conclusions be reached as to the judgment shown in obtaining representative mill costs. This, as already seen, applies with special force to the study of average costs, but it also applies in the same way to the comparison of costs at the most efficient mill chosen in either country. The board finds, on the basis of these comparisons, that the difference in conversion costs between the two countries as expressed in the form of a percentage of the English manufacturing cost in no case runs higher than 12 per cent. The board goes on to say (p. 423):

"It would be improper to give a difference based on the average costs for the mills in each country, since in the English mills are not included the highest-cost mills of England, but only a group of uniformly efficient mills, while an average of the figures for the United States would be, in some cases, made misleading by the inclusion of a disproportionate number of old mills operating at high cost."

It would appear, therefore, that the board practically accepts the idea that tariff duties should be based upon the difference in cost between the most efficient mills in the United States and Great Britain. But this, obviously, is a view which has not been worked out in practice, unless it be true that the mills selected by the board in Great Britain are the most efficient mills existing in that country, a statement which is not even remotely substantiated.

From the foregoing review of the board's figures, it is seen that the whole comparison between the yarn costs in the United States and Great Britain is based upon comparisons between two groups of mills, one in the United States, including a variety of mills, the other in England, including a small number of mills, and all said to be of high efficiency. This is simmered down to a comparison of costs in the most efficient mills shown for each country; and between these there is a difference in total conversion cost of cotton into yarn of less than 12 per cent of the total foreign cost expense (p. 423). It is important to note the extreme slenderness upon which this cost comparison is based, inasmuch as this basis is used by the board for the purpose of building up a large structure of cost comparisons for which no figures are available. The board says (p. 423):

"Comparison can be made between mills of any grade of efficiency from the detailed figures of English and American costs given below, and making the proper allowance for the additional 89 per cent to be added to labor and 34 per cent to works expense to allow for cost of spooling, reeling, and packing. Thus it is possible to compare the difference between the highest-cost mill in England and the highest-cost mill in the United States, or the lowest-cost mill in England with the highest-cost mill in the United States, and so on."

Again the board says (p. 425):

"Since the general ratio of the English costs to the American costs in yarn making has already been shown, an interesting comparison can be made between the duty on these yarns and the total conversion cost in the United States. It is obviously true that if the purpose is to compare duties with the difference in the cost of production here and abroad, this comparison can be made if we have the general ratio of foreign conversion cost to the domestic, and the ratio of the duty to the domestic conversion cost. * * * Thus if the English conversion cost is 50 per cent of the American conversion cost, then a duty which is 50 per cent of the American cost would offset the difference in cost of production. Or, if the English cost is 70 per cent of the American cost, this difference would then be offset by a duty which is 30 per cent of the American cost."

This appears to be an effort to establish a general cost relationship between the many kinds of yarn manufacture based upon the cost relationship which has been established for the yarns produced in certain specified mills. Of course this could be true only in the event that there was the same general relationship between various classes of mills in regard to their production. There is no basis whatever for any such assumption.

SEGREGATING YARN COSTS.

In its analysis of the cost of production of yarns the board undertakes to show the costs of a great variety of yarns of various numbers (pp. 398–426). When it comes to a discussion of cotton manufacturing in England, it seeks to present the detailed costs for the various numbers of yarns on a comparative basis. Before accepting any of these figures it is necessary to inquire how the segregation of costs between the different numbers of yarns was made. This point is met on page 377 of the board's report, where the board described the methods followed in the investigation. Of this it simply says:

"The next question requiring explanation is 8, yarns produced. The total quantity of yarn produced during the period under investi-

gation was taken, giving the quantity of each number (size) yarn, whether warp or filling, and the selling value, if the yarn was produced for sale."

This does not afford any information as to how the segregation of costs was made, and the board goes on as follows:

"With these data at hand the agents were in a position to ascertain accurately for themselves the cost of each kind of yarn rather than to merely accept the companies' own estimates of their costs. In cases where the pay of the employees engaged in the production of roving and of yarn was at a piece rate—that is, so much per hank of a given size of yarn—the direct labor cost of turning out a pound of every kind of yarn produced by the mill can be readily computed. In most mills, however, drawing-frame tenders and spinners are paid, not by the hank, but per side, a side of a spinning frame having anywhere from 152 to 240 spindles, and the spinner tends a certain number of sides. Nor is there always an accurate record kept of the output of each employee from week to week. A common practice in cotton mills is to estimate the cost of spinning on a so-called average number basis."

Then the board enters upon a further explanation as to why these methods of computation are not satisfactory and the description of the processes which it employed in apportioning costs among the different numbers of yarn. Of this it is sufficient to say that, according to the board's own statements, the method used by it in the process of computation is not that which is commonly employed in cotton mills, while the process of computation actually followed by the board is open to very severe criticism at several points; for example, the method of distributing works expense and fixed charges is apparently a machine-rate basis, the fixed charges being divided upon the assumption that the output of yarn per spindle may be taken as fairly indicating the relative proportion of the fixed charges which it ought to bear or which should be apportioned to it.

There is no positive warrant for such a method of comparison, and the adoption of it renders practically impossible a direct comparison with conditions in England, because of the difference in the systems of spinning employed. Moreover, the character of the mills studied in the United States varies greatly and was by no means analogous to that of the English yarn mills examined. For this and other similar reasons no confidence whatever can be placed in the United States costs of the different yarns as stated by the Tariff Board, while still less confidence can be placed in any comparisons between the cost of such yarns in the United States and the costs of similar yarns in England.

CONCLUSIONS AS TO YARNS.

From the analysis of comparative yarn costs for England and the United States as set forth by the board it may be concluded:

1. Comparing the most efficient mills in the United States and in Great Britain, the total conversion cost of yarn in England varied from 65 to 79 per cent of the American conversion cost (p. 9).

2. The cost of manufacturing yarn in an English mill is 72 per cent of the cost, exclusive of material, in an American mill (p. 9).

3. There are greater cost variations on a given number of yarn in certain mills of the United States than exist between given mills in the two countries.

4. In the case of nearly all yarns given there were domestic mills whose highest conversation cost was from 50 to 100 per cent greater than the lowest conversion cost.

5. The poorer mills in the United States are in much greater need of protection against the more efficient mills in this country than are our mills against the mills of Great Britain.

6. The difference in conversion costs between the two countries varies from 3.8 per cent to 11.9 per cent of the total cost of production in England, including raw material (p. 9).

Table 1 shows yarn costs in the United States and England, together with the ad valorem rate of duty necessary to equalize differences in costs.

The PRESIDENT pro tempore. The reading of the bill will be proceeded with.

The Secretary read the bill, as follows:

Be it enacted, etc., That on and after the 1st day of January, 1913, the articles hereinafter enumerated, described, and provided for shall, when imported from any foreign country into the United States or into any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), be subject to the payment of duties at the rates thereinafter provided; that is to say:

1. On cotton thread and carded yarn, combed yarn, warps or warp yarn, whether on beams or in bundles, skeins, or cops, or in any other form, except spool thread of cotton, crochet, darning, and embroidery cottons, hereinafter provided for, on all numbers up to and including No. 50, 10 per cent ad valorem; on all numbers above No. 50 and up to and including No. 100, 15 per cent ad valorem; on all numbers above No. 100, 20 per cent ad valorem. On cotton card laps, roping, sliver, or roving, 10 per cent ad valorem. On cotton waste and flocks, manufactured or otherwise advanced in value, 5 per cent ad valorem.

2. On spool thread of cotton, crochet, darning, and embroidery cottons, on spools, reels, or balls, or in skeins, cones, or tubes, or in any other form, 15 per cent ad valorem.

3. On cotton cloth, not bleached, dyed, colored, stained, painted, printed, or mercerized, containing yarn the highest number of which shall not exceed No. 50, 15 per cent ad valorem; containing yarn the highest number of which shall exceed No. 50 and shall not exceed No. 100, 20 per cent ad valorem; containing yarn the highest number of which shall exceed No. 100, 25 per cent ad valorem. On cotton cloth, when bleached, dyed, colored, stained, painted, printed, or mercerized, containing yarn the highest number of which shall not exceed No. 50, 20 per cent ad valorem; containing yarn the highest number of which shall exceed No. 50 and shall not exceed No. 100, 25 per cent ad valorem; containing yarn the highest number of which shall exceed No. 100, 30 per cent ad valorem.

4. The term cotton cloth, or cloth, wherever used in the paragraphs of this act, unless otherwise specially provided for, shall be held to include all woven fabrics of cotton, in the piece or cut in lengths, whether figured, fancy, or plain, and shall not include any article, finished or unfinished, made from cotton cloth. In the ascertainment of the value, upon which the duties imposed upon cotton cloth are made to depend, the entire fabric and all parts thereof shall be included.

5. On cloth composed of cotton or other vegetable fiber and silk, whether known as silk-striped sleeve linings, silk stripes, or otherwise, of which cotton or other vegetable fiber is the component material of chief value, and on tracing cloth, 30 per cent ad valorem; on cotton cloth filled or coated, all oilcloths (except silk oilcloths and oilcloths for floors), and cotton window hollands, 25 per cent ad valorem; on waterproof cloth composed of cotton or other vegetable fiber, whether composed in part of india rubber or otherwise, 25 per cent ad valorem.

6. On all handkerchiefs or mufflers composed of cotton, whether in the piece or otherwise and whether finished or unfinished, 30 per cent ad valorem.

7. On clothing, ready-made, and articles of wearing apparel of every description, composed of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value, made up or manufactured, wholly or in part, by the tailor, seamstress, or manufacturer, and not otherwise specially provided for in this act, 30 per cent ad valorem; on shirt collars and cuffs, of which cotton is the component material of chief value, 25 per cent ad valorem.

8. On plushes, velvets, velveteens, corduroys, and all pile fabrics, cut or uncut, whether or not the pile covers the entire surface; any of the foregoing composed of cotton or other vegetable fiber, except flax, and on manufactures of articles in any form, including such as are commonly known as bias dress facings or skirt bindings, made or cut from plushes, velvets, velveteens, corduroys, or other pile fabrics composed of cotton or other vegetable fiber, 30 per cent ad valorem.

9. On curtains, table covers, and all articles manufactured of cotton chenille, or of which cotton chenille is the component material of chief value, tapestries, and other Jacquard figured upholstery goods, composed wholly or in chief value of cotton or other vegetable fiber; on any of the foregoing, in the piece or otherwise, 35 per cent ad valorem.

10. On stockings, hose and half-hose, made on knitting machines or frames, composed of cotton or other vegetable fiber, and not otherwise specially provided for in this act, 20 per cent ad valorem.

11. On stockings, hose and half-hose, selvedged, fashioned, narrowed, or shaped wholly or in part by knitting machines or frames, or knit by hand, including such as are commercially known as seamless stockings, hose and half-hose, and clocked stockings, hose and half-hose, on all of the above composed of cotton or other vegetable fiber, finished or unfinished, 40 per cent ad valorem. On men's and boys' cotton gloves, knitted or woven, 35 per cent ad valorem.

12. On shirts and drawers, pants, vests, union suits, combination suits, tights, sweaters, corset covers, and all underwear of every description, made wholly or in part on knitting machines or frames, or knit by hand, finished or unfinished, not including stockings, hose, and half-hose, composed of cotton or other vegetable fiber, 30 per cent ad valorem.

13. On bandings, beltings, bindings, bone casings, cords, garters, ribbons, tire fabric or fabric suitable for use in pneumatic tires, suspenders and braces, tapes, tubing, and webs or webbing, any of the foregoing made of cotton or other vegetable fiber, or of which cotton or other vegetable fiber is the component material of chief value, whether composed in part of india rubber or otherwise, and not embroidered by hand or machinery, spindle banding, woven, braided, or twisted lamp, stove, or candle wicking made of cotton or other vegetable fiber, loom harness, healds, or collets made of cotton or other vegetable fiber, of which cotton or other vegetable fiber is the component material of chief value, boot, shoe, and corset lacings made of cotton or other vegetable fiber, and labels, for garments or other articles, composed of cotton or other vegetable fiber, 25 per cent ad valorem; on belting for machinery made of cotton or other vegetable fiber and india rubber, or of which cotton or other vegetable fiber is the component material of chief value, 15 per cent ad valorem.

14. On cotton table damask, and manufactures of cotton table damask, or of which cotton table damask is the component material of chief value, not specially provided for in this act, 25 per cent ad valorem.

15. On towels, doilies, bath mats, quilts, blankets, polishing cloths, mop cloths, wash rags, sheets, and batting, any of the foregoing made of cotton, or of which cotton is the component material of chief value, 25 per cent ad valorem.

16. On all articles made from cotton cloth, whether finished or unfinished, and all manufactures of cotton or of which cotton is the component material of chief value, not specially provided for in this act, 30 per cent ad valorem.

SEC. 2. That on and after the day when this act shall go into effect all goods, wares, and merchandise previously imported and hereinbefore enumerated, described, and provided for, for which no entry has been made, and all such goods, wares, and merchandise previously entered without payment of duty and under bond for warehousing, transportation, or any other purpose, for which no permit of delivery to the importer or his agent has been issued, shall be subjected to no other duty upon the entry or withdrawal thereof than the duty which would be imposed if such goods, wares, or merchandise were imported on or after that date.

SEC. 3. That all acts and parts of acts in conflict with the provisions of this act be, and the same are hereby, repealed. This act shall take effect and be in force on and after the 1st day of January, 1913.

The PRESIDENT pro tempore. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. KENYON. Mr. President, I desire to propose, at the request of the Senator from North Dakota [Mr. GRONNA], the amendment which I send to the desk, to be inserted at the close of the bill as a new section.

The PRESIDENT pro tempore. The Senator from Iowa, in behalf of the Senator from North Dakota [Mr. GRONNA], submits an amendment, which will be stated.

The SECRETARY. At the end of the bill it is proposed to add a new section, as follows:

SEC. 4. That sections 1 and 3 of the act entitled "An act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes," approved July 26, 1911, be, and are hereby, repealed.

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

Mr. SIMMONS. What is that amendment, Mr. President?

The PRESIDENT pro tempore. The amendment will be again stated.

The Secretary again stated the amendment.

Mr. SIMMONS. I understand; that is all right.

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

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer an amendment in the nature of a substitute for the House bill.

The PRESIDENT pro tempore. The Senator from Wisconsin offers an amendment, which will be stated.

The SECRETARY. It is proposed to strike out all after the enacting clause of the bill and insert:

That the act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August 5, 1909, be, and the same is hereby, amended by striking out all of the paragraphs of Schedule I of section 1 of said act, from 313 to 332, inclusive of both, and inserting in place thereof the following:

1. Cotton card laps, sliver, roving, or roping, 5 per cent ad valorem.

2. Cotton waste and flocks, manufactured, or manufactures of, 10 per cent ad valorem.

3. Cotton yarns, in the gray or otherwise, not advanced beyond the condition of singles by grouping or twisting two or more single yarns together, not exceeding No. 40, 7½ per cent ad valorem.

Exceeding No. 40 and not exceeding No. 80, 10 per cent ad valorem.

Exceeding No. 80, 15 per cent ad valorem.

4. Cotton yarn or thread not otherwise provided for, in the gray or otherwise, advanced beyond the condition of singles by grouping or twisting two or more single yarns together; and cable-laid yarns or threads, in the gray or otherwise, made by grouping or twisting two or more twisted yarns or threads together, shall be subject to the same rates of duty as the single yarns from which they are made, and in addition thereto 5 per cent ad valorem.

Spool thread of cotton, crochet, darning, and embroidery cottons, on spools, shall be dutiable at the same rates of duty as the single yarns from which they are made.

5. Cotton cloth, plain woven, in the gray, or bleached, dyed, colored, stained, painted, printed, mercerized, or otherwise finished, containing not more than 5 square yards to the pound, 5 per cent ad valorem.

Containing more than 5 and not more than 7½ square yards to the pound, 10 per cent ad valorem.

Containing more than 7½ square yards to the pound, 15 per cent ad valorem.

6. Cotton cloth, fancy woven, in the gray, or bleached, dyed, colored, stained, painted, printed, mercerized, or otherwise finished, containing figures produced by various weaving devices known as dobby, drop-box, leno, lappet, swivel, or any other name except Jacquard, 20 per cent ad valorem.

7. Cotton cloth woven by means of the Jacquard attachment, not otherwise provided for, 25 per cent ad valorem.

Cotton table damask, 25 per cent ad valorem; manufactures of cotton table damask, or of which cotton table damask is the component material of chief value, not specially provided for in this section, 25 per cent ad valorem.

8. Cloths containing silk or artificial silk, in which cotton is the component material of chief value, shall be subject to the same rates of duty as cotton cloths of similar weave, and in addition thereto 5 per cent ad valorem.

9. Cotton cloths filled or coated, in whole or in part, including oil-cloth of cotton; waterproof cloths composed of cotton or in which cotton is the component material of chief value, 20 per cent ad valorem.

10. Handkerchiefs or mufflers of cotton, in the piece or otherwise, finished or unfinished, hemstitched or not, not specially provided for, shall pay the same rate of duty as the cloth of which they are made, and in addition thereto 5 per cent ad valorem.

11. Plushes, velvets, and all pile fabrics made of cotton, or of which cotton is the component material of chief value, whether the pile covers the entire surface or not:

Uncut, 15 per cent ad valorem.

Cut, in whole or in part, 40 per cent ad valorem.

Provided, That manufactures or articles in any form, including such as are commonly known as bias dress facings or skirt bindings, made or cut from plushes, velvets, or other pile fabrics composed of cotton, or of which cotton is the component material of chief value, shall be subject to the same rates of duty as the fabrics from which they are made.

12. All articles manufactured of cotton chenille, or of which cotton chenille is the component material of chief value; cotton reps, Jacquard-figured tapestry, and Jacquard-figured upholstery goods, weighing over 6 ounces per square yard, made of cotton, or of which cotton is the component material of chief value, 40 per cent ad valorem.

13. Stockings, hose, and half hose, made wholly or in part on knitting machines or frames, commercially known as seamless, composed of cotton, or of which cotton is the component material of chief value, 20 per cent ad valorem.

14. Stockings, hose, or half hose, made wholly or in part on knitting machines or frames, or knit by hand, and commercially known as full-fashioned, composed of cotton, or of which cotton is the component material of chief value, valued at not more than $2 per dozen pairs, 50 per cent ad valorem; valued at more than $2 per dozen pairs, 60 per cent ad valorem.

15. All underwear of every description, made wholly or in part on knitting machines or frames, or knit by hand, finished or unfinished, not otherwise provided for, composed of cotton, or of which cotton is the component material of chief value, valued at not more thon $1.50 per dozen garments, 20 per cent ad valorem.

Valued at more than $1.50 per dozen garments and not more than $3 per dozen garments, 30 per cent ad valorem.

Valued at more than $3 per dozen garments and not more than $6 per dozen garments, 40 per cent ad valorem.

Valued at more than $6 per dozen garments, 45 per cent ad valorem.

16. Men's and boys' gloves, knitted or woven, composed of cotton, or of which cotton is the component material of chief value, 50 per cent ad valorem.

17. Tire fabric or fabric suitable for use in pneumatic tires, made of cotton, or of which cotton is the component material of chief value, 25 per cent ad valorem.

18. Bone casings, garters, suspenders and braces, webs, webbings, and tubing, any of the foregoing composed wholly or in chief value of cotton, or of cotton and india rubber, and not embroidered by hand or machinery; spindle banding, woven, braided, or twisted lamp, stove, or candle wicking, loom harness, healds or collets, boot, shoe, and corset lacings, labels for garments or other articles; composed of cotton, or of which cotton is the component material of chief value, 30 per cent ad valorem.

Belting for machinery made of cotton and india rubber, or of which cotton is the component material of chief value, 20 per cent ad valorem.

19. Clothing, ready-made, and articles of wearing apparel of every description, wholly or partly manufactured, not specially provided for, composed wholly or in chief value of cotton, 30 per cent ad valorem.

20. All articles made from cotton cloth, and all manufactures of cotton, or of which cotton is the component material of chief value, not specially provided for, 30 per cent ad valorem.

21. The term cotton cloth wherever used in the paragraphs of this schedule, unless otherwise specially provided, shall be held to include all woven fabrics composed wholly or in chief value of cotton, in the piece or cut in lengths, and shall not include any article finished or unfinished made from cotton cloth.

SEC. 2. That the last clause of paragraph 347 of said act of August 5, 1909, is hereby amended so as to read as follows:

Waterproof cloth composed of vegetable fiber other than cotton, whether composed in part of india rubber or otherwise, 10 cents per square yard and 20 per cent ad valorem.

SEC. 3. That paragraph 347 of said act of August 5, 1909, is hereby amended by adding the following proviso:

Provided, That none of the foregoing shall apply to coated or filled cotton cloth, or articles made therefrom.

SEC. 4. That paragraph 348 of said act of August 5, 1909, is hereby amended so as to read as follows:

Shirt collars and cuffs, composed of linen, or of which linen is the component material of chief value, 40 cents per dozen pieces and 20 per cent ad valorem.

SEC. 5. That paragraph 349 of said act of August 5, 1909, is hereby amended by striking out therefrom the words "webs and webbings."

The PRESIDENT pro tempore. The question is on agreeing to the amendment, in the nature of a substitute, offered by the Senator from Wisconsin.

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

The PRESIDENT pro tempore. The Senator from Iowa suggests the absence of a quorum. The Secretary will call the roll.

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

Ashurst	Clapp	La Follette	Root
Bacon	Crawford	Lodge	Sanders
Bailey	Cullom	McCumber	Simmons
Bankhead	Cummins	Martin, Va.	Smith, Ga.
Borah	Curtis	Massey	Smoot
Bourne	Dillingham	Myers	Stone
Bradley	du Pont	Nelson	Sutherland
Brandegee	Fall	Oliver	Thornton
Briggs	Fletcher	Overman	Tillman
Burnham	Gallinger	Page	Townsend
Burton	Guggenheim	Penrose	Warren
Catron	Johnston, Ala.	Perkins	Williams
Chamberlain	Jones	Pomerene	Works
Chilton	Kenyon	Reed	

Mr. THORNTON. I wish to announce that the senior Senator from Louisiana [Mr. FOSTER] is necessarily absent.

The PRESIDENT pro tempore. Fifty-five Senators have answered to their names. A quorum of the Senate is present.

Mr. LA FOLLETTE. Mr. President, I am not going to take the time of the Senate at this late day in the session for any extended discussion of this schedule. I shall not consume time by going into a detailed explanation of the amendment I have just offered.

On August 22, 1911, the President vetoed precisely the bill which is presented to the Senate and under consideration and for which I have offered an amendment in the nature of a substitute. That bill is identical with the bill now presented, excepting a change in the date. The President in his veto message of that bill at that time said:

> When the reports of the Tariff Board upon these schedules are received, the duties which should be imposed can be determined upon justly and with intelligent appreciation of the effect that they will have both upon industry and upon revenue.

The President's chief reason for withholding executive approval of the bill as set forth in his message at that time was lack of information enabling him to pass upon the rates fixed in the bill as it reached him.

As soon as the Tariff Board completed its investigation of Schedule I, the cotton schedule, the President transmitted the findings of that board to Congress with a message, from which I wish to read a few lines:

> I now transmit a report of the Tariff Board on Schedule I (cotton manufactures). In this report, also, the board is unanimous in its findings. On the basis of the report I now recommend that the Congress proceed to a consideration of this schedule, with a view to its revision and a reduction of its rates.
>
> I base this recommendation on the declaration of the platform on which I was elected—that a reasonable protective tariff should be adjusted to the difference in cost of production at home and abroad.

And the President transmits this report to Congress as a suitable and fit finding upon which Congress may proceed to legislate, to redeem the pledges upon which he and a Republican Congress were elected.

Now, Mr. President, the amendment which I have presented was drafted by the Tariff Board in accordance with its findings in this report, and offered in the House of Representatives by Congressman HILL, of Connecticut, a Republican member of the Committee on Ways and Means.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LA FOLLETTE. I do.

Mr. REED. I want to know if I correctly understood the Senator. I understood him to say that this amendment which he now offers was actually drawn by the Tariff Board.

Mr. LA FOLLETTE. I so stated.

Mr. REED. Has it come to this, in the progress of events, that the power which the Constitution vested in the House of Representatives to originate revenue measures can not be exercised until a Tariff Board appointed by the President shall have reported; and, second, that Congress must follow its recommendation; and, finally, that that board is to completely usurp the functions and powers of Congress and actually prepare the bill? If that is true, then I want to know how much is left of the constitutional power of Congress to originate revenue measures.

Mr. LA FOLLETTE. Mr. President, if my friend, the Senator from Missouri, had given me the opportunity to say so, he would have learned that this bill was drawn by the Tariff Board at the request of a Republican member of the Ways and Means Committee of the House of Representatives who introduced it. I apprehend that the Senator from Missouri has solicited the assistance of experts in and out of the employ of the Government in the preparation of bills and amendments which he has from time to time introduced, without for a moment thinking that he was surrendering his high prerogative as a Member of the Senate of the United States.

Mr. REED. Mr. President——

Mr. LA FOLLETTE. Pardon me. I was particularly addressing myself to Senators upon this side of the Chamber. I am aware that the Democratic Members of the Senate are generally opposed to and have generally voted against the establishment of a tariff commission. Upon their theory of the fixing of customs duties upon a revenue basis they do not require to the same extent the services of a Tariff Board, although I have always believed that the services of a Tariff Board or commission, if rendered under such complete authority as to make them effective, would be found very helpful in framing a tariff bill upon a strictly revenue basis.

Pursuant to the recommendations of the President and to the suggestions which he made in his message, when he vetoed the cotton bill, about a year ago, this Tariff Board had completed its investigations and arrived at conclusions which were transmitted to the Congress of the United States, and, according to the President's view, were sufficiently thorough and accurate to be the basis of a recommendation upon his part that there should be instituted a revision of the duties upon the cotton schedule in accordance with that recommendation.

Mr. REED. Will the Senator from Wisconsin pardon another interruption?

Mr. LA FOLLETTE. Certainly.

Mr. REED. What I said ought not to be construed by the Senator or anyone else as a criticism of the Senator because he brings in here a bill written by the Tariff Board. What I meant to emphasize, if I could, was the fact that under the policy of the President this board has been given a supreme power, if not authority, and that we are drifting to a position to-day that is utterly untenable.

Now, I make this distinction: It is true that any Senator or Representative has the right to call upon any expert for information in regard to facts, and when he has received those facts to use them in the preparation of a tariff bill. There is no objection to that; it has always been done; but it was not until the creation of this Tariff Board that we were told two things: First, that Congress did not possess the necessary wisdom to ascertain the facts itself and must obtain those facts from the Tariff Board alone, and, second, that we must follow the conclusions and recommendations of the Tariff Board or substitute their judgment for the judgment of Congress.

Now, it seemed to me that we had gone just a step farther. The Tariff Board puts its conclusions in the form of a bill and passes that bill over to Congress or to a Congressman, and the proposition now is, on the part of the President, "take that which my board has agreed to or take nothing."

Now, I can understand how in that extremity a Senator will adopt it in the hope to get something through, but I submit to Senators it is an act of outrageous usurpation and abuse of the veto power, and that all Members of both bodies ought to resent it.

Mr. LA FOLLETTE. Mr. President, the substitute which I have offered here was introduced in the House of Representatives by Congressman HILL, of Connecticut, a Republican member of the Ways and Means Committee. Mr. HILL in offering it as a substitute for the Democratic bill, after stating that he believed it to be his duty to support legislation in accordance with the platform of the party upon which he was elected and, as applied to this particular subject, to support legislation which measured the difference in the cost of production in this and competing foreign countries, goes on to say:

> Feeling my own unfitness for the work, I called to my assistance several of the experts who had conducted the investigation, and after many weary days of careful study a new Schedule I was constructed, which, if the report of the Tariff Board as to American costs is correct, is protective in every item and yet is in strict accord with the Republican platform as to the elimination of excessive duties, while still preserving the security against foreign competition to which American producers and wageworkers are entitled.

Mr. President, the investigation conducted by the Tariff Board, upon which this bill was drawn, was, I think, more thorough and more scientifically exact than that made in respect to any one of the other schedules investigated. It was especially conducted by the tariff expert of the board, the chief statistician, Mr. N. I. Stone. Of this investigation Mr. Emery, the president of the board, has this to say in a letter addressed to Mr. HILL:

> THE TARIFF BOARD,
> *Treasury Building, Washington, May 25, 1912.*
>
> Hon. EBENEZER J. HILL,
> *House of Representatives, Washington, D. C.*
>
> MY DEAR MR. HILL: Referring to your questions in conversation with Mr. Cowgill regarding the accuracy of the cost figures in our cotton report and your request that a statement be made in writing, I beg to say that in all instances where reports were obtained from cotton-manufacturing companies the results of our cost extensions were carefully examined by the officers of the mill before the report was forwarded to the Tariff Board. This examination was complete, and went into each detail of the extensions rather than merely to have the officers sign their names without making a close examination. The cost-extension figures were carefully compared with the cost extension made by the mills, and all the reports forwarded to the board were agreed by the officers of the company and representatives of the board to be correct. As to the accuracy of these extensions, I wish to state that the total expenditures of the company were carefully checked to agree with the figures published in their annual financial statement. Using these sums as a basis, we then made up our own cost statement according to our own methods, which we believe to be accurate and not merely the accepting of the company's own estimates of cost.
>
> In one instance a company was doing an $8,000,000 annual business; after the costs had been extended for this company and the total number of yards of each kind of goods multiplied by the cost per yard as shown by the report, the figures checked within $8.33 of the total amount of money expended by this company in manufacture during the year for which the costs were taken. In another case, by the same method, the variation amounted to $332. The greatest variation in any of the reports was in the case of a company doing a $2,000,000 annual business where, by multiplying the number of yards produced by the cost per yard ascertained by us, the difference amounted to $3,500. But this difference would not affect the costs in the sixth decimal place.
>
> In every case the companies agreed, after a careful examination, that our costs were correct, and in some few cases the mills have adopted our cost extensions in toto, while in others our system of extensions has been adopted at least in part.
>
> These facts I believe fully justify the statement that the most accurate costs possible have been obtained.
>
> Very truly, yours,
>
> HENRY C. EMERY, *Chairman.*

I read that because it comes from the president of the board and shows with what thoroughness this investigation of the cotton industry was conducted. It shows that when they had ascertained the cost of producing the different articles of manufacture in these cotton industries, their cost figures received the approval of the owners and managers of the mills.

So much for the report. Now, Mr. President, we have the statement of a member of the Ways and Means Committee that this bill which he presented in the House was drawn with the assistance of the board's experts—the very men who made this investigation.

Mr. President, this bill is strictly in accord with the tariff pledge of the Republican Party made in its platform in 1908, and I am wholly unable to see how any Republican can justify opposition to the bill as presented.

Mr. PENROSE. Will the Senator permit me?

Mr. LA FOLLETTE. Certainly.

Mr. PENROSE. Does the Senator construe anything in the attitude or the report of the Tariff Board to favor ad valorem duties?

Mr. LA FOLLETTE. Mr. President, the Tariff Board, in its report upon this cotton schedule, say that the duties to be applied in dealing with cotton manufactures should be ad valorem duties.

The Senator from Pennsylvania knows, of course, that he never voted for a revision of the woolen schedule without voting for ad valorem duties on all of the manufactured products in that schedule. The only specific duties in Schedule K are those which are supposed to measure the compensatory duties.

Mr. PENROSE. I had printed in the RECORD when the wool bill was up a full statement on the ad valorem proposition, to which I will refer the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, if the Senator will pardon me, I am just wondering whether he read it before he presented it, for I have been examining it, and I will say to the

Senator from Pennsylvania that it is a very good argument for ad valorem duties.

Let me just quote a little from this——

Mr. TOWNSEND. Did the Republican members of the Ways and Means Committee favor this bill?

Mr. LA FOLLETTE. I have not looked up the record, but the Senator from Pennsylvania said to me a moment ago here, and I think he will not object to my repeating the statement in answer to this question, that all of the Republican members of the Ways and Means Committee voted for this bill when Mr. HILL offered it as a substitute in the House, although I believe they did not vote for it when Mr. HILL offered it as a substitute in the Committee on Ways and Means.

Mr. PENROSE. I am informed it is correct, though of course such things are not supposed to be matters of public knowledge, that no member of the Ways and Means Committee supported Mr. HILL's bill. It is his individual production and is repudiated by every manufacturer, so far as I know, in the cotton business.

Mr. TOWNSEND. If I may be permitted, I have just been looking over the list of the vote, and I find every Republican member of the Ways and Means Committee voted for this bill as a substitute for the House bill.

Mr. PENROSE. On the floor of the House, it is true, unfortunately, they did vote for the measure. The RECORD is calculated to deceive persons who read it as to their real attitude, but I betray no confidence when I state that the Republican members of the Ways and Means Committee were not in accord with the measure in the committee.

Mr. LA FOLLETTE. We have the fact now in the RECORD. In the seclusion of the committee room the Republican members of the Ways and Means Committee did not support this measure drawn in accordance with the report of the Tariff Board, but when it came to making a record in the House of Representatives they all supported it.

Now, Mr. President, just a word. I am making use of Mr. HILL's speech, and I want to give him full credit for the very great ability and industry which he has brought to this important subject.

Mr. PENROSE. No one else wants any credit for the bill except Mr. HILL.

Mr. LA FOLLETTE. The Senator from Pennsylvania says no one but Mr. HILL wants any credit for this bill. Mr. HILL's Republican colleagues on the committee wanted the credit of supporting the bill, or they would not have voted for its passage in the House.

Mr. President, I pause to remark that some of the troubles in which the Republican administration finds itself involved to-day are due to the fact that a few standpat Republican leaders insist upon maintaining duties at the highest possible point, regardless of the fact that all of the economies of cheapened production cry aloud for a thoroughgoing reduction of the tariff. It is this course that is bringing the protective system into disrepute before the whole country.

I remember during the tariff debate of 1909 on the cotton schedule there was an extended controversy as to whether or not duties should be increased on account of mercerization. We had a spirited contest here upon that subject. I presented to the Senate at that time receipted bills showing the cost of mercerization in English mills and the cost of mercerization in the mills of this country. I contended that we were able to mercerize cotton goods in this country as cheaply as they were mercerized in England. The Senator from Massachusetts [Mr. LODGE] and other Senators on this side of the Chamber who contended for higher duties upon cotton goods insisted that there should be an increase of duty on account of mercerization, and duty was increased to 1 cent per square yard.

Mr. President, in order to show the relation of the extra duty on account of mercerization to the cost of mercerization the Tariff Board, in its report on cotton, arranged a table (see p. 503 of the report) showing the labor cost and the total cost of mecerization on the square-yard basis. I quote this from the text of the report:

> As will be seen from the table, the labor cost of mercerizing cotton fabrics varies from less than 0.08 of 1 cent to less than 0.11 of 1 cent per square yard, while the total cost of mercerizing varies from more than 0.53 of 1 cent to over 0.72 of 1 cent per square yard.
>
> The extra duty on account of mercerization is 1 cent per square yard. That is to say, the duty is from 9 to 12.5 times the total labor cost of mercerizing and from 1.4 to nearly 2 times the total cost of mercerizing.

There never has been any pretext that duties should measure more than the difference in the cost of production. The contention has been that that difference in cost is due to the higher wages paid in this country than in competing countries. When the correct measure of protection is applied it should only be sufficient to meet the difference in that cost. But the Payne-Aldrich tariff bill put a duty on mercerization which, according to the Tariff Board's figures, is from 9 to 12½ times the total labor cost of mercerization and from 1.4 to 2 times the total cost of mercerizing—labor and everything else included.

I have had no opportunity to ascertain whether the receipted bills that I presented when the Payne-Aldrich bill was pending are in accord with these figures, but my recollection is that they substantially agree with this statement.

Against that evidence there was merely the assertion on this floor of those who were promoting the higher duties in the Payne-Aldrich bill that an extra duty of 1 cent per square yard for mercerization was required to protect American industry. The contention was backed up by the ex parte statements of those who were to be benefited by these excessive duties. And now we have the humiliation of a report by a board of experts under a Republican administration, appointed by a Republican President, transmitted to Congress with a message of indorsement by a Republican President, which shows that that increase was from nine to twelve times as high as it should have been.

That is but one of the many defects in the work of Congress under the leadership of these ultraprotectionists.

Mr. President, I want to see the protective system maintained in this country. I want to see it maintained upon a basis that measures the difference between the conditions surrounding labor here and in competing countries. I have just this theory about it—the theory which all men have who view it from my standpoint—that labor with us lives at a higher level than it does in any of the competing countries; that except for artificial interference the product goes to the market at the cost level which is somewhat in agreement with the level at which the labor lives that produces the article.

If we produce in this country at a higher level than they produce abroad, unless our duties measure the difference in labor cost, the foreign product, flowing into this country at a lower level, must either pull the labor of this country down to its level or take the American market away from American producers. I want to see the product of the labor which lives at the lower level, when it comes to the customhouse, meet a duty that will raise it to the level of the American labor cost of production.

Mr. TOWNSEND. Mr. President——

The PRESIDING OFFICER (Mr. ROOT in the chair). Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. LA FOLLETTE. I do.

Mr. TOWNSEND. This morning the chairman of the Finance Committee gave as a reason for bringing in no bill on this subject the fact that the House had not presented it earlier, which appealed to me in a way; but still I should like to ask the Senator from Wisconsin if it is not true that the measure which he has now offered as a substitute was presented by a Republican of the Ways and Means Committee and was so considered in the House, and that it is in as good a condition for us to consider here as the Democratic measure which is to be acted upon this morning?

Mr. LA FOLLETTE. That is most certainly true. In fact, the bill which we term the Democratic bill comes to us exactly as it passed the House of Representatives a little more than a year ago.

Mr. POMERENE. Mr. President——

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

Mr. LA FOLLETTE. I do.

Mr. POMERENE. Will the Senator advise us as to what the average reductions are?

Mr. LA FOLLETTE. I was just about to do that, Mr. President. Before coming to that I want to read one or two brief comments on ad valorem duties from the report of the Tariff Board. I read from page 18:

> It is probably impracticable to adopt a purely specific system of duties on woven fabrics. No feasible scheme of classifying and describing fabrics in terms corresponding to differences in conversion cost has yet been worked out.

On page 73 of the report they say, further:

> So far as the motive for undervaluation is concerned, it is more powerful under the scheme adopted in the present law—

That is the Payne-Aldrich law—

> than it would be under a straight ad valorem tariff.

On page 74 of the cotton report they say, further:

> A system which puts a specific rate on an ad valorem basis seems to combine the evils of both systems.

Then I offer for the consideration of the Senate this quotation from the opinion given three years ago by a member of the New York Board of Appraisers. He says:

> It is respectfully urged upon the committee that lines of demarcation dependent on value as in this case should be eliminated so far as possible from the tariff act. The fact that a few cents increase in

the value of commodities raises the amount of the duty levied 125 to 150 per cent, as sometimes occurs in this paragraph, is a great incentive to fraud. In such cases the unscrupulous merchant enjoys an extraordinary advantage over the scrupulous one. The incentive to undervalue is so great and the difficulty of precise ascertainment of the actual market in these goods, which constantly fluctuates, render satisfactory and just administration almost impossible.

Now, Mr. President, just one word about these bills. I will state the difference in general averages and then submit the proposed amendment to the consideration of the Senate.

The average duty of the cotton schedule under the present law, reduced to ad valorem, is 48 per cent. The average duty of the Democratic bill is 27 per cent. The average duty of the bill which I offer as a substitute is 25 per cent, or 2 per cent lower than the Democratic bill.

To put it in another way, the amendment I offer, if adopted, will give greater relief from the excessive duties of the present law than the bill presented by the Democratic majority in the House, which is now before the Senate, and for which I have offered this bill as an amendment.

I have not been able, Mr. President——

Mr. POMERENE. If it is not unduly disturbing the Senator——

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

Mr. LA FOLLETTE. I yield.

Mr. POMERENE. Will he be kind enough to designate the articles or the classes upon which his rates are lower than the rates in the Democratic House bill?

Mr. LA FOLLETTE. I have reduced that to tabulated form in so far as the similarity of the classifications and the paragraphs of the two bills will permit. I want to say to the Senator from Ohio that there are certain duties in my proposed amendment that are higher than the duties of the Democratic bill. Those higher duties are upon the more highly finished products; those in which there is a higher production cost, because of the larger element of labor entering into the production. With reference to these products, if the industry is to be fairly protected, somewhat higher duties are required than those fixed in the Democratic bill.

I have this criticism to make of the Democratic bill: So far as I can judge, it has been made without investigation upon any basis, revenue or otherwise. Manifestly, when you take the report of the Tariff Board and consider the cost of production, there are many duties in the Democratic bill that are absolutely prohibitory and would therefore cut off all revenue.

Now, Mr. President, answering more in detail the question of the Senator from Ohio [Mr. POMERENE], paragraph 1, cotton thread, in that paragraph up to and including No. 50 the Democratic rate is 10 per cent, and the rate in the amendment which I offer 7½ per cent.

Because the classification is not exactly the same, it is a little difficult to institute an exact comparison. But comparing the yarns described in the Democratic bill as Nos. 50 to 100 with the yarns described in the amendment which I have offered as Nos. 40 to 80, the rate in the Democratic bill (Nos. 50 to 100) is 15 per cent, and in the amendment I propose (Nos. 40 to 80) 10 per cent; above 100 in the Democratic bill the rate is 20 per cent, and above 80 in the amendment which I have offered, 15 per cent.

Cotton card, laps, roving, and so forth, in the Democratic bill carries a rate of 10 per cent; in the amendment which I have proposed, 5 per cent.

Cotton waste, manufactured or otherwise advanced, in the Democratic bill is 5 per cent; in the amendment which I have presented, 10 per cent.

Spool thread, crochet, embroidery, and so forth, in the Democratic bill is 15 per cent; in the amendment which I have presented they take the same rates of duty as single yarns. In both it is a lower rate of duty.

In the next paragraph it is impossible to make a comparison, because they are differently framed.

The rate on cotton cloth, not bleached, dyed, etc., not exceeding No. 50, in the Democratic bill is 15 per cent; and in the amendment which I have presented, provided the cloth contains not to exceed 5 square yards to the pound, the rate is 5 per cent.

The rate on cotton cloth not exceeding No. 100, in the Democratic bill, is 20 per cent; and in my amendment, provided the cloth contains more than 5 and not to exceed 7½ square yards to the pound, the rate is 10 per cent.

The rate on cotton cloth exceeding No. 100, under the Democratic bill, is 25 per cent; in the amendment which I have proposed, provided the cloth contains more than 7½ square yards to the pound, the rate is 15 per cent.

It is not possible to further extend the comparison because of the difference in classification of the two bills. I will say in a general way that it was the purpose of Mr. Hill, and the experts of the Tariff Board working with him, to fix these duties at the lowest possible level, leaving just enough to measure the difference in the cost of production between this country and our principal foreign competitor. That enabled them to go much lower on a large number of items in the cotton schedule than the rates in the tariff bill prepared one year ago by the Democratic Ways and Means Committee, without any information whatever as to production cost. For some reason or other they have not seen fit—I do not know why—to be guided by or to make use of this information which has been gathered and which, I think, is altogether the most valuable document produced by the Tariff Board, the most thorough and most complete. I think anyone who will examine it will have that conviction forced upon him. I can not understand the point of view of a committee—I care nothing about the political phases of the question—that ignores this information in adjusting duties. It is quite as essential to regard the production cost in adjusting duties upon a revenue as upon a protective basis. Otherwise you may fix duties so high as to absolutely shut out foreign goods by making rates prohibitory.

It seems to me, with due deference to the able members of the Democratic Ways and Means Committee of the House, that if they had made use of this information they could have very much reduced the duties in the Democratic bill, thereby not only cutting off excessive protection but reaching a basis where the duties would be productive of some revenue. As I have before stated, many of the rates in the Democratic bill are so high that unquestionably they would absolutely shut out importations.

The bill is unscientific. It is neither a tariff-for-revenue-only nor a protective measure; and yet, Mr. President——

Mr. NEWLANDS. Mr. President——

Mr. LA FOLLETTE. Just a moment. Yet, Mr. President, while I am in public life, I am going to do the best I can, according to the lights I have, to serve the public interest. I do not believe it is in the public interest to strike down the industries of this country. But, as I said a year ago in presenting the amendment to the cotton schedule and the amendment to the wool schedule, the reductions there proposed were reductions which could be made from the high duties then, and now, in existence without imperiling a single industry in this country.

Mr. President, I have been very much gratified in comparing the bill which I presented one year ago with the report of the Tariff Board on the woolen industry and on the cotton industry to find that I was easily within the line of adequate protection at that time. Those bills, if I could have inspired the confidence of my Republican associates here, should have received their support and should have been passed as presented. The President, in his veto of the wool bill this year, asserts that the duties upon raw wool should be as much as 35 per cent; that a 35 per cent duty would be protective. That was the duty fixed in the bill which I offered in the Senate a year ago, and for which I could get no Republican support outside of seven or eight votes upon this side. As a matter of fact, a critical study of the Tariff Board report on wool and woolens shows that a duty of 29 per cent on raw wool is protective and that the duties on the manufactures of wool fixed in the bill reported by the conference committee, both last year and this, and vetoed by the President, were fairly and justly protective.

Mr. NEWLANDS. Mr. President——

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

Mr. LA FOLLETTE. I do.

Mr. NEWLANDS. I ask the Senator from Wisconsin whether the so-called Hill bill received the support of the associates of Mr. HILL of the Republican Party in the Ways and Means Committee of the House of Representatives?

Mr. LA FOLLETTE. I will say, Mr. President, that, judging from the CONGRESSIONAL RECORD, it did. I find upon the roll call when Mr. HILL's bill was presented to the House as a substitute for the Democratic bill, that it received the votes of his Republican associates upon the Ways and Means Committee.

Mr. NEWLANDS. Will the Senator inform us as to what the average percentage of the Hill bill is as compared with the Democratic bill?

Mr. LA FOLLETTE. It is 25 per cent as against 27 per cent, the average of the Democratic bill.

Mr. NEWLANDS. That is, on the average?

Mr. LA FOLLETTE. That is the average.

Mr. NEWLANDS. The Senator has been a very close student, as we all know, of tariff matters, and I have no doubt he has carefully examined the report of the Tariff Board. I should like his expression of opinion as to whether the findings of that board represent the conclusions of fair-minded

and capable men or whether they seem to be distorted by either interest or prejudice.

Mr. LA FOLLETTE. Mr. President, I have very great respect for some of the work of that board and for some of the members of that board; I do not like to indulge here on the floor in any personal criticism of gentlemen who are not present and can not answer for themselves. There have been reports on some of the tariff schedules made by that board with which I can not bring myself to agree. I might go further than that, but I prefer not to do so at this time and in this place.

Mr. NEWLANDS. The Senator from Wisconsin will realize my purpose in asking the question. I imagine that few of the Senators and few of the Members of the other House, for that matter, have had time to look over the Tariff Board report, and, knowing that the Senator has given a great deal of time and study to this question, I for one would largely rely upon his view as to the accuracy of those findings. I agree with the Senator that whatever action we take, whether upon the protective basis or the revenue basis, it is very important that we should ascertain the facts. We ourselves have not the time to ascertain the facts, and therefore the obligation rests upon us to see that some impartial board is organized that will inquire into the facts. I was desirous of having the Senator's opinion as to the findings, particularly with reference to this cotton schedule. Is the Senator satisfied with those findings?

Mr. LA FOLLETTE. I do not hesitate to say, Mr. President, that the investigation of the cotton schedule has been more thorough and scientific than any other schedule reported by the board. I think anyone who examines the report on cottons will be impressed particularly with the accuracy and thoroughness of the investigation of the cotton schedule.

I do not think, Mr. President, that I ought to take the time of the Senate further than to add, with respect to cotton yarns, that the Tariff Board finds the difference in the cost of production between this and competing countries to be from 3 to 11 per cent (without noting the fractions). On cotton cloth the board says:

> In the case of a large variety of plain goods the labor cost of turning yarn into cloth in the United States is not greater, and in some cases is lower than in England.

That is absolutely so.

I am thoroughly convinced, Mr. President, that duties in excess of those fixed in the amendment which I have offered here could not be justified on the principle upon which we base our support of a protective tariff. I want the opportunity to vote for a bill that is consistently protective, reducing the duties to the difference in the costs of production, as indicated.

I want to say now that, if the substitute fails to carry, I shall vote for the Democratic bill. It is not a consistent bill; its duties are not related; some of them are so high as to be prohibitory; in a few of the paragraphs they are lower than they ought to be to be protective; but, taken all together, if it were to be enacted into law it would be a great relief to the people of this country from the extortionate duties which are fixed by the Payne-Aldrich tariff law.

The PRESIDING OFFICER. The question is on the amendment submitted by the Senator from Wisconsin [Mr. LA FOLLETTE].

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

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

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

Ashurst	Cullom	McCumber	Reed
Bacon	Cummins	McLean	Sanders
Borah	Curtis	Martin, Va.	Shively
Bourne	Dillingham	Myers	Simmons
Bradley	du Pont	Nelson	Smith, Ariz.
Brandegee	Fall	Newlands	Smith, Md.
Briggs	Gallinger	O'Gorman	Smith, S. C.
Bristow	Guggenheim	Oliver	Smoot
Bryan	Johnson, Me.	Overman	Stone
Burnham	Johnston, Ala.	Page	Sutherland
Catron	Jones	Penrose	Thornton
Chamberlain	Kenyon	Perkins	Townsend
Chilton	La Follette	Poindexter	Warren
Culberson	Lodge	Pomerene	

The PRESIDING OFFICER. Fifty-six Senators have answered to their names, and a quorum of the Senate is present. The question is upon the amendment in the nature of a substitute submitted by the Senator from Wisconsin.

Mr. SIMMONS. On that I ask the yeas and nays.

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

Mr. GUGGENHEIM (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. PAYNTER], who is not in the Chamber. I transfer that pair to the senior Senator from South Dakota [Mr. GAMBLE] and will vote. I vote "nay."

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. PERCY]. As he is absent, I withhold my vote.

Mr. MASSEY (when his name was called). I have a pair with the Senator from Virginia [Mr. SWANSON]. If he were present, I should vote "nay."

Mr. REED (when his name was called). I transfer my pair with the senior Senator from Michigan [Mr. SMITH] to the Senator from Arkansas [Mr. CLARKE] and will vote. I vote "nay."

Mr. SMITH of South Carolina (when his name was called). I have a pair with the Senator from Delaware [Mr. RICHARDSON]. I transfer that pair to the Senator from Indiana [Mr. KERN] and will vote. I vote "nay."

Mr. STONE (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. CLARK]. I transfer that pair to the Senator from New Jersey [Mr. MARTINE] and will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). I have a general pair with the Senator from Maryland [Mr. RAYNER], and, on account of his absence, I withhold my vote.

Mr. MARTIN of Virginia (when Mr. SWANSON's name was called). My colleague [Mr. SWANSON] is unavoidably absent from the city. He is paired with the junior Senator from Nevada [Mr. MASSEY]. I make this announcement in relation to all votes taken to-day.

Mr. WARREN (when his name was called). I have a general pair with the Senator from Louisiana [Mr. FOSTER], and therefore withhold my vote.

The roll call was concluded.

Mr. BRIGGS. I have a general pair with the senior Senator from West Virginia [Mr. WATSON]. In his absence, I will withhold my vote. I make this announcement for the day.

Mr. BRANDEGEE. I am requested to announce the pair of the junior Senator from Rhode Island [Mr. LIPPITT] with the senior Senator from Tennessee [Mr. LEA].

Mr. LA FOLLETTE. I am requested to announce, for the junior Senator from North Dakota [Mr. GRONNA], that he is unavoidably absent, and that if present he would vote "yea."

Mr. CHAMBERLAIN. I desire to announce for the day that the senior Senator from Oklahoma [Mr. OWEN] is paired with the senior Senator from Nebraska [Mr. BROWN].

Mr. CURTIS. I am requested to announce that the senior Senator from Rhode Island [Mr. WETMORE] is paired with the junior Senator from Maine [Mr. GARDNER].

The result was announced—yeas 14, nays 46, as follows:

YEAS—14.

Borah	Crawford	Kenyon	Townsend
Bourne	Cummins	La Follette	Works
Bristow	Fall	Nelson	
Clapp	Jones	Poindexter	

NAYS—46.

Ashurst	Curtis	Newlands	Simmons
Bacon	Dillingham	O'Gorman	Smith, Ariz.
Bradley	du Pont	Oliver	Smith, Ga.
Brandegee	Gallinger	Overman	Smith, Md.
Bryan	Guggenheim	Page	Smith, S. C.
Burnham	Hitchcock	Penrose	Smoot
Burton	Johnson, Me.	Perkins	Stone
Catron	Johnston, Ala.	Pomerene	Thornton
Chamberlain	Lodge	Reed	Tillman
Chilton	McLean	Root	Williams
Culberson	Martin, Va.	Sanders	
Cullom	Myers	Shively	

NOT VOTING—34.

Bailey	Fletcher	Lippitt	Smith, Mich.
Bankhead	Foster	McCumber	Stephenson
Briggs	Gamble	Martine, N. J.	Sutherland
Brown	Gardner	Massey	Swanson
Clark, Wyo.	Gore	Owen	Warren
Clarke, Ark.	Gronna	Paynter	Watson
Crane	Heyburn	Percy	Wetmore
Davis	Kern	Rayner	
Dixon	Lea	Richardson	

So Mr. LA FOLLETTE's amendment was rejected.

The PRESIDENT pro tempore. If there are no further amendments, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

Mr. SIMMONS. I desire to reserve the amendment as to the repeal of certain parts of the reciprocity act.

The PRESIDENT pro tempore. The question is on concurring in the reserved amendment made, as in Committee of the Whole, which the Secretary will state.

The SECRETARY. The Senate, as in Committee of the Whole, adopted an amendment to add to the bill a new section, to be known as section 4, as follows:

> SEC. 4. That sections 1 and 3 of the act entitled "An act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes," approved July 26, 1911, be, and are hereby, repealed.

Mr. SMOOT. Mr. President, do I understand the amendment only covers sections 1 and 3 of the reciprocity act?

The PRESIDENT pro tempore. The amendment will be again stated.

The Secretary again stated the amendment.

Mr. SMOOT. I should like to ask the Senator from North Carolina if the amendment as voted on as in Committee of the Whole did not repeal the whole Canadian reciprocity act?

Mr. SIMMONS. It repealed all of it, except that part of it which relates to print paper, pulp wood, and wood pulp—in other words, it repealed that part of it which has never gone into force and effect, and retained that part of it which is now in force. It is along the lines of the Bacon amendment.

Mr. SMOOT. I believe the sentiment of the Senate has been expressed a number of times upon that amendment, and it has generally included the repeal of the whole act. I shall ask for the yeas and nays on this amendment, if it is proposed only to repeal sections 1 and 3.

Mr. PENROSE. It may not be necessary to call for the yeas and nays.

Mr. SMOOT. Very well.

The PRESIDENT pro tempore. The question is on concurring in the amendment.

Mr. STONE. I desire simply to say that I am personally opposed to the repeal of any part of the reciprocity act.

The PRESIDENT pro tempore. The question is on concurring in the amendment made as in Committee of the Whole. [Putting the question.] By the sound the noes appear to have it; the noes have it, and the amendment is not concurred in.

Mr. SIMMONS. Do I understand the Chair to declare that the amendment was not concurred in?

The PRESIDENT pro tempore. That was the decision of the Chair.

Mr. SIMMONS. I do not think the Senate understood the question.

The PRESIDENT pro tempore. The Chair will again put the question.

Mr. BORAH. Mr. President, I understand the Senator from Utah asked for the yeas and nays.

Mr. SMOOT. I said that I should call for the yeas and nays, but withdrew the request until on a viva voce vote the result was declared by the Chair. Then, if the result had not been as stated by the Chair, I intended to ask for the yeas and nays.

The PRESIDENT pro tempore. The Chair will again put the question. [Putting the question.] By the sound the noes appear to have it.

Mr. SIMMONS. I demand the yeas and nays.

The yeas and nays were ordered.

Mr. McCUMBER. I think it would be well to have that amendment read again, so that we may all understand its purport.

The PRESIDENT pro tempore. The amendment made as in Committee of the Whole will be again stated.

The SECRETARY. As in Committee of the Whole an amendment was adopted at the end of the bill to add a new section, as follows:

SEC. 4. That sections 1 and 3 of the act entitled "An act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes," approved July 26, 1911, be, and are hereby, repealed.

Mr. OLIVER. Mr. President, is it in order at this time to move an amendment to the amendment?

The PRESIDENT pro tempore. It is.

Mr. OLIVER. I move to strike out the words "sections one and three of," in line 1, and to substitute the word "is" for the word "are," before the word "hereby," in the last line.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. It is proposed to strike out the words "sections one and three of"; also to strike out the word "are" and to insert the word "is" in lieu thereof in the last line; so as to read:

That the act entitled "An act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes," approved July 26, 1911, be, and is hereby, repealed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment. [Putting the question.] By the sound the "ayes" appear to have it.

Mr. SIMMONS. I demand the yeas and nays.

The yeas and nays were ordered.

Mr. STONE. Mr. President, let me understand exactly what the question is.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Pennsylvania [Mr. OLIVER] to the amendment adopted as in Committee of the Whole.

The Secretary will again state the amendment to the amendment.

The SECRETARY. In the amendment adopted, as in Committee of the Whole, it is proposed to strike out the words "sections 1 and 3 of," in the first line, and in the fourth line, before the word "hereby," to strike out "are" and insert "is," so that if amended it will read:

SEC. 4. That the act entitled "An act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes," approved July 26, 1911, be, and is hereby, repealed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment to the amendment. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. GUGGENHEIM (when his name was called). I transfer my general pair to the senior Senator from South Dakota [Mr. GAMBLE] and will vote. I vote "yea."

Mr. McCUMBER (when his name was called). I again announce my pair with the senior Senator from Mississippi [Mr. PERCY]. He being absent, I am compelled to withhold my vote.

Mr. MASSEY (when his name was called). I have a pair with the Senator from Virginia [Mr. SWANSON]. If he were present I should vote "yea."

Mr. REED (when his name was called). I transfer my pair with the Senator from Michigan [Mr. SMITH] to the Senator from Arkansas [Mr. CLARKE] and will vote. I vote "nay."

Mr. SMITH of South Carolina (when his name was called). I have a pair with the Senator from Delaware [Mr. RICHARDSON]. I transfer it to the Senator from Indiana [Mr. KERN] and will vote. I vote "nay."

Mr. STONE (when his name was called). I transfer the pair I have with the Senator from Wyoming [Mr. CLARK] to the Senator from New Jersey [Mr. MARTINE] and will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). Again announcing my pair with the Senator from Maryland [Mr. RAYNER], I withhold my vote on account of his absence.

Mr. WARREN (when his name was called). I again announce my pair with the senior Senator from Louisiana [Mr. FOSTER].

The roll call was concluded.

Mr. BANKHEAD. I transfer my pair with the Senator from Idaho [Mr. HEYBURN] to the senior Senator from Florida [Mr. FLETCHER], and will vote. I vote "nay."

The result was announced—yeas 29, nays 31, as follows:

YEAS—29.

Borah	Cullom	Jones	Root
Bourne	Cummins	Lodge	Sanders
Bradley	Curtis	McLean	Smoot
Brandegee	Dillingham	Nelson	Thornton
Burnham	du Pont	Oliver	Townsend
Burton	Fall	Page	
Catron	Gallinger	Penrose	
Crawford	Guggenheim	Perkins	

NAYS—31.

Ashurst	Culberson	O'Gorman	Smith, Ga.
Bacon	Hitchcock	Overman	Smith, Md.
Bankhead	Johnson, Me.	Poindexter	Smith, S. C.
Bristow	Johnston, Ala.	Pomerene	Stone
Bryan	Kenyon	Reed	Tillman
Chamberlain	Martin, Va.	Shively	Williams
Chilton	Myers	Simmons	Works
Clapp	Newlands	Smith, Ariz.	

NOT VOTING—34.

Bailey	Foster	Lippitt	Smith, Mich.
Briggs	Gamble	McCumber	Stephenson
Brown	Gardner	Martine, N. J.	Sutherland
Clark, Wyo	Gore	Massey	Swanson
Clarke, Ark.	Gronna	Owen	Warren
Crane	Heyburn	Paynter	Watson
Davis	Kern	Percy	Wetmore
Dixon	La Follette	Rayner	
Fletcher	Lea	Richardson	

So Mr. OLIVER's amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Iowa [Mr. KENYON] for the Senator from North Dakota [Mr. GRONNA], upon which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. GUGGENHEIM (when his name was called). I again announce the transfer of my pair, and I will vote. I vote "yea."

Mr. McCUMBER (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. PERCY]. I am informed by his colleague that he would probably vote "nay" upon this amendment, and I should vote "yea." He being absent, I am compelled to withhold my vote.

Mr. MASSEY (when his name was called). I again announce my pair with the Senator from Virginia [Mr. SWANSON]. If he were present, I should vote "yea."

Mr. REED (when his name was called). I transfer my pair with the Senator from Michigan [Mr. SMITH] to the Senator from Arkansas [Mr. CLARKE] and will vote. I vote "nay."

Mr. SMITH of South Carolina (when his name was called.) I again announce my pair with the Senator from Delaware [Mr. RICHARDSON]. I transfer it to the Senator from Indiana [Mr. KERN] and will vote. I vote "nay."

Mr. STONE (when his name was called). I transfer my pair with the Senator from Wyoming [Mr. CLARK] to the Senator from New Jersey [Mr. MARTIN] and will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). On account of the absence of the Senator from Maryland [Mr. RAYNER], with whom I have a pair, I withhold my vote.

Mr. WARREN (when his name was called). I again announce my pair as heretofore mentioned.

The roll call was concluded.

Mr. SHIVELY. My colleague [Mr. KERN] is unavoidably absent from the city. He is paired with the Senator from Delaware [Mr. RICHARDSON]. I will let this announcement stand for the day.

Mr. LODGE. I desire to announce the pair of my colleague [Mr. CRANE], who is absent from the city, with the Senator from Arkansas [Mr. DAVIS]. I will let this announcement stand for the day.

Mr. McCUMBER. I think my colleague [Mr. GRONNA], if present, would vote "yea" on this proposition, and I therefore transfer my pair with the senior Senator from Mississippi [Mr. PERCY] to the junior Senator from North Dakota [Mr. GRONNA]; that is, just upon this one proposition.

Mr. LA FOLLETTE rose.

Mr. McCUMBER. Unless the Senator from Wisconsin has information to the contrary.

Mr. LA FOLLETTE. I will say to the senior Senator from North Dakota that the junior Senator from North Dakota would vote for this amendment. Indeed, the junior Senator from Iowa [Mr. KENYON] in offering it, did so on behalf of the junior Senator from North Dakota.

Mr. McCUMBER. Assuming that he would do so, I will make the transfer and vote. I vote "yea."

Mr. BANKHEAD. I transfer my pair with the Senator from Idaho [Mr. HEYBURN] to the senior Senator from Florida [Mr. FLETCHER] and will vote. I vote "yea."

The result was announced—yeas 51, nays 9, as follows:

YEAS—51.

Ashurst	Crawford	Kenyon	Pomerene
Bacon	Cullom	Lodge	Root
Bankhead	Cummins	McCumber	Sanders
Borah	Curtis	Martin, Va.	Shively
Bourne	Dillingham	Myers	Simmons
Bradley	du Pont	Nelson	Smith, Ariz.
Brandegee	Fall	Newlands	Smith, Ga.
Bristow	Gallinger	O'Gorman	Smith, Md.
Burnham	Guggenheim	Oliver	Smoot
Burton	Hitchcock	Page	Thornton
Catron	Johnson, Me.	Penrose	Townsend
Chamberlain	Johnston, Ala.	Perkins	Works
Clapp	Jones	Poindexter	

NAYS—9.

Bryan	Overman	Smith, S. C.	Tillman
Chilton	Reed	Stone	Williams
Culberson			

NOT VOTING—34.

Bailey	Foster	Lippitt	Smith, Mich.
Briggs	Gamble	McLean	Stephenson
Brown	Gardner	Martine, N. J.	Sutherland
Clark, Wyo.	Gore	Massey	Swanson
Clarke, Ark.	Gronna	Owen	Warren
Crane	Heyburn	Paynter	Watson
Davis	Kern	Percy	Wetmore
Dixon	La Follette	Rayner	
Fletcher	Lea	Richardson	

So the amendment offered by Mr. KENYON on behalf of Mr. GRONNA was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDENT pro tempore. The question is, Shall the bill pass?

Mr. SIMMONS. On that I ask for the yeas and nays.

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

Mr. McCUMBER (when his name was called). I again announce my pair with the senior Senator from Mississippi [Mr. PERCY]. He being absent, I withhold my vote.

Mr. MASSEY (when his name was called). I again announce my pair with the Senator from Virginia [Mr. SWANSON], and withhold my vote. If he were present, I should vote "nay."

Mr. REED (when his name was called). I again announce my pair with the Senator from Michigan [Mr. SMITH] and the transfer of the pair to the Senator from Arkansas [Mr. CLARKE]. I vote "yea."

Mr. SMITH of South Carolina (when his name was called). I again announce my pair with the Senator from Delaware [Mr. RICHARDSON] and transfer it to the Senator from Indiana [Mr. KERN] and will vote. I vote "yea."

Mr. STONE (when his name was called). I again announce my pair with the Senator from Wyoming [Mr. CLARK]. I transfer it to the Senator from New Jersey [Mr. MARTINE] and will vote. I vote "yea."

Mr. SUTHERLAND (when his name was called). I again announce my pair with the Senator from Maryland [Mr. RAYNER], and withhold my vote on account of his absence.

Mr. WARREN (when his name was called). On this question I have a pair with the Senator from Louisiana [Mr. FOSTER].

The roll call was concluded.

Mr. BANKHEAD. I announce my pair with the Senator from Idaho [Mr. HEYBURN], which I transfer to the senior Senator from Florida [Mr. FLETCHER] and will vote. I vote "yea."

Mr. MARTIN of Virginia. The pair of my colleague [Mr. SWANSON] has been announced. I simply desire to say that if he were present, he would vote "yea."

Mr. JOHNSON of Maine. I wish to announce the unavoidable absence of my colleague [Mr. GARDNER], and the fact that he is paired with the senior Senator from Rhode Island [Mr. WETMORE]. If my colleague were present, he would vote "yea."

Mr. TOWNSEND. I have heretofore announced the necessary absence of my colleague [Mr. SMITH], and I wish to say that if he were present, on this question he would vote "nay."

Mr. GUGGENHEIM. I transfer my pair as heretofore announced and vote. I vote "nay."

Mr. LA FOLLETTE. I announce for the junior Senator from North Dakota [Mr. GRONNA] that he is unavoidably absent. If he were present, he would vote "yea."

Mr. SMOOT. I desire to announce the absence from the city of the junior Senator from Wisconsin [Mr. STEPHENSON]. He has a general pair with the Senator from Oklahoma [Mr. GORE].

The result was announced—yeas 36, nays 19, as follows:

YEAS—36.

Ashurst	Crawford	Myers	Smith, Ariz.
Bacon	Culberson	Newlands	Smith, Ga.
Bankhead	Cummins	O'Gorman	Smith, Md.
Borah	Hitchcock	Overman	Smith, S. C.
Bristow	Johnson, Me.	Poindexter	Stone
Bryan	Johnston, Ala.	Pomerene	Thornton
Chamberlain	Kenyon	Reed	Tillman
Chilton	La Follette	Shively	Williams
Clapp	Martin, Va.	Simmons	Works

NAYS—19.

Bradley	Dillingham	McLean	Root
Burnham	Gallinger	Oliver	Sanders
Burton	Guggenheim	Page	Smoot
Cullom	Jones	Penrose	Townsend
Curtis	Lodge	Perkins	

NOT VOTING—39.

Bailey	Dixon	Kern	Rayner
Bourne	du Pont	Lea	Richardson
Brandegee	Fall	Lippitt	Smith, Mich.
Briggs	Fletcher	McCumber	Stephenson
Brown	Foster	Martine, N. J.	Sutherland
Catron	Gamble	Massey	Swanson
Clark, Wyo.	Gardner	Nelson	Warren
Clarke, Ark.	Gore	Owen	Watson
Crane	Gronna	Paynter	Wetmore
Davis	Heyburn	Percy	

So the bill was passed.

FUR-SEAL CONVENTION.

Mr. LODGE. I move that the Senate proceed to the consideration of the bill (H. R. 16571) to give effect to the convention between the Governments of the United States, Great Britain, Japan, and Russia for the preservation and protection of the fur seals and sea otter which frequent the waters of the North Pacific Ocean, concluded at Washington July 7, 1911.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill.

The PRESIDENT pro tempore. With the permission of the Senator from Massachusetts, the Chair will lay before the Senate a message from the President of the United States.

Mr. LODGE. Certainly.

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States (S. Doc. No. 921) which was read:

To the Senate and House of Representatives:

Under the fur-seal convention entered into by the United States with Great Britain, Japan, and Russia on the 7th of July, 1911, which was approved by the Senate on July 24, 1911, and ratified on December 12, 1911, this Government agreed to pay the sum of $200,000 to Great Britain and the sum of $200,000 to Japan when the convention went into effect; and in my message to Congress of December 7, 1911, the attention of Congress was especially called to the necessity for legislation on the part of the United States for the purpose of fulfilling the obligations assumed under the convention. In view of the omission of Congress up to the present time to adopt any legislation to carry out the obligations of this Government under this convention, it becomes incumbent upon me again to call the

subject to the attention of Congress and to urge the importance of enacting at the earliest possible moment, and at this session of Congress, the legislation necessary to enable this Government to make the payments to Great Britain and Japan as required by this convention, and also to fulfill its other obligations thereunder in so far as legislation is necessary for that purpose.

The international conference at which the convention under consideration was agreed upon was held at the urgent invitation of the United States, and the acceptance of that invitation by the other parties was secured only after protracted negotiations and at the repeated request of the United States, and, notwithstanding these circumstances, the United States is now the only one of the four parties to the convention which has failed to adopt any legislation for the purpose of giving effect to the obligations imposed by the convention.

In this connection I desire also to call briefly to the attention of Congress the question of the policy to be pursued by this Government with reference to the regulation of the fur-seal herds within the jurisdiction of the United States. The convention reserves to the United States the right at any time and from time to time to suspend altogether the taking of sealskins on the islands and shores within its jurisdiction, and to impose such restrictions and regulations upon the total number of skins to be taken in any season and the manner, times, and places of taking them as may seem necessary to protect and preserve the seal herd or to increase its number. This, therefore, is a subject which may properly be dealt with by Congress, and it is essential in dealing with it not only to fulfill the obligations imposed upon the United States by the letter and the spirit of the convention, but also to consider the interests of the other parties to the convention, for their cooperation is necessary to make it an effective and permanent settlement of the fur-seal controversy.

Ever since the question of land killing of seals was subjected to scientific investigation, soon after the fur-seal controversy arose nearly 25 years ago, this Government has invariably insisted throughout the protracted and almost continuous diplomatic negotiations which have ensued for the settlement of this controversy that the progressive diminution of the herd was due to the killing of seals at sea, and that if pelagic sealing was discontinued the polygamous habits of the seals would make it possible to kill annually on land a large number of surplus males without detriment to the reproductive capacity of the herd and without interfering with the normal growth of the size of the herd. The position thus taken by the United States has always been put forward and relied on by the United States in urging that an international agreement should be entered into prohibiting pelagic sealing; and it is obvious that one of the considerations which induced Great Britain and Japan to enter into this convention prohibiting their subjects from pelagic sealing was the expectation that the position thus taken by the United States was well founded and that the skins falling to the share of those Governments from the land killing of seals, as provided for in this convention, would compensate them for abandoning the taking of sealskins at sea.

With these considerations in mind, I feel called upon to suggest the inadvisability of adopting legislation, the effect of which is to require this Government to suspend altogether the killing of seals on land before it has actually been proved by the test of experience and scientific investigation that such suspension of killing "is necessary to protect and preserve the seal herd." The other Governments might justly complain if this Government should deprive them of their expected share of the skins taken on land by prohibiting all land killing unless we can show by satisfactory evidence that this source was adopted as the result of changed conditions which justify a change in our former attitude on the subject. In this connection it should be noted that, since the fur-seal business has been taken over by the Government and no private interests are now concerned in making a profit out of it, there is no urgent necessity for imposing by legislation stringent limitations upon land killing. Legislation on this subject, therefore, may well be postponed until after the enactment of legislation necessary to give effect to our obligations under this convention.

It must also be remembered that this convention runs for a fixed period of only 15 years and can be terminated at the end of that period by any of the parties, so that it is of the utmost importance that this Government should deal with this subject not only in a way which will satisfy the other parties interested that they are receiving their fair share of the increase of the herd resulting from the cessation of pelagic sealing, but also in such a way as to enable this Government to demonstrate that the killing of the surplus male seals on land is not detrimental to the welfare of the herd. It is evident, however, that this question can not fairly be tested if land killing and pelagic sealing are both prohibited at the same time, and it would be most unfortunate if we should lose the opportunity, which is now presented for the first time by virtue of this convention, of demonstrating by the test of actual experience the soundness of the position maintained by us throughout the controversy, and upon the soundness of which depends the permanent solution of this question in the manner provided for in this coven-tion.

WM. H. TAFT.

THE WHITE HOUSE, *August 14, 1912.*

The PRESIDENT pro tempore. The message from the President of the United States will be printed and lie on the table.

Mr. LODGE. I yield to the Senator from North Dakota [Mr. MCCUMBER] for a conference report upon an appropriation bill. I ask that the unfinished business be temporarily laid aside for that purpose.

PENSION APPROPRIATION BILL.

The PRESIDENT pro tempore. The Chair lays before the Senate the action of the House of Representatives on House bill 18985, the pension appropriation bill, which will be stated.

The Secretary read as follows:

IN THE HOUSE OF REPRESENTATIVES,
August 8, 1912.

Resolved, That the House adheres to its amendments to the amendments of the Senate Nos. 2, 3, and 4, and that the House adheres to its disagreement to the amendments of the Senate Nos. 5, 9, 10, and 11 to the bill (H. R. 18985) making appropriations for the payment of invalid and other pensions of the United States for the fiscal year ending June 30, 1913, and for other purposes.

Mr. MCCUMBER. Mr. President, that the Senate may be apprised of the parliamentary status of this bill, I think it necessary for me to make a brief explanation of its condition.

The bill was passed by the House, reported by the Senate committee, and amended by that committee, which amendments were agreed to by the Senate. The bill then went to the House and the House refusing to concur in the Senate amendments asked for a conference and appointed their conferees. Upon the message coming to the Senate the Senate insisted upon its amendments, agreed to the conference asked by the House, and appointed conferees for that purpose.

The matter was under discussion for about two months by the committee of conference of the two Houses, and we were unable to come to an agreement upon the one proposition, that of the abolition of the pension agencies and other amendments which related directly thereto. Finally, the conferees of the two Houses agreed to report as far as they had proceeded in respect to their agreement and to report the particular portions on which they were unable to agree. Each body then again took the matter under consideration. The Senate voted, on the motion of the chairman of the conferees on the part of the Senate, to insist upon its amendments and ask for a further conference. This was carried and the Senate again appointed conferees.

When this message reached the House no action was taken on it for some time, but finally the House took action in the shape of the report which has just been read to the Senate. In other words, they do not reappoint their conferees, and by their action the rights of the conferees of the House are abolished, as I understand the status there, and the House acted directly upon the subject matter. In their action they adhere to their attitude in the first instance, but agree upon certain amendments.

The effect of those amendments is to continue the life of the agencies until December 31, 1912. Having no conferees to discuss the matter with, it was necessary for the conferees on the part of the Senate, or at least one of them, to see what terms could possibly be made with the House in the matter of an agreement. I think the House will be willing at this time to make an amendment which will conform to this proposition, that the agencies shall be continued until the 31st day of January, 1913; that all the agencies, instead of the 17, shall then be abolished, and that the work shall thereafter be performed wholly within the Pension Bureau. This would require, of course, the necessity of a disbursing clerk to be appointed by the Secretary of the Interior, who would hold the same position as other important clerks, except that his duties would be practically the same as those of the pension agent in the city of Washington.

There are two reasons why, if we are going to abolish the agencies, all should be abolished and a disbursing clerk be appointed within the bureau. One reason is that upon the death of the agent there would be no other appointment made without the confirmation of the Senate, and this might be delayed a time. Another reason is that the clerks in the pension agencies are distinct from those in the Pension Office. The ap-

propriation that is made for clerk hire in the Pension Office in the city of Washington could not be carried, under the construction placed by the commissioner, and I think he is right, to the payment of clerks in the agencies.

Therefore I have drafted a number of amendments. I think the only way now that we can get at it, inasmuch as the House has no conferees, is for the Senate to ignore its action heretofore taken in the appointment of conferees and to act directly upon the bill itself. I have therefore prepared certain amendments, which I will ask the Senate to agree to.

I desire to say, Mr. President, that I am of the same opinion I have been as to this method of forcing a legislative proposition through either House. The method I refer to, of tacking the proposition to an appropriation bill, is certainly pernicious, where one of the Houses is opposed, and positively opposed, to the legislation. The only way that this legislation could possibly be secured would be upon an appropriation bill. In other words, in plain English, it means that we will starve the soldiers until those who feel that they would like to retain the agencies in order to get the appropriations for the soldiers will agree to the abolition of the agencies. We are now nearly a month behind. It will require at least $10,000,000 to pay what was due on the 4th of August. Many of the soldiers who are dependent entirely upon this pension are writing the department and writing other Senators asking for speedy action upon this appropriation bill. It is heeding their requests, rather than acting upon my own judgment and wish, that I have concluded to ask the Senate to concede the abolition of the agencies.

Before I do that, Mr. President, to show that the Grand Army of the Republic still adhere to former resolutions concerning the agencies, I ask that there may be printed in the RECORD a resolution adopted by the national encampment of the Grand Army of the Republic at its forty-second national encampment; also a resolution adopted by the Department of Maine, of the Grand Army of the Republic, and also of the Department of Pennsylvania. I will not ask that they be read.

The PRESIDENT pro tempore. Without objection, the request will be complied with.

The matter referred to is as follows:

Resolution adopted by national encampment Grand Army of the Republic.

Resolved, That the members of the forty-second national encampment of the Grand Army of the Republic, for themselves and for all whom they represent, respectfully and earnestly appeal to our President to withhold his approval from any plan of consolidation of agencies which may, and likely will, work inconvenience and hardship to the aged and infirm survivors of the Civil War and their dependents, who prayerfully petition that our President will let "well enough alone" and preserve present methods and policy in the payment of pensions, which have won the approval for over 30 years of expert officials and patriotic citizens.

The national encampment of the Grand Army of the Republic, assembled at Toledo, Ohio, in forty-second annual session, expressing, they are certain, the opinion of the entire membership of the organization, respectfully and earnestly suggests to the President that he withhold approval of the plans proposed for abolishing the present system of payments of pensions through the pension agencies.

We firmly believe that the change proposed will not be more economical, and that it can not fail to work hardship and inconvenience upon thousands of aged and infirm pensioners accustomed for so many years to the present improved system, which insures prompt correction of errors through well-known and reliable bonded agencies and secures prompt payment of money due when most needed.

—

Resolution adopted by the Department of Maine, Grand Army of the Republic.

Resolved, That the Department of Maine, Grand Army of the Republic, at this, its forty-first annual encampment, do individually and collectively wish to express its sincere thanks for and appreciation of the active and energetic manner with which our Senators and Representatives have labored in behalf of the retention of the pension agencies throughout the United States; and

Whereas the retention of these agencies is to be a matter for the President of the United States to decide: Therefore be it

Resolved, That this encampment do hereby most respectively request our Senators and Representatives in Congress to use their good offices with the President to retain these long-established agencies for the benefit of the thousands of pensioners in this and other States.

Resolved, That a copy of these resolutions be forwarded to each of the Senators and Representatives and a copy to the national encampment.

—

Resolution adopted by the Department of Pennsylvania, Grand Army of the Republic.

Resolved, That the thanks of the Department of Pennsylvania, Grand Army of the Republic, be extended to the Senators and Members of Congress who by their influence defeated the proposition to abolish the pension agencies as now located throughout the country. These agencies were established, not only for the payment, but also for the convenience of the veterans, their widows and orphans, and the consolidation of these agencies at Washington would, in our opinion, result in real hardship to the pensioners. Hence, the Grand Army of the Republic of Pennsylvania tenders the thanks and gratitude of every pensioner in this department to those Members of Congress whose votes defeated the scheme of consolidation of the agencies.

Mr. McCUMBER. I think that the only way to deal with this matter is to now take it up by propositions of amendment, taking each one separately rather than to ask for a vote on all the amendments at once. I therefore move that the Senate recede from its amendment numbered 5. The amendment numbered 5 is for examination and inspection of pension agencies and the appropriation made therefor. If we abolish the agencies, of course we will not need that.

The PRESIDENT pro tempore. The Senator from North Dakota moves that the Senate recede from the amendment which he has stated and which will be reported by the Secretary.

The SECRETARY. On page 3, after line 2, the following:

For examination and inspection of pension agencies as provided by the final provision of the act of August 8, 1882, amending section 4876 of the Revised Statutes, $1,500.

The PRESIDENT pro tempore. The question is on the motion made by the Senator from North Dakota.

The motion was agreed to.

Mr. McCUMBER. I move as a substitute for the House amendment to the amendment of the Senate:

That the Senate recede from its amendment No. 5.

That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said House amendment insert the following:

"For salaries of 18 agents for the payment of pensions, at the rate of $4,000 per annum each, during the first 7 months of the fiscal year 1913, $42,000.

"For salary of 1 disbursing clerk for the payment of pensions, to be selected and appointed by the Secretary of the Interior, at the rate of $4,000 per annum, during the last 5 months of the fiscal year 1913, $1,666.67; and from and after the 31st day of January, 1913, there shall be one disbursing clerk in the Bureau of Pensions, to be appointed as aforesaid, and who shall receive a salary at the rate of $4,000 per annum; and section 4778 of the Revised Statutes of the United States authorizing the appointment of agents for the payment of pensions and section 4780 of the Revised Statutes of the United States authorizing the establishment of agencies by the President of the United States are hereby repealed, to take effect from and after the 31st day of January, 1913, and the existing pension agencies are abolished from and after said date."

Mr. SHIVELY. Mr. President, as I understand the Senator's proposed amendment, it postpones the abolition of the agencies for about one month; that is, the House amendment fixed the abolition of these agencies on the 31st day of December of this year, and the proposed amendment fixes the time of the abolition of the agencies the 31st day of January next.

Mr. McCUMBER. That is correct. There is only one month's difference.

Mr. SHIVELY. In the next place, it creates the position of disbursing agent here at Washington at a salary of $4,000 per year. In the third place, it provides the necessary appropriation for the agencies pending their abolition.

Mr. McCUMBER. The Senator is correct.

The PRESIDENT pro tempore. The question is on agreeing to the motion made by the Senator from North Dakota.

The motion was agreed to.

Mr. McCUMBER. I now move that the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 3 and agree to the same with an amendment as follows:

In lieu of the matter inserted by said House amendment insert the following:

"For clerk hire and other services at 18 pension agencies during the first seven months of the fiscal year 1913 and in the office of the disbursing clerk for the payment of pensions during the last five months of the fiscal year 1913, and including not exceeding $10,000 for expenses of consolidating and removing records and equipment of pension agencies, $375,000, or so much thereof as may be necessary: *Provided*, That estimates in detail shall be submitted for the fiscal year 1914 and annually thereafter for clerks and others employed in the office of the disbursing clerk for the payment of pensions and the amounts to be paid to each."

Mr. LODGE. Mr. President, I merely desire to ask the Senator from North Dakota a question. In all these agencies there are clerks. In the total, I suppose, there are a considerable number of clerks. They are all in the classified service; they have all been appointed in the regular way; and it seems to me that it would be a great hardship if they could not be employed here to do the work for which the additional clerks would be required. I do not think others ought to be taken freshly from the civil-service register and put into their places. I think they have a prior claim to employment, if they desire to come here.

Mr. McCUMBER. Mr. President, in the amendments which I propose there is nothing whatever that deals with that subject, for the reason that I did not consider it as at all necessary. After being in the classified service under the Interior Department, they, of course, would be immediately transferable to another bureau in that department; and I assume that, having the right to hold a position as long as there are positions under the classified service, the department would be compelled to give them a transfer if they should request it. I understand that to be the law now. But if we thought it

necessary, of course, we could provide—and I am certain that the House would have no objection—that all the clerks in these agencies, upon the abolition of the agencies, should be immediately transferable to the Bureau of Pensions. I assume, however, that they will go there without an express provision to that effect.

The PRESIDENT pro tempore. The question is on the motion of the Senator from North Dakota [Mr. MCCUMBER].

The motion was agreed to.

Mr. MCCUMBER. I now move that the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 4 and agree to the same with an amendment as follows:

In lieu of the matter inserted by said House amendment, insert the following:

"For rent of pension agency at New York, N. Y., during the first seven months of the fiscal year 1913, $2,479.17, or so much thereof as may be necessary."

The PRESIDENT pro tempore. The question is on the motion of the Senator from North Dakota.

The motion was agreed to.

Mr. MCCUMBER. I now move that the Senate further insist on its amendments numbered 9, 10, and 11.

The motion was agreed to.

Mr. SHIVELY. What were the amendments included in the Senator's last motion, if the Senator please?

Mr. MCCUMBER. My last motion was that the Senate still further insist on its amendments numbered 9, 10, and 11. We have already agreed to a correction.

Mr. SHIVELY. That is all right.

Mr. MCCUMBER. This, I believe, covers the subject.

The PRESIDENT pro tempore. The Chair has some doubt as to the parliamentary situation. Has the Senator from North Dakota presented a conference report?

Mr. MCCUMBER. I can hardly call it a conference report, for it was a message that came over from the other House. It has not come as a conference report, but as an act of the House.

The PRESIDENT pro tempore. So that the papers will now be returned?

Mr. MCCUMBER. The papers are to go back to the other House.

The PRESIDENT pro tempore. They are to be returned to the other House, with the amendments.

FUR-SEAL CONVENTION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 16571) to give effect to the convention between the Governments of the United States, Great Britain, Japan, and Russia for the preservation and protection of the fur seals and sea otter which frequent the waters of the north Pacific Ocean, concluded at Washington July 7, 1911.

Mr. LODGE. I ask that the bill be now read. There is only one amendment reported by the committee to it.

The PRESIDENT pro tempore. The bill will be read as requested.

The Secretary read the bill.

The PRESIDENT pro tempore. The amendment reported by the Committee on Foreign Relations will be read.

The SECRETARY. On page 8, after line 2, the Committee on Foreign Relations report an amendment to strike out the following:

SEC. 11. That the Secretary of Commerce and Labor, or his authorized agents, shall have authority to receive on behalf of the United States any and all fur-seal skins taken as provided in the thirteenth and fourteenth articles of said convention and tendered for delivery by the Governments of Japan and Great Britain in accordance with the terms of said articles; and all skins which are or shall become the property of the United States from any source whatsoever shall be sold by the Secretary of Commerce and Labor in such market, at such times, and in such manner as he may deem most advantageous; and the proceeds of such sale or sales shall be paid into the Treasury of the United States. And the Secretary of Commerce and Labor shall likewise have authority to determine the number of fur seals to be taken annually on the Pribilof Islands, or any other islands or shores of the waters mentioned in the first article of said convention and subject to the jurisdiction of the United States, to which any seal herds hereafter resort, and to direct the taking of the same: *Provided, however,* That no seals shall be killed in the fiscal year beginning July 1, 1912, except such as may be necessary for food purposes only: *And provided further,* That no seals shall be killed at any time except 3-year-old males not needed for breeding purposes: *And provided further,* That the number of 3-year-old males selected from among the finest and most perfect seals of that age found on the hauling grounds to be reserved for breeding purposes in each year ending August 1 shall not be fewer than the following: In 1913, 2,000; in 1914, 2,500; in 1915, 3,000; in 1916, 3,500; in 1917, and in each year thereafter until 1921, inclusive, 4,000; and in 1922, and in each year thereafter until 1926, inclusive, 5,000; to deliver to the authorized agents of the Canadian Government and the Japanese Government the skins to which they are entitled under the provisions of the tenth article of said convention; to pay to Great Britain and Japan such sums as they are entitled to receive, respectively, under the provisions of the eleventh article of said convention; to retain such skins as the United States may be entitled to retain under the provisions of the eleventh article of said convention; and to do or perform, or cause to be done or performed, any and every act which the United States is authorized or obliged to do or perform by the provisions of the tenth, eleventh, thirteenth, and fourteenth articles of said convention; and to enable the Secretary of Commerce and Labor to carry out the provisions of the said eleventh article there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $400,000.

And in lieu thereof insert:

SEC. 11. That from and after the approval of this act all killing of fur seals on the Pribilof Islands, or anywhere within the jurisdiction of the United States in Alaska, shall be suspended for a period of 10 years, and shall be, and is hereby, declared to be unlawful; and all punishments and penalties heretofore enacted for the illegal killing of fur seals shall be applicable and inflicted upon offenders under this section: *Provided,* That this prohibition shall not apply to the annual killing on the Pribilof Islands of such male seals as are needed to supply food, clothing, and boat skins for the natives on the islands, as is provided for in article 11 of said convention; the skins of all seals so used for food shall be preserved and annually sold by the Government, and proceeds of such annual sales shall be covered into the Treasury of the United States: *Provided further,* That at the expiration of the said 10 years' suspension of all commercial killing as above provided, said killing may be resumed under authority of the Secretary of Commerce and Labor: *Provided, however,* That the number of 3-year-old males selected from among the finest and most perfect seals of that age found on the hauling grounds, to be reserved for breeding purposes, in each year ending August 1, shall not be fewer than the following: In 1922, and in each year thereafter until 1926, inclusive, 5,000. The Secretary of Commerce and Labor, or his authorized agents, shall have authority to receive on behalf of the United States any and all fur-seal skins taken as provided in the thirteenth and fourteenth articles of said convention and tendered for delivery by the Governments of Japan and Great Britain in accordance with the terms of said articles; and all skins which are or shall become the property of the United States from any source whatsoever shall be sold by the Secretary of Commerce and Labor in such market, at such times, and in such manner as he may deem most advantageous; and the proceeds of such sale or sales shall be paid into the Treasury of the United States. The Secretary of Commerce and Labor shall likewise have authority to deliver to the authorized agents of the Canadian Government and the Japanese Government the skins to which they are entitled under the provisions of the tenth article of said convention; to pay to Great Britain and Japan such sums as they are entitled to receive, respectively, under the provisions of the eleventh article of said convention; to retain such skins as the United States may be entitled to retain under the provisions of the eleventh article of said convention; and to do or perform, or cause to be done or performed, any and every act which the United States is authorized or obliged to do or perform by the provisions of the tenth, eleventh, thirteenth, and fourteenth articles of said convention; and to enable the Secretary of Commerce and Labor to carry out the provisions of the said eleventh article there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $400,000.

Mr. LODGE. Mr. President, when I reported this bill to the Senate——

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

The PRESIDENT pro tempore. The Senator from New York suggests the absence of a quorum. The Secretary will call the roll.

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

Bacon	Cummins	Myers	Smith, Ga.
Bankhead	Curtis	Nelson	Smith, Md.
Bourne	Dillingham	Newlands	Smith, S. C.
Brandegee	Fletcher	O'Gorman	Smoot
Briggs	Gallinger	Oliver	Stone
Bristow	Hitchcock	Overman	Sutherland
Burnham	Johnson, Me.	Penrose	Thornton
Burton	Johnston, Ala.	Perkins	Warren
Catron	Kenyon	Pomerene	Williams
Chamberlain	Lodge	Root	Works
Clapp	McCumber	Sanders	
Crawford	Martin, Va.	Shively	
Cullom	Massey	Simmons	

The PRESIDENT pro tempore. Forty-nine Senators have answered to their names. A quorum of the Senate is present.

Mr. LODGE. Mr. President, when I reported this bill to the Senate some months ago, I stated that the committee was unanimously in favor of the bill and of the necessity for the enactment of legislation of this character, but that they differed in regard to the amendment which was proposed striking out section 11 and inserting a new section.

The difference between the section stricken out and the section proposed really can be reduced to a single point. The House of Representatives in their bill made a closed season for the first year and after that allowed a limited killing of young bulls, increasing the limit somewhat from year to year. Of course, it remains entirely closed as to females. A majority of the Foreign Relations Committee of the Senate changed this by proposing that there should be a closed season of 10 years for all seals, preventing the killing of young bulls at all during that period. That is the point of difference between the provision of the House and the provision suggested by the majority of the Committee on Foreign Relations.

Mr. President, I desire, first, to call the attention of the Senate to the purpose and the necessity of this act. We made a treaty with Great Britain, Japan, and Russia, which was sent in on July 22, 1911, and was ratified by the Senate shortly

after that time. The purpose of that treaty was the abolition of pelagic sealing. The United States for many years, ever since the decision of the Arbitral Tribunal of Paris, has been laboring to get an agreement with these three nations for the abolition of pelagic sealing, believing that it was owing to pelagic sealing that the herd was being rapidly extinguished. Therefore the purpose of this treaty was one for which the United States had long labored, and of course the object was, having got rid of pelagic sealing, to rehabilitate the herds. We agreed, under the treaty, to make certain payments to Great Britain and Japan in compensation for the skins which they would lose by the stopping of pelagic sealing, that money to be refunded as the killing was committed with the gradual rehabilitation of the herds.

That pledge or promise to pay $200,000 to both Japan and England is now nearly seven months overdue. It is within the power of either of those countries, if they choose to take advantage of this delay in action on our part, to abrogate those treaties. The abrogation of the treaties would lead to a resumption of pelagic sealing and the extinction of the herds in a very short time. I merely mention that to bring home to the Senate the very great importance of immediate action upon this bill—action before this session of Congress closes.

Mr. WILLIAMS. I should like to ask the Senator from Massachusetts what is the cause of the seven months' delay?

Mr. LODGE. Simply the delay of Congress in passing the bill; that is all.

Mr. WILLIAMS. Delay in both Houses.

Mr. LODGE. Chiefly here; and I ought to add that Great Britain, Japan, and Russia have all passed the necessary legislation to fulfill their part of the treaty, while we, who have sought this treaty and labored for it for years, are the only Nation of the four behindhand with their legislation.

I mention that to show the present condition and the need of immediate action. It has no bearing on the question of the closed season, which is the matter in difference between the majority of the Committee on Foreign Relations and the House of Representatives. I ought to say, further, in order to show the condition in which we are now in relation to the other signatories of this treaty, that two of the most important signatories regard the adoption of a closed season of 10 years as a breach of the treaty in spirit, although not technically so. We have the right under the treaty to establish a closed season, and if it became necessary they would cheerfully concede it; but they hold that we should not establish a long closed season, preventing entirely the killing of young bulls, until at least the purpose of the treaty had been thoroughly tested. That is what has been the contention of the United States throughout—that if we could stop pelagic sealing the herds would revive.

Mr. President, they take the view that a period of 10 years——

Mr. DILLINGHAM. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Vermont?

Mr. LODGE. Certainly.

Mr. DILLINGHAM. I should like to ask the Senator from Massachusetts a question. I understand that by this treaty we make provision for paying each one of these nations a sum equivalent to their loss in case we establish a closed season. Have any representations been made by them; and if so, by whom?

Mr. LODGE. The nations which have unofficially made representations on this point are Great Britain and Japan, which are the two principally in interest.

Mr. DILLINGHAM. Unofficially?

Mr. LODGE. Unofficially, but directly. They have fulfilled all their obligations. What they desire from all the herds—our herd, Russia's herd, Japan's herd, if it can be done without injury to the herd—are skins and money; and their proposition is that we should not make a closed season for so long a period as 10 years, which is two-thirds the life of the treaty, until, at least, we have discovered whether the herds would not revive under the abolition of pelagic sealing.

They do not deny at all our right to do it, but they say it is contrary to the spirit of the treaty.

Mr. DILLINGHAM. Is it not true that that was one of the objects in making the treaty, and was arranged for, and by the terms of the treaty is not the right recognized in our Government to make a closed season if it sees fit?

Mr. ROOT. Not if it sees fit.

Mr. LODGE. Not if we see fit, but if found necessary. Moreover, I know perfectly well that while we have the technical right to a closed season for 15 years, they would regard it as entirely in violation of the spirit of the treaty.

The Senator and the Senate will do well to remember that if they choose to take advantage of technicalities they are justified in abrogating these treaties to-morrow.

Mr. DILLINGHAM. I did not make the inquiry for the purpose of controverting any position the Senator from Massachusetts may take, but to bring out clearly what is the condition.

Mr. LODGE. I am obliged to the Senator from Vermont. I know that was his purpose. This is a case where it is not desirable to stand too much on technicalities.

I have tried to define the situation as regards this law in its relation to the treaties and the difference which has arisen between the majority of the Committee on Foreign Relations and the House of Representatives. I stated there was a difference of opinion in the committee. I am one of those who think that the House bill is correct. The House held very elaborate hearings on this subject. They went into it with the utmost thoroughness. Their chairman, Mr. SULZER, of New York, has been a great many times in Alaska and in these islands, and has personal familiarity with the whole question. The committee, without any distinction of party, of course, by a large majority, reported this bill and carried it through the House, defeating the amendment which is now proposed by the majority of the Foreign Relations Committee. I think that the House, relying upon the testimony they took, are correct in their bill. I think that is the bill which ought to be passed.

I may also say, that so far as I have been able to learn, the scientific men of the country, with only one exception—Prof. Hornaday, of New York—are unanimously in favor of the House bill, which also has the approval of the Commissioner of Fisheries, who has been many years in that important office and has given this matter great attention.

That is the situation. I do not propose to argue in detail now the question of the effect of the method proposed by the House or the need of an absolutely closed season on the young bulls lasting for so long a period as 10 years. But I think we ought to follow the example of the House and test the proposition which we have been arguing and insisting upon to all these nations for all these years, and not legislate in a way which they may regard as a violation of the spirit of the treaty until we have shown that, as the treaty says, it is necessary to do so.

We must remember that the life of this treaty is only 15 years. It is most desirable that we should go on so far as possible in entire harmony with the other three signatory nations, in order that we may have the treaty renewed, and that this may be the permanent abolition of pelagic sealing. It is hoped and believed that under the influence of the four signatory powers this may be extended to include other countries and protect the seal herd elsewhere—in the Southern Hemisphere. To continue 15 years and then be abandoned would return us to pelagic sealing, and I have no question that the continuance of pelagic sealing means the very prompt extinction of the herd.

That is the situation as it stands between the Houses. That, briefly, is the difference between the amendment proposed by the majority of the Committee on Foreign Relations and the measure proposed by the House; and I do not desire to detain the Senate further, because I know how much we have to do, and I shall say nothing further.

Mr. POMERENE rose.

Mr. LODGE. I yield to the Senator from Ohio.

Mr. POMERENE. It is just for a question. I understand it to be the Senator's judgment that the policies provided in the House bill will not check the increase in the young seals.

Mr. LODGE. It is my belief that it will lead to an increase. I share that belief with many experts on the subject. But, however that may be, if we find at the expiration of a year that the destruction of a limited number of surplus bulls is going to prevent the increase in the herd, it will be perfectly easy for us at any moment to make a closed season, and we shall then be justified by the facts. We are not now.

Mr. TOWNSEND. Have we not had an example which illustrates the wisdom of the argument of the Senator from Massachusetts? I refer to the period during the years 1891, 1892, and 1893, when we had a sort of modus vivendi, as I understand, which gave an open season during that time, and it was discovered that the destruction which the Senator referred to actually did take place, and the herd was not increased but decreased at the end of three years, due to the very reason the Senator has mentioned—the destruction of the cows and the calves on the rookeries.

Mr. LODGE. On the rookeries. I think that has been the experience, and it is fully set forth in the House report.

Mr. HITCHCOCK. Mr. President, I think a statement of this case should be made at the outset, so that it may appear

that the majority of the Committee on Foreign Relations in proposing a closed season of 10 years during which no seals shall be killed upon the Pribilof Islands, except those necessary for the food of the natives, have no intention of violating, either in spirit or in letter, the terms of the treaty, but are attempting effectively to carry out the spirit of the treaty in the only way in which it can be carried out.

The Senator from Vermont [Mr. DILLINGHAM] has called attention to the fact that the treaty specifically provides in consideration of the promise by the United States that we will give to Japan 15 per cent of all the seals killed upon the Pribilof Islands, and to Canada 15 per cent of all the seals killed upon the Pribilof Islands, those countries will stop pelagic sealing, so far as they are concerned, and they also agree, together with Russia, that the United States shall reserve to itself absolutely during the terms of this treaty the power to kill or not to kill seals upon those islands. So much for the statement that we propose to violate the treaty in letter or in spirit. It is not true. We merely propose to exercise our rights under it.

Now I want to say a word in reply to what the Senator from Massachusetts [Mr. LODGE] has said, that we, the United States, are in default in respect to this treaty. It is true the treaty provided for the payment of $200,000 to Great Britain and $200,000 to Japan upon the ratification of the treaty or within a reasonable time thereafter, and it is true that more than a year has elapsed, due to the delays of legislation, without provision for the payment of that money. But I want to call attention to the fact that that default is not necessarily the fault of Congress. Congress was entitled to a reasonable time within which to consider the legislation for carrying out these treaties. A simple joint resolution could have been passed on suggestion of the administration providing for the payment of this money to those countries, and we would not have been in default.

Because the bill providing legislation has been delayed by the exigencies of legislation, and particularly by the control of those who had it in charge, we are now said to be in default to Japan and are held responsible because we are trying to enact legislation that will be permanent and effective. It is not the fault of those who seek to protect the seals, but the neglect of the administration.

The Senator from Massachusetts says that the destruction of the herd of seals on the Pribilof Islands in the past has been due to pelagic sealing, and he implies that it has been solely due to pelagic sealing. History disproves that statement. Pelagic sealing did not begin to any extent until the early eighties. When Russia had the Pribilof Islands, and she had them until 1868, she had an experience similar to what we have gone through. The killing of the male seals from those islands under the Russian sovereignty went on very much as it has gone on under our administration, and public-spirited men in those days protested to the Russian Government that the seal herd was being destroyed, and men in high places in the Russian Government insisted on that destruction just as men in high places in the Government of the United States to-day are insisting on that destruction. I can read here, if it be necessary, a letter written in 1872 by a Russian upon the islands, in which he recites the historical efforts of public-spirited men a century ago to put a stop to the reckless butchery of seals on the Pribilof Islands, because the herd had been so decimated that it at that time produced only about the same as is annually produced by our herds to-day.

Mr. SHIVELY. Will the Senator permit me? He says the letter was written in 1872.

Mr. HITCHCOCK. The letter was written in 1872, and it related to the knowledge of that Russian and to the knowledge of his father, who before him had lived upon the islands. I believe, as I have referred to the letter, it may not be out of place to read it, because it shows a striking parallel between the Russian and the American situation. He recites how the friends of the seal, the friends of this great interest, had petitioned the Russian Government to put a stop to the decimation of the herd. After setting forth the representations at the Russian capital made by Capt. Yahnovsky, he says:

> Why was his advice ignored? Ah, Mr. Elliott, Capt. Yahnovsky was high in the court circles of St. Petersburg. He did not have so much influence, however, as others who were there, too. The times were getting hard for the company. It was failing to make money by reason of the failure of the sea-otter chase. It needed money badly to meet the demands of the investors in its stock who were also members of the Imperial Government. That is the cause of Yahnovsky's failure to have his way. Baronov was getting old and worried over the loss of money to the company, so he was removed. His successors were also worried about money. So instead of resting these seals, in 1820 they resumed the killing and continued to get everything that they could secure up to the close of 1821.

Since that time in our American history efforts of public-spirited Americans to put a stop to the butchery of our valuable seal herd on the Pribilof Islands have been interfered with and defeated by men high in Government place and in political influence at Washington.

It is not altogether the pelagic sealing which has destroyed the herd in the Pribilof Islands from time to time. It is the desire to kill by those who make money out of it, coupled with the political favor which they have possessed to enforce their right to kill.

Pelagic sealing was not known until the early eighties, and yet the Russian herd, by killing, was reduced to such an extent that in 1834 Russians were forced to stop the killing. From 1834 to 1844 the Russians gave a 10 years' rest to the herd and restored it. When that period of rest began she was killing as many seals as we are killing to-day—about 12,000 a year.

What was the result of that period of rest which Russia gave to her herds from 1834 to 1844? The result was that natural causes produced natural effects. The herd revived, its numbers multiplied, and when, in 1844, the killing was resumed it was found possible by care to increase and continue the killing up to the time Alaska was sold to the United States. At that time Russia was killing without injury to the herd as many as 60,000 seals a year. When we took the herd we took it with over 4,000,000 seals in those islands.

What has become of those 4,000,000 seals in that time? We are told that pelagic sealing has decimated the herd. Ah, there is something more than pelagic sealing. Two highly profitable contracts to favored lessees have done their part to ruin that herd. In that period 2,000,000 seals were killed under the leases and 1,000,000 skins have been sold by pelagic seal hunters. The first contract began in 1870 and expired in 1890, and the second contract began in 1890 and expired in 1910.

Referring to this last contract I want to say to the Senator from Massachusetts that the killing under the last lease, which ran from 1890 to 1910, was under the supervision and advice of the very men he quotes and refers to here as authorities, scientists, and naturalists. When that last lease went into effect we had a million seals upon the Pribilof Islands. When the lease expired in 1910 the highest claim was 140,000, in 1911 the highest claim was 131,000, in 1912 it is 127,000.

Mr. LODGE. Had not pelagic sealing been going on all that time?

Mr. HITCHCOCK. Pelagic sealing began in 1884, substantially. There were cases of pelagic sealing before that, but there was no organized pelagic sealing upon a large scale until the early eighties. But the Senator can not charge the entire decimation of that herd to pelagic sealing, as I shall show. In the first place, I have shown that the Russian herd was decimated in the same way by similar leases to favored contractors before pelagic sealing was heard of.

Mr. LODGE. The Senator is perfectly well aware that the Russian herd was destroyed very largely by the Japanese during the war with Russia, when they got upon the islands and killed cows and bulls indiscriminately?

Mr. HITCHCOCK. I have no such knowledge. I will ask the Senator what year the destruction took place.

Mr. LODGE. During the Japanese war. It was in 1905, was it not?

Mr. HITCHCOCK. I am talking about the period when Russia owned the Pribilof Islands—a hundred years ago.

Mr. LODGE. I did not know the Senator was speaking of so early a date.

Mr. HITCHCOCK. The Russian herd was yielding no profit. The slaughter had been so great that when the year 1834 was reached Russia had to suspend the killing.

Mr. LODGE. The Senator is also aware that from 1820 to 1835 the Russians killed bulls and cows indiscriminately?

Mr. HITCHCOCK. The Senator is mistaken.

Mr. LODGE. I think not.

Mr. HITCHCOCK. I have read all the Russian records that are available, and they state without equivocation that the Russians killed male seals only.

Mr. LODGE. The authority I went on is found in the report of the House committee:

> The vital principle that females should be exempt from slaughter and never disturbed on land was recognized in 1835 for the first time, and thereafter enforced, at first partially and finally rigorously. With these restrictive measures in operation the herd gradually increased.

There is no doubt, I think, of that fact.

Mr. HITCHCOCK. The statement is nothing but a dictum of Members of the House of Representatives, but the Russian record shows the contrary.

Mr. LODGE. It is the finding of a committee that has taken testimony, and I think they are pretty well informed.

Mr. HITCHCOCK. I have examined that testimony and much more, and the testimony shows that the Russians killed males only until they were forced by the decimation of the herd to kill yearlings, which we are doing now, and when you kill yearlings you can not tell whether you are killing males or females.

Mr. WILLIAMS. I wish to ask the Senator from Nebraska in this connection, Is it not true that as late as 1903, under the management of the very authorities called upon to regulate the killing of the males, under this very management they were killing females on the islands?

Mr. HITCHCOCK. That is true; and it is true that they killed females last year.

Mr. WILLIAMS. Did not the Senator from Minnesota [Mr. NELSON] say that he saw them caught in the act?

Mr. HITCHCOCK. That is true.

Mr. WILLIAMS. Now, we are called upon to trust to these very people under a regulation to kill only males, when the evidence has been before us that under like regulations in the past they permit the killing of females.

Mr. HITCHCOCK. That is true.

Mr. ASHURST. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. ASHURST. I should like to know the name of the party or parties who have been guilty of this alleged violation of the law.

Mr. HITCHCOCK. I will set it forth. The control of the killing of the seals of the Pribilof Islands is vested at the present time in the Department of Commerce and Labor. Until 1903 it was in the Treasury Department. In the Department of Commerce and Labor the supervision of the killing of seals upon the Pribilof Islands comes under the jurisdicton of Mr. Bowers, Director of the Bureau of Fisheries. Mr. Bowers, be it said, was appointed to his present office at the request of Senator Stephen B. Elkins, then a Senator of the United States and a large owner in this lessee company, which was killing seals at a rate which was destroying the herd; and during the whole of Mr. Bowers's administration all of his advice has been to kill, his disposition has been to kill, all of his discretion has been to permit the lessees to kill, and it has gone on in spite of the efforts of Congress to restrain, and in spite of the fact that a senatorial committee, unexpectedly visiting Alaska, caught the lessees in the act of killing, in violation of the law, not only yearlings but females as well.

Mr. LODGE. Mr. President——

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

Mr. HITCHCOCK. Yes.

Mr. LODGE. Do I understand that at the time when killing was done under companies in the East the Commissioner of Fisheries had control of it?

Mr. HITCHCOCK. Yes, sir.

Mr. LODGE. I do not so understand. I thought the Government of the United States had control now.

Mr. HITCHCOCK. The Government of the United States has control now, and has had for two years.

Mr. LODGE. Exactly.

Mr. HITCHCOCK. And during those two years the killing has gone on with just as disgraceful butchery as was done under the lease system.

Mr. LODGE. That is a very controverted point.

Mr. HITCHCOCK. It is a point which I can prove. The Senator speaks of testimony taken in the House of Representatives. I will tell him testimony was taken in the House of Representatives during the last few weeks before the committee to investigate the fur-seal industry, of which Congressman ROTHERMEL, of Pennsylvania, is chairman. The testimony before that committee has proved that in 1910 of 12,920 seals killed 7,773 of them were baby seals killed in violation of law; seals less than 2 years old, mere yearlings. Killed why? Because there were no others to kill; because the herd is at such a decimated stage that they are not able to find seals of older age to kill.

Mr. LODGE. I should like to ask the Senator who gave that testimony?

Mr. HITCHCOCK. That testimony was dragged out of Mr. Lembkey, the Government agent upon the islands, who was forced to come there and admit that 7,773 seals were killed in 1910, among them small pups and extra small pups measuring less than 35½ inches in length. There is no doubt about that. The testimony was dragged from him unwillingly, and it proves conclusively that the same kind of killing which the Senator from Minnesota saw on a small scale is now in progress in those islands on a large scale.

Mr. LODGE. I should like very much to hear the Senator read Mr. Lembkey's testimony of the killing.

Mr. WILLIAMS. Page 441.

Mr. HITCHCOCK. There is a good deal of it. I think I have it in briefer form.

Mr. LODGE. I should like to hear what he said about the killing of young seals.

Mr. HITCHCOCK. Mr. Lembkey, Mr. Bowers, and all the other Government employees—the expert advisers whom the Senator from Massachusetts refers to—were unwilling witnesses. It has been necessary to corkscrew out of these witnesses by cross-examination in the shape of admissions the testimony which has been important, and so it is necessary to read considerable in order to get a comparatively small amount.

Mr. Lembkey was asked these questions:

During the season of 1910, Mr. Lembkey, under your directions, 12,920 fur seals were killed on the seal islands of Alaska. Is that true?

Mr. LEMBKEY. That is the approximate number. I do not remember now without my notes.

Mr. ELLIOTT. In round numbers, 12,920.

Mr. LEMBKEY. All right; in round numbers.

Mr. ELLIOTT. You say you made no record of the measurements of them at all?

Mr. LEMBKEY. No, sir.

Mr. ELLIOTT. Where did you send those 12,920 skins?

Mr. LEMBKEY. I beg your pardon.

Mr. ELLIOTT. Those 12,920 skins—where did you send them?

Mr. LEMBKEY. Where did I send them?

Mr. ELLIOTT. Yes.

Mr. LEMBKEY. I brought them with me to San Francisco and there placed them on cars of the Southern Pacific Railway Co.

Mr. ELLIOTT. And they went to London——

Mr. LEMBKEY. So far as I know.

Mr. ELLIOTT. Under your certificate?

Mr. LEMBKEY. No; they did not go to London under my authority, at any rate.

Mr. ELLIOTT. Well, under your certificate as "seals not taken under 2 years of age"?

Mr. LEMBKEY. I made no certificate to that effect to the factors. I certified to the department——

Mr. ELLIOTT. That they were "not taken under 2 years of age"?

Mr. LEMBKEY. Yes, sir; I certified that they were not under 2 years of age.

Mr. ELLIOTT. And they went to London by the department's orders?

Mr. LEMBKEY. I do not know just why you said that they went under a certificate from me. That is not exactly right. I did not make any certificate at the time the skins were shipped.

Mr. ELLIOTT. At any rate, they were the same skins?

Mr. LEMBKEY. Oh, yes; they were the same skins.

Mr. ELLIOTT. That is what I am getting at.

Mr. LEMBKEY. All right.

Mr. ELLIOTT. When they arrived in London they were sold as the catch that you had made during the summer of 1910 on the seal islands of Alaska?

Mr. LEMBKEY. I believe so.

* * * * * * *

Mr. ELLIOTT. You know they were sold there, though you were not present?

Mr. LEMBKEY. I have a general idea that they were sold there; yes, sir. I was so informed.

Mr. ELLIOTT. You know before they were sold they were classified, do you not?

Mr. LEMBKEY. I was also informed that they were classified. Naturally they are.

Mr. CRAWFORD. Now, I ask the Senator who is the man whose testimony he is reading?—so that we can understand the matter better.

Mr. HITCHCOCK. He is the Government agent at the Pribilof Islands, under Mr. Bowers, head of the Fisheries Bureau in the Department of Commerce and Labor. He is the man who immediately supervises the butchery.

Mr. NELSON. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. NELSON. And Mr. Lembkey was also there when the lessees were in control.

Mr. HITCHCOCK. That is true, just as Mr. Bowers has been here at the head of the bureau.

Mr. LODGE. That has been repeated, I think, almost enough. Mr. Bowers never had anything to do with the seal fisheries until they were put under his control in 1908——

Mr. HITCHCOCK. In 1903.

Mr. LODGE. In 1908, by the Secretary of Commerce and Labor. I have taken pains to inquire and to ascertain.

Mr. HITCHCOCK. I want to assure the Senator from Massachusetts that the fisheries were put under the bureau of the Department of Commerce and Labor in 1903.

Mr. LODGE. But not under the Commissioner of Fisheries.

Mr. HITCHCOCK. Will the Senator state under whom they were? They must have been under some bureau in the department.

Mr. LODGE. They were put under the control of the Secretary of Commerce and Labor and were not transferred to the Commissioner of Fisheries until 1908—in December, I think.

Mr. HITCHCOCK. Well, he appears in the records as being the one to whom the matter went, and I think the Senator from Massachusetts will find that he is mistaken in the date.

Mr. LODGE. I have that information directly from the department.

Mr. HITCHCOCK. I think the Senator will find that he is mistaken. I think he will find that Mr. Bowers is on record as participating in decisions as to the killing before 1908. I do not think there is any question that he has been in control of the killing since 1903. To continue the testimony:

Mr. ELLIOTT. A classification of the 12,920 fur-seal skins.
Mr. LEMBKEY. Of skins sold in what year?
Mr. ELLIOTT. On December 16, 1910, by the Lampsons. Have you not got it?

This had to be brought out by a series of cross-examinations to procure evidence out of this Government agent.

Mr. LEMBKEY. There is a catalogue of those skins right here, but the classifications are not combined. It is impossible for me to state at the present time just how many middling pups and just how many small pups are included in that classification.
The CHAIRMAN. You will produce the information.
Mr. LEMBKEY. Here it is. I have it right here. I did not know I had it, but I find it among my papers.

I want to say that is a sample of the testimony the man was giving—unwilling testimony, testimony before an authorized committee of the House of Representatives—trying to get at the facts, and this man and his superiors trying to cover them up.

Mr. LEMBKEY. A summary of the classification of the 12,920 salted fur-seal skins of the catch of 1910, sold by Lampson & Co., is as follows: Smalls, 132; large pups, 995; middling pups, 4,011; small pups, 6,205; extra small pups, 1,528; extra small pups, 11; faulty, 38.

If the Senator from Massachusetts is not aware that "small pups and extra small pups" are yearlings, I can prove that fact.

Mr. LODGE. I am aware of the precise contrary; that on the London market small pups are classified as 3 years old. Those are classified as "small pups."

Mr. HITCHCOCK. Let us continue this investigation of Mr. Lembkey.

Mr. LODGE. I think that correction may as well be made also.

Mr. HITCHCOCK. What is the Senator's correction?

Mr. LODGE. I say that on the London market, in the trade, "small pups" is the classification for 3-year-old skins. I think the Senator will find that out.

Mr. HITCHCOCK. I think the Senator is entirely mistaken. A 3-year-old is no longer a pup.

Mr. LODGE. Very well.

Mr. HITCHCOCK. I can demonstrate it to him by the testimony of Mr. Fraser, to whom the skins were sent.

Mr. LODGE. I am using the trade signification.

Mr. HITCHCOCK. The Senator is entirely mistaken; absolutely so. The trade, on the other hand, defines "small pups and extra small pups" as pups having a certain length and weight.

Mr. LODGE. I am not talking about extra small pups; I am talking about small pups.

Mr. HITCHCOCK. I also am talking about small pups.

Mr. LODGE. I say "small pups" on the London market is a term for 3-year-olds.

Mr. HITCHCOCK. We will continue this testimony.

Mr. LODGE. I know the Senator keeps saying that I am mistaken. Produce the London market trade, and see whether on that I am mistaken. If I am, I will gladly withdraw my statement.

Mr. HITCHCOCK. I can produce the testimony.

Mr. LODGE. I want the London dealers' statement to that effect, and it is impossible to produce it.

Mr. WILLIAMS. If the Senator from Nebraska will pardon me, Mr. Lembkey here says that—

The weight of a small pup classified in London as such is 6 pounds 2 ounces, and the weight of an extra small pup is classified in London as 4 pounds and 15 ounces.

Mr. LODGE. Those are the skins.

Mr. HITCHCOCK. A large amount of testimony has been taken by the committee, and it is a little difficult to refer to anything on short notice, but I have a tabulated statement that I have myself made.

Mr. WILLIAMS. Before the Senator goes on in connection with Mr. Lembkey's testimony, here on page 441 of this hearing before the Committee on Expenditures in the Department of Commerce and Labor in the House, I wish to say that Mr. Lembkey himself testified that of the catch that year, which was 12,900, 7,733 were small and extra small pups.

Mr. HITCHCOCK. And Mr. Lembkey admitted, when bound down to it, that those were yearlings, according to the statement which he made.

Mr. LODGE. I want to hear that statement of Mr. Lembkey's read. I do not want to be told of it. I want to hear it.

Mr. HITCHCOCK. Possibly I can produce it. Here it is:

Mr. ELLIOTT. Now you are prepared to state that 8,004 of them were "small pups" and "extra small pups," are you not?
Mr. LEMBKEY. Seven thousand seven hundred and thirty-three of them, according to this summary, are the skins of small pups and extra small pups.
Mr. ELLIOTT. Very well. Now, you say, Mr. Lembkey, that you have no knowledge or understanding of the method by which the Lampsons have classified that catch of 12,920 skins?
Mr. LEMBKEY. Nothing, except from a statement of Lampson & Co., which you mentioned some time ago as appearing in the records of the Paris tribunal of arbitration.
Mr. ELLIOTT. Have you read the testimony of Mr. Fraser before this committee, on page 30 of Hearing No. 1?

I will say that Mr. Fraser was the factor who received the skins from the Government of the United States. He was a partner in the greatest fur-trading house in the world. His testimony was as follows on the page referred to in the hearings:

The CHAIRMAN. When you say "breadth," what do you mean?
Mr. FRASER. The width of the skin. Middling smalls, weight, 11 pounds 1 ounce; length, 46 inches; breadth, 32¼ inches. Smalls, weight 9 pounds 2 ounces; length, 39¾ inches; breadth, 29 inches. Large pups, weight, 7 pounds 13 ounces; length, 38¾ inches; breadth, 26 inches. Middling pups, weight, 7 pounds; length, 35½ inches; breadth 25½ inches. Small pups, weight, 6 pounds 2 ounces; length, 33¾ inches; breadth, 23¼ inches. Extra small pups, weight, 4 pounds 15 ounces; length, 30 inches; breadth, 21¾ inches.

But to resume with Mr. Lembkey's testimony:

Mr. LEMBKEY. He is not our representative at all. He is simply the universal auctioneer of skins of all kinds in the world. When skins are to be sold they go to Lampson & Co. He is no more the official agent of the United States than any other broker, if there were other brokers of skins.
Mr. ELLIOTT. He is merely the "broker"?
Mr. LEMBKEY. The broker.
Mr. ELLIOTT. The broker is your agent, is he not?
Mr. LEMBKEY. He is the factor because he takes charge of the goods themselves.
Mr. ELLIOTT. Mr. Fraser is quoted by you in your testimony as saying that none of these skins——
Mr. LEMBKEY. Mr. Fraser was quoted by me, sir?
Mr. ELLIOTT. By the Lampsons.
Mr. LEMBKEY. I do not remember of having quoted Mr. Fraser at all.
Mr. ELLIOTT. Do you not recite Mr. Lampson's certificate of weight of skins in your testimony, showing that none were taken under 2 years of age?
Mr. LEMBKEY. I cited the London weights of skins which were published in volume 8, page 908, of the proceedings of the Paris Tribunal of Arbitration, at Paris.
Mr. ELLIOTT. Then you cited those which were published in these hearings?
Mr. LEMBKEY. Yes, sir; they were mentioned in these hearings.
Mr. ELLIOTT. Why did you not cite the measurements, Mr. Lembkey?
Mr. LEMBKEY. As I stated to the committee I knew nothing whatever about the measurements.

Mr. LODGE. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. LODGE. I shall be glad to get the definition of a yearling, when the Senator reaches it; but I want to call the attention of the Senate to the fact that the House bill forbids the killing of any seal under 3 years old, and all this discussion is dealing with a condition that the House bill stops.

Mr. HITCHCOCK. I should like to ask the Senator what good it will do to put in the House bill, or in the Senate bill, or in any other bill, a prohibition against the killing of seals under 3 years old when the department is now violating the prohibition against the killing of yearlings and females?

Mr. LODGE. Mr. President, the remedy of the Senator from Nebraska for the present condition of things—which I do not think he correctly states in all respects—appears to be to leave that uncorrected by law which the House bill does correct.

Mr. NELSON. Will the Senator from Nebraska yield to me?

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

Mr. HITCHCOCK. Yes.

Mr. NELSON. What the Senator from Massachusetts asserts we ought to do by law, we have attempted to do by the act of April 21, 1910. It was provided in section 1 of that act:

And provided further, That male seals only shall be killed, and that not more than 95 per cent of the 3-year-old male seals shall be killed in any one year.

There is an express limitation confining the killing to 3-year-old seals. What is the good of reenacting legislation so long as you have such administration as we have had for the last two years?

Mr. LODGE. If that is true, then the fault is in the agent, who should be removed.

Mr. NELSON. The fault is in Mr. Bowers and the department here. That is the plain English of it. The fault is in the execution of the law. We may enact a law time and again, but it will do no good so long as we have such officials.

The PRESIDENT pro tempore. Senators will address the Chair and get permission to interrupt.

Mr. WILLIAMS. Mr. President——

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

Mr. HITCHCOCK. Yes.

Mr. WILLIAMS. In connection with the statement of the Senator from Massachusetts about the skins of yearling and 3-year-old seals, I find that Mr. Lembkey testifies:

Mr. Fraser states—

Fraser is the man to whom the skins were handed over, or consigned, or something of that kind—

Mr. Fraser states that small pups—

That is, the skins—

Mr. Fraser states that small pups measured 33¾ inches in length.

Those are the pups which he classes as "small pups." I find on the next page, page 442, that Lembkey says:

The length of a yearling seal on the animal would be, from the tip of the nose to the root of the tail, 39½ inches, in one instance.

What he calls "small pups" were 33¾ inches, and he says that a yearling would measure as much as 39½ inches, so that they must have been the skins of yearlings.

Mr. LODGE. Those are the dry, trimmed skins, as measured in London.

Mr. HITCHCOCK. Would the Senator measure them green and allow them to shrink afterwards? That was all gone into before the committee; and it was demonstrated exactly what the length should be of a skin taken from an animal of a certain age.

Without attempting to go into the different pages from which I have culled this testimony, if the Senator will permit me, before I yield I should like to read this statement of the sizes of the yearlings, the 2-year-olds and over:

Seals killed, 1910.

	Number.	Length of skin.	Age.
		Inches.	*Years.*
Smalls	132	39¾	2 or 3
Large pups	995	38¾	2
Middling pups	4,011	35½	2
Small pups	6,205	33¾	1
Extra small pups	1,539	30	1
Faulty	38	.....	.....
Total	12,920		

Yearlings, 7,744.

There is no use for the Senator from Massachusetts——

Mr. WILLIAMS. The size in inches which the Senator has stated refers to the skin.

Mr. HITCHCOCK. To the skin after it has been taken off.

Mr. WILLIAMS. These figures show the length of the small pup to be 33¾ inches.

Mr. ROOT. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. ROOT. I rise merely to ask the Senator from what he is reading. What was the paper from which he was last reading?

Mr. HITCHCOCK. I was reading from a tabulated statement that I had made up by taking the testimony of Lembkey, of Fraser, and others who testified before the committee. Fraser testified as to the technical designation; Lembkey testified as to the sizes. Lembkey testified that he had measured three yearlings and found them on an average 39½ inches long. He said when you take skins off you leave 3 inches on, so that the average size of a 1-year-old skin salted was 36½ inches, and yet——

Mr. ROOT. It was the Senator's own statement of his conclusion, and not anybody's evidence.

Mr. HITCHCOCK. Lembkey testified that a 1-year-old had at a minimum a skin whose length would be 36½ inches, and the records show that 7,733 of the skins were 33¾ inches, and some of them were as low as 30 inches.

Mr. WILLIAMS. If the Senator will pardon me, I will read just what Lembkey says:

Mr. LEMBKEY. The length of a yearling seal on the animal would be, from the tip of the nose to the root of the tail, 39½ inches in one instance and 36½ in another instance—

This is from the hearings before the House committee.

Mr. ROOT. What page?

Mr. WILLIAMS. This is on page 442. On the next page of the hearings before the House committee Mr. Lembkey said:

If it was—

Meaning the animal—

39½ inches long it would leave it—

That is, the skin—

If it was 39½ inches long it would leave it 36½ inches. That is, all the animal from the tip of the nose to the root of the tail would be 39½ inches long. Three inches off that would leave 36½ inches.

And on page 442 he says, as I read a moment ago, that the length of a yearling seal on the animal would be 39½ inches; that in removing it you lose 3 inches, which would leave the skin 36½ inches; and on the page preceding he admits that 7,733 skins were less than 36½ inches, which, according to him, is the length of the skin of a yearling.

Mr. SMOOT. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. SMOOT. Did I understand the Senator to say that the 7,733 seals which were slaughtered were baby seals and pups?

Mr. HITCHCOCK. That is true.

Mr. SMOOT. And the reason for that slaughter was because there were no other seals to get?

Mr. HITCHCOCK. I assume that was the reason.

Mr. SMOOT. Mr. President, I want to call the Senator's attention to the fact that now on the islands there are a little over 11,000 head of 3-year-old males, and it would not be necessary to keep more than 1,000 of those males for breeding purposes, as I take it for granted the Senator will admit——

Mr. HITCHCOCK. Mr. President——

Mr. SMOOT. And if that is the case——

Mr. HITCHCOCK. No; that is not the case.

Mr. SMOOT. That may not be. I can say, however, that I have a statement here from Mr. Bowers giving the number of 3-year-old males on the islands for this year, and it is a few over 11,000. He says:

Not to exceed a thousand of these will be needed for breeding purposes. The remaining 10,000 can be safely killed.

I take it that Mr. Bowers is informed as to the number of 3-year-olds on the islands. I merely wanted to call the Senator's attention to the fact that if that is the case they could have killed 7,733 of the 3-year-olds and it would have been an advantage to the herd, if Mr. Bowers is correct.

The only time I have heard Mr. Bowers say he was in favor of the killing of seals upon the islands was in connection with the fact that he thinks it is better to kill the males—the 3-year-old males, the surplus males—and he has never to my knowledge recommended the killing of a female seal upon the islands.

Mr. HITCHCOCK. I should like to believe that the census which has been taken or which they claim to have taken of the islands has some little reliability, but I have absolutely no faith in the statement made by Mr. Bowers on this subject or any other. Mr. Bowers has indulged in an amount of lobbying at this time and on other occasions, always with the object of procuring the killing of seals. He has in the letters which he has written to Senators and in his efforts to buttonhole Senators in and around this Chamber and by sending his subordinates to them, sought to do away with this effort to protect the seals. The action he has taken is not new. He has pursued the same policy since 1903, when the seals came under his jurisdiction, and the seals have diminished year by year.

Mr. LODGE. I have asked directly of the department, and the fact is that the seals did not come under the Bureau of Fisheries until 1909.

Mr. HITCHCOCK. I think before I get through I shall demonstrate that the Senator from Massachusetts is in error.

Mr. LODGE. Then the department is misleading.

Mr. HITCHCOCK. I do not know whether the department is misleading the Senator——

Mr. LODGE. The Bureau of Fisheries did not have anything to do with the islands until 1909.

Mr. HITCHCOCK. During the period of the lease, which expired in 1910, some Government authority was charged with the enforcement of the law; some Government authority had to supervise the operations of the lease. That was in the Treasury Department, in 1903.

Mr. LODGE. Certainly until 1903 it was in the Treasury Department.

Mr. HITCHCOCK. And then it was transferred to the Department of Commerce and Labor.

Mr. LODGE. He did not put it in the Division of Fisheries until 1909.

Mr. HITCHCOCK. What division was it under?

Mr. LODGE. It was in the Treasury.

Mr. HITCHCOCK. With what bureau was Lembkey associated?

Mr. LODGE. I suppose he was the agent of the department. There was no bureau of seal fisheries.

Mr. HITCHCOCK. Lembkey was the agent of the department, but he was under the Bureau of Fisheries.

Mr. DILLINGHAM. Mr. President, I have no personal knowledge as to when this work was transferred to the Bureau of Fisheries, but I think that the Secretary of Commerce and Labor had the direct oversight of the matter for several years after 1903, because I remember distinctly that I had several interviews with the different Secretaries relating to this matter for at least three or four or five years after 1903, and during that time was never referred to Mr. Bowers.

I remember that when Mr. Cortelyou was Secretary of that department I had several interviews with him, and through him special examination was made of conditions in the Pribilof Islands, and some plan was attempted to be formulated at that time by which we would know just how many of each class of seals there were on the islands. I do not know when the order was made turning it over to the Bureau of Fisheries, but I do not think it was made in 1903.

Mr. LODGE. That order was made at the close of 1908, as the Senator from Vermont says, when it went from the Treasury to the Department of Commerce and Labor, and in the Department of Commerce and Labor, as in the Treasury, it was under the Secretary, and the agent was the agent of the department. That always was the organization, as I remember.

Mr. HITCHCOCK. It is a minor matter in any event.

Mr. LODGE. It may be a minor matter, but we have too many assertions made here without evidence.

Mr. HITCHCOCK. I am willing to assume that the Senator is correct and that I am in error, and transfer the responsibility from Bowers to his superiors in the Department of Commerce and Labor. Somebody was to blame for permitting the butchery to go on and the killing of the herd. Somebody was to blame for permitting that company to loot a great public interest while the Government was practically paying the expense of caring for it, while the Government was paying a large part of the expense of protecting it, paying the expense of having revenue cutters in those waters, when that great company earned a profit estimated at between five and six million dollars in twenty years and destroyed the herd, for the herd is a mere shadow of what it once was.

Mr. CRAWFORD. What I should like to get in my mind clearly is the issue here. The report is very scant, and without having had an opportunity to read any of the House hearings it is a little difficult for those of us not connected with the committee to get clearly the issue here.

Is the difference in this: That in the House bill they do not propose to stop the taking of these animals, but propose to permit the taking of a certain number of males of a certain age, while the amendment of the Senate committee is to absolutely stop it altogether for the period of 10 years?

Mr. LODGE. That is it.

Mr. CRAWFORD. That is the issue?

Mr. HITCHCOCK. The Senator has stated it substantially——

Mr. CRAWFORD. Is the difficulty with the House proposal that these people, who might conserve the herd if they would obey the license given to them, abuse that license and instead of taking 3-year-olds take babes and those that it is the wish to protect?

Mr. LODGE. That is the argument upon which the House bill is based, that the present law has been disregarded by the agent there; that it has not been followed out.

Mr. CRAWFORD. If you permit these people to go into the herd and take males of a certain age, how in the world are you going to insure against their taking what it is intended they should not take? Where is the protection? How are you going to prevent the abuse?

Mr. LODGE. The solution, I should suppose, is to get trustworthy agents, if these are untrustworthy.

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

Mr. HITCHCOCK. I do.

Mr. NELSON. I desire to call the attention of the Senator from South Dakota to the language in the House provision. I read from page 8, lines 14, 15, 16, and so on:

> And the Secretary of Commerce and Labor shall likewise have authority to determine the number of fur seals to be taken annually on the Pribilof Islands, or any other islands or shores of the waters mentioned in the first article of said convention and subject to the jurisdiction of the United States, to which any seal herds hereafter resort, and to direct the taking of the same.

Now that gives him authority right along——

Mr. LODGE. I hope the Senator will read the proviso which limits it.

Mr. NELSON. And the amendment suggested by the majority of the committee, without criticizing it, seems to me to present an anomaly in that the Senator who has charge of the bill opposes what his own committee reported.

Mr. LODGE. That is very frequently done. The Senator from Connecticut [Mr. BRANDEGEE] opposed several in connection with the Panama Canal bill. I announced it when I reported it.

Mr. NELSON. By section 11 it is proposed to close land killing and pelagic killing, to stop it altogether for 10 years; to do exactly what the Russians found it necessary to do between 1834 and 1844.

Mr. HITCHCOCK. I did not catch the Senator's statement.

Mr. DU PONT. Mr. President——

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

Mr. HITCHCOCK. I yield for a question.

Mr. DU PONT. I ask the Senator to yield to me for a moment.

Mr. HITCHCOCK. For what purpose?

Mr. DU PONT. In order that I may ask for a unanimous-consent agreement. That is all.

I ask unanimous consent that the Senate shall take a recess at 6 o'clock and meet again at 8 o'clock this evening for the purpose exclusively of considering the Army appropriation bill.

The PRESIDENT pro tempore. The Senator from Delaware asks unanimous consent——

Mr. HITCHCOCK. I should like to ask what will become of the consideration of this bill if we have not finished it by the time proposed for the taking of the recess.

Mr. LODGE. It is the unfinished business. It will go over until to-morrow.

The PRESIDENT pro tempore. The Senator from Delaware asks unanimous consent——

Mr. OVERMAN. Why should we have a night session?

Mr. LODGE. I hope unanimous consent will be granted.

Mr. OVERMAN. Why not take up the matter to-morrow after the morning business?

Mr. JOHNSTON of Alabama. Mr. President——

The PRESIDENT pro tempore. Senators are quite in the habit of interrupting the Chair when he is about to submit the request of a Senator. The Senator from Delaware asks unanimous consent——

Mr. OVERMAN. I had to ask the Senator for information before I could determine whether or not I would object.

The PRESIDENT pro tempore. The Senator from Delaware asks unanimous consent that at 6 o'clock this evening the Senate take a recess until 8 o'clock, the evening session to be devoted exclusively to the consideration of the Army appropriation bill.

Mr. OVERMAN. I will ask the Senator if we can not dispose of that in the morning hour to-morrow. It will not take long, I understand.

Mr. DU PONT. I think it very doubtful, with so many conflicting bills in the morning hour, whether we can dispose of the Army appropriation bill. I should like to call the attention of the Senate to a question——

Mr. BACON. I rise to a point of order.

The PRESIDENT pro tempore. The Senator from Georgia will state his point of order.

Mr. BACON. It is that under the rule of the Senate the Senator from Delaware has no right to interrupt the Senator from Nebraska to submit the request.

The PRESIDENT pro tempore. The Chair overrules the point of order.

Mr. BACON. I should like to have the rule read.

The PRESIDENT pro tempore. The rule will be read.

Mr. BACON. I think it is Rule VII.

Mr. STONE. Regular order!

The PRESIDENT pro tempore. Rule VII will be read.

The Secretary read as follows:

> It shall not be in order to interrupt a Senator having the floor for the purpose of introducing any memorial, petition, report of a committee, resolution, or bill. It shall be the duty of the Chair to enforce this rule without any point of order hereunder being made by a Senator.

Mr. LODGE. It is perfectly clear that the request for unanimous consent is not included within the inhibition of the rule.

The PRESIDENT pro tempore. Is there objection to the request made by the Senator from Delaware? The Chair hears none, and it is so ordered.

Mr. HITCHCOCK. Mr. President, I want to refer briefly to the scientific men quoted by the Senator from Massachusetts, although he does not give their names, who have been considered as the advisers of the administration in the treatment of this seal herd. On every occasion we have been met with the statement that these great scientists, by their advice to the Government, would be able to provide such rules and regulations as would enable the herd to preserve itself and increase in number in a better way than if nature were allowed to take its course.

I have already referred to the Russian experience. That Russian experience proved beyond a doubt that no amount of supervision and regulation——

Mr. LA FOLLETTE. I ask that we may have order. It is impossible to hear the Senator.

The PRESIDENT pro tempore. The Senator from Wisconsin makes the point of order that the Senate is in disorder, and the point is well taken. Senators will preserve order.

Mr. LODGE. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. LODGE. The Senator was alluding to the scientists to whom I referred. I was not referring to persons in the bureau. I was referring to men like Henry Fairfield Osborne, of the Museum of Natural History in New York, probably the greatest authority on mammals in the world, who has absolutely no interest in it whatever except the interest of a man of science, and President Jordan, of California, and others, who have written me—men of that character. I was not referring to persons in the department.

Mr. HITCHCOCK. I am afraid the Senator will not be able to convince anyone who has read the testimony before the Rothermel committee in the House of Representatives that the scientists who came forward on behalf of the butchers were without interest.

Mr. LODGE. I think the list of these people whom the Senator refers to as interested and whom he calls butchers, composing the board which serves without salary, might as well go in. They are Prof. David Starr Jordan, president Stanford University; Dr. C. Hart Merriam, late chief United States Biological Survey; Dr. Leonard Stejneger, head curator United States National Museum; Dr. F. A. Lucas, director American Museum of Natural History, New York; and Dr. C. H. Townsend, director of New York Aquarium.

I think it is pretty hard to throw all these men aside as butchers, and in addition, Mr. Henry Fairfield Osborne, who is somewhat better known than most people here.

Mr. HITCHCOCK. I am very glad the Senator has put those names in the record, for I shall feel at greater liberty to refer to them.

Take the first one—David Starr Jordan, president of Stanford University. There is a strange significance in the fact that every one of these experts who has made an earnest effort in the direction of this butchery through all these years has some relation to gentlemen interested in the butchery. One of the partners in the corporation which is guilty of destroying this herd is a trustee of the Leland Stanford University, or was a trustee.

Mr. LODGE. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. LODGE. Does the Senator mean to imply that Mr. Jordan is under the influence of a member of a company, now extinct, under the corrupt influence; that he is not honest; that he is not an honest man, giving an honest opinion? He may be wrong, but I have never heard him charged with dishonesty.

Mr. HITCHCOCK. I am not making the charge.

Mr. LODGE. The Senator is making the implication.

Mr. HITCHCOCK. I shall use my own language and make my own implications.

Mr. LODGE. I only wanted it known if the Senator is responsible——

Mr. HITCHCOCK. I will state now my point. In 1890 a contract was made, a company was formed, for the purpose of acquiring the lease of the Pribilof Islands and the monopoly of seal killing. It consisted chiefly of two wealthy furriers on the Pacific coast, Isaac and Herman Liebes. They took unto themselves two men prominent in the political world for the purpose of having influence at Washington. One of those men was Stephen B. Elkins, who soon became United States Senator, and the other was D. O. Mills.

Now, I undertake to say that that company, composed of those men and one or two others, during all that 20 years plundered that seal herd. I undertake to say that they used their influence here at Washington for the purpose of securing the privilege of plundering without let or hindrance.

Mr. LODGE. Mr. President——

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

Mr. HITCHCOCK. I do.

Mr. LODGE. Is that company now in control? Have they anything on earth to do with this bill?

Mr. HITCHCOCK. If the Senator will permit me——

Mr. LODGE. Did they not pass out of existence years ago?

Mr. HITCHCOCK. I will state the facts, and the Senator can draw his own conclusion.

Mr. LODGE. Certainly. I know what the facts are. The facts are the company ceased to have anything up there at all. That is all old matter about the companies. Nobody is discussing the companies.

Mr. HITCHCOCK. I wish to say to the Senator that the company still has on deposit here in the department a $500,000 bond which it has some interest in, a bond which ought to be sued upon, for the reason that the company violated the law and used its influence here with high officials at Washington to continue the violation of the law while destroying the herd. I have here in my desk a photographic copy of the half-million-dollar bond that is on deposit in the department, and it is good. I will read the names of the signers of this bond. I might read the whole bond. It is as follows:

Know all men by these presents:

That we, the North American Commercial Co., a corporation duly established by law of California and having its usual place of business at San Francisco, in said State, by I. Liebes, of San Francisco, its president, duly authorized by a resolution of its board of directors, passed January 4, 1890, as principal, and Darius O. Mills, of the city and State of New York; Lloyd Tevis and Herman Liebes, of the city of San Francisco, State of California; and Stephen B. Elkins, of Elkins, State of West Virginia, as sureties, are held and firmly bound unto the United States of America in the full and just sum of $500,000, lawful money, to be paid to the said United States; for which payment, well and truly to be made, we jointly and severally bind ourselves, our successors, heirs, executors, and administrators, and each of them, firmly by these presents. Signed with our hands and sealed with our seals and dated this 12th day of March, in the year of our Lord 1890.

The condition of this obligation is such that whereas the Secretary of the Treasury has on the day of the date hereof made with said North American Commercial Co. a written lease, under the provisions of chapter 3 of title 23 of the Revised Statutes of the United States, now if the said North American Commercial Co. shall truly and faithfully abide by and observe all laws and requirements of Congress and the regulations of the Secretary of the Treasury, made and to be made by authority of law, touching the subject matter of taking of fur seals and of disposing of the same, and shall well and truly pay all rentals, taxes, dues, and other sums of money accruing to the United States under said lease, and perform all other considerations connected therewith, and generally shall truly and faithfully abide by and perform all the covenants and agreements in said lease to be by them performed, then this obligation to be void, otherwise to remain and be in full force and virtue.

NORTH AMERICAN COMMERCIAL CO.,
By I. LIEBES, *President.*

Attest:

H. B. PARSONS,
Assistant Secretary.
DARIUS O. MILLS.
LLOYD TEVIS.
HERMAN LIEBES,
By D. O. MILLS,
Attorney in fact.
STEPHEN B. ELKINS.

Now, Mr. President, inasmuch as this has been brought out at this time, I want to say that that bond was violated. That company went on those islands and instead of killing the seals in accordance with law, it was caught repeatedly killing them in violation of the law, and therefore is liable to the Government, in part, for the destruction of that herd. Not only that, but I. Liebes and Herman Liebes, the president and other officer of this company, had, during the period of this lease, contrary to law, engaged in pelagic sealing themselves. It is one of the scandalous chapters in our history that they, with their influence, used the Department of State to compel the Russian Government to pay Mr. Liebes something like $50,000 for the seizure of a pelagic sealing vessel named *J. Hamilton Lewis* in 1891, although before this lease was signed and when there was a suspicion that the Liebes were pelagic sealers and violators of the law upon the high sea, in order to get this lease Liebes was forced to make an affidavit and file it with the Secretary of the Treasury at that time. Notwithsanding that fact, notwithstanding the fact that he said in his affidavit that he was not interested in pelagic sealing or engaged in the outlawed traffic, the fact was later developed that he owned the *J. Hamilton Lewis*, and in connection with the other Liebes was engaged, under cover, in pelagic sealing. When Russia

seized the vessel and confiscated it there arose the necessity for Liebes to reveal his interest if he was to recover from Russia. He proved his ownership of the vessel and secured the money through the instrumentality of the Department of State at that time.

It was a scandalous proceeding to have our Department of State exact from Russia a $50,000 penalty for attempting to enforce the law just as we were attempting to enforce the law against pelagic sealing. That pelagic sealing by the head of the company which had the lease to kill seals on the Pribilof Islands was a violation of the terms of this bond. Liebes had no right as president of this company, in violation of law, to engage in pelagic sealing any more than he had the right to kill female seals or yearling seals, as the Senator from Minnesota [Mr. NELSON] saw his agents doing upon the island.

It may seem to be a little out of the way, but I refer to one of the scientists the Senator from Massachusetts has named—Prof. Townsend. Prof. Townsend was one of the men who was sent to Russia to assist Liebes in securing that $50,000 from Russia for the seizure of the *J. Hamilton Lewis*. Prof. Townsend knew that Liebes was engaged in pelagic sealing. Prof. Townsend knew from his experience on the Pacific Ocean that the pelagic sealing carried on was largely by Liebes, who was interested in this contract with the Government. Yet he did nothing to protect the Government of the United States, although he was an employee and had that knowledge. He is one of the scientists referred to here as worthy of consideration.

Prof. Townsend has done other things. Prof. Townsend urged that the lease be renewed when it expired in 1910, and, if necessary, I can put his letter into the RECORD. So did the so-called and much-lauded advisory board. Townsend's letter went to Mr. Bowers, and Mr. Bowers sent it to Mr. Nagel, and with it he transmitted a letter from the fur-seal dealer, Frazier, who wanted the lease renewed, and Townsend urged that it be renewed, because he said the fur-seal trade needed the product which would come from the renewal of the lease.

Is Prof. Townsend a man who should be considered a disinterested adviser of the Government of the United States? Who is Prof. Townsend now? Another strange coincidence happened. Prof. Townsend is employed by one of the associations in New York of which D. O. Mills was the trustee. There is a strange coincidence that always seems to connect these Government experts with the men who are interested in the killing. It is a strange thing that these Government experts are always urgent in their advice in favor of killing, always for killing; never in favor of preservation.

I realize that it is possible under normal conditions to kill surplus males among the seals on the Pribilof Islands, but it is not possible to do so when you have decimated the herd to the point of extinction. There comes a time when you have got to stop, and that point has been reached, as is shown here, when, in 1910, of the 12,000 killed more than half of them were yearlings, and it was only for the obvious reason that they could not get older seals. They were killed in violation of law. When they killed yearlings, they necessarily killed without knowing whether they were male or female.

These great scientists have argued that you can kill 95 per cent of the male seals upon the Pribilof Islands, figuring that as the seal is a polygamous animal the 5 per cent remaining will be sufficient for propagation. That loses account altogether of the great law of nature which has provided for a struggle between the males of a wild race, a struggle in which the strong, the courageous, and the virile survive and procreate, driving off the cowards and the weaklings. Unless you permit a sufficient number of male seals upon the islands not only to serve for the natural purposes of propagation but also to carry on that struggle which nature has provided, you will have a degenerate race, and you are getting now a degenerate race of seals because you have nothing left but a comparatively few males to serve the purposes of nature.

It is well known that in Europe to-day if you visit the old castles you will find the antlers of deer that can not be matched now. Why? Because the hunters of Europe have been killing off the males. They spare the females but they kill the males; they become scarce and the natural conflict between the males has died out and the race of deer has degenerated. That is true in the West. It is true with the elks; it is true with the antelopes. You can not get to-day the elk horns that you got a number of years ago when the elk were plentiful and when the great battles between the males demonstrated which sire was proper to survive and to be the father of the new race.

So it is with these seals. Nature has provided that the female becomes a breeding animal at the age of two years, but the male not until he reaches 6 or 7 years of age is able to fight his way on the breeding ground, and for that very reason it is necessary to stop the butchery of the males that is now going on. You have got them reduced to such a dangerous line at the present time that you have no surplus males with which to carry on that conflict under nature's law to breed up a herd. You have degenerate sires.

Mr. President, there have been many attempts by committees of the Senate, by committees of the House, by the House as a body, and by the Senate as a body, and by Congress as a whole, to protect this interest. But those attempts have never been cooperated with by the administration here. At all times the company interested, or the individuals interested, have apparently had more influence with the administration than Congress.

I think, Mr. President, for the present this is all I care to say, although it may be that I shall take leave to add something later.

Mr. SMOOT. Before the Senator takes his seat I should like to ask him how he explains the fact that the treaty between Japan and Russia to-day requires that a certain percentage of all the surplus males in each year be killed. They go so far in the treaty as to name the number allowed; in Japan there are 6,500 and in Russia there are 18,000, and under the treaty if the males exceed that number, respectively, they are compelled to kill them. If the Senator's argument is correct, certainly the treaty between Japan and Russia in relation to seals is wrong. I should like to ask the Senator how he explains that fact, because it is a recent treaty.

Mr. HITCHCOCK. My judgment is that possibly the Russian islands or the Japanese islands are not of sufficient extent to maintain a herd greater than the amount named, or that the two countries have no desire to maintain a herd of greater extent. At the present time on the islands they have nearly as many seals as are named in the treaty. Their herd has not been decimated as our herd has been decimated. On the other hand, the American herd at the present time numbers only 100,000, while it should number 4,000,000. There is much more need, if we are to preserve this very valuable interest, for us to permit nature during the next 10 years, or other period that may be agreed upon, to do the work of restoration.

I think that answers the question. The fact is that at the present time, with ruin staring us in the face and destruction in view, we are killing 12,000 seals a year. The value on the market is about $360,000 a year. If we will give a rest for a period of 10 years, we can in all probability begin the killing of, say, 60,000 seals a year and secure revenue of possibly $2,000,000 a year from that source. We have a resource of tremendous possibilities up there, whereas the Japanese herd and the Russian herd are necessarily small.

Mr. SMOOT. I wish to say to the Senator that in my investigation of the reasons why the surplus males are destroyed by Japan and Russia, it is because they claim that if the males were not destroyed it would only be a few years until they would destroy themselves, and that there would be hardly a seal that would be killed that would be of any market value.

Mr. HITCHCOCK. I should like to ask the Senator if he believes that?

Mr. SMOOT. I think, myself, that if there was a surplus——

Mr. HITCHCOCK. Has the Senator ever heard of a wild race destroying itself?

Mr. SMOOT. I think, Mr. President, it is entirely different with this. I think there are wild animals that would destroy themselves in a very few years. Take any animals—sheep, for instance.

Mr. HITCHCOCK. I am talking about wild animals. There is a vast difference.

Mr. SMOOT. The same principle applies in the sheep herd that would apply in the seal herd; and it would not take many years until they were run out absolutely. I think the same principle applies here to the herd of seals. I believe Russia thinks so, that Japan thinks so, and that is why each compels the killing of the males if they exceed a certain number.

Mr. HITCHCOCK. No; there is no compulsion there. It is a matter of treaty that after the Russian herd exceeds 18,000 or after the Japanese herd exceeds 6,500 they shall kill a certain small percentage—I think 5 per cent—of the whole. That is for the reason that they are partners in the business and have an interest with the seals that are killed; but we, in order to protect our herd, refused to enter into such a contract. We specifically reserved the right to stop all killing during the period of the treaty, but it is only proposed to do so for 10 years.

Mr. NELSON. Will the Senator from Nebraska yield to me a moment?

Mr. HITCHCOCK. Yes, sir.

Mr. NELSON. I desire to say in reply to the interrogatory of the Senator from Utah, if I understand him correctly, that

when Pribilof discovered those islands there was a big seal herd there, and there were no scientists like Dr. Jordan or these other men to kill off a part of these males. The theory of these scientists is that the only way you can keep the herd growing is to kill off 95 per cent of the males and leave the other 5 per cent to look after the females. Long before these scientists announced this doctrine they grew and flourished. If we read the history of the early explorers we find that the great West and the States of Tennessee and Kentucky and the States of Wisconsin and Minnesota were full of buffaloes.

Large herds roamed all over that country and kept increasing year by year, but there were no scientists around to advocate the destruction of the males. [Laughter.] So, if we look to nature all around, we can find nature adjusting itself to the conditions regardless of the scientists. When Solomon said—I believe it was Solomon—that there was nothing new under the sun he was mistaken, for he had not heard from Dr. Jordan and the other scientists.

Mr. TOWNSEND. Mr. President——

Mr. HITCHCOCK. Before I yield the floor, I want to say, in further answer to the Senator from Utah [Mr. SMOOT], that the seal is among the very wildest animals known, so far as their habits are concerned. They leave the Pribilof Islands between the 1st and 10th of November, and they travel some 5,000 miles apparently without landing anywhere or coming in contact with civilized or barbarous man, so far as we know. In the month of May they begin to return. The bulls come first and haul themselves up on to the breeding ground. That is during the month of May; and it is at that time that the fights occur; it is at that time that the males battle for positions upon the big breeding ground. The fighting is all done before the females come; the fighting is all over before a pup appears upon the ground; yet these scientists, who have been quoted by the administration here, have claimed that females were killed, the pups were trampled upon by the fighting bulls, and that, therefore, the bulls should be slaughtered. That has been an excuse and a pretext for the killing of males when no better reason could be found; but during the month of May the bulls are on the ground; they have their fights, and the fights are all over by the 10th of June. Then the females begin to arrive; the whole herd begins to arrive, as a matter of fact, and the females begin to take their place upon the breeding ground. The females do not draw up upon the land until they are driven ashore by the pains of parturition. After they have given birth to their pups upon the shore, after they have selected a harem in which they are to place themselves, the breeding occurs; and it is all over within a matter of two weeks; the births have occurred; and all the breeding for the whole year has occurred. Yet it is assumed that you must compare this life with the domestic life of the sheep or some other animal where the breeding may occur throughout the whole year—an entirely different situation. The seal herd is a herd that is beyond control and beyond the ken of man for most of the months in the year; and, as the Senator from Minnesota [Mr. NELSON] has well said, these herds were in their glory and at their greatest number long before these scientists came upon earth and told how we might kill, kill, kill, in order that a few men might make millions at the expense of the public.

Mr. TOWNSEND. Mr. President, there seems to be a very wide difference of opinion among Senators who have spoken on this question. I have given considerable time and attention to it, and I confess that I have been greatly surprised by the statement of the Senator from Nebraska [Mr. HITCHCOCK], though I do not wish to reflect upon his honesty or sincerity.

While I have devoted much study to this subject, I am not posing as an expert nor as an authority on fur seals; but, as I understood the Senator's remarks, they have been so at variance with my understanding of the facts I feel that I ought at least to express my views.

If what the Senator has charged against Government representatives is true, we should abolish the closed season for officially killing those agents rather than establish a closed season for fur seals. It does not affect the theory of the House provision because some officer has been derelict in his duties or has in fact been criminal in his official conduct.

The Senator has truly said that the seals collect at the breeding season on the Pribilof Islands. I do not agree with him, however, that the males come there in advance and do all their fighting before the females arrive. I think that can not be established by the facts. The fighting also occurs when the females reach the islands.

Mr. HITCHCOCK. Oh, Mr. President, I dislike to interrupt the Senator, but I assure him that he is not able to find a single person who has been upon the Pribilof Islands at that time who will dispute the statements which I have made.

Mr. TOWNSEND. I have to beg the Senator's pardon, but I have talked with men who are very familiar with the seals and their habits.

Mr. HITCHCOCK. Will the Senator state to what men he refers?

Mr. TOWNSEND. I refer first to the secretary or the president of the Agricultural College in Kansas. At any rate he is a public official of great learning. He has had much experience in the arctic country, and has carefully studied the habits of fur seal. I do not now recall his official position, but I remember his statements on this interesting subject.

Mr. BRISTOW. I think, possibly, the Senator refers to Prof. Dyke, who is connected with the State University of Kansas.

Mr. HITCHCOCK. I took the trouble to look at the record of the so-called Government scientists, Mr. Jordan and Prof. Townsend, and all the others, and not one of those men was upon the islands through the period I have described; that is, from the beginning of the season to the close of it.

Mr. TOWNSEND. I see there is very little likelihood of our agreeing on this matter, for evidently we have obtained our information from different sources. I desire, however, to express my own opinion, based upon such information as I have been able to obtain, the source of which I believe to be entirely authoritative and reliable.

I believe, notwithstanding the statement of the Senator from Nebraska, that these fights do occur when the females are on the islands and during the breeding season. The female comes to the island in the spring for the purpose of depositing her young, and within a week or 10 days thereafter she is served by the male. During this mating season, which at the same time is the birth season, the thousands of heated males fight each other and tear the females, and thousands of the newborn pups are trampled and crushed to death. After dropping her pup and after being bred by the bull the cow goes out to sea for food and sometimes goes several hundred miles before she returns to her young. The younger males, during this mating season, huddle together in certain parts of the islands, and instead of being the wildest animal, as described by the Senator from Nebraska, they become as tame as and more docile than most domestic animals. At these times and under these conditions those surplus males are killed with clubs, and those selected males which for their strength and size are known to be the fittest breeders are preserved. The official approaches these young males and clips the hair or fur from the top of their heads so that they can be distinguished and saved from slaughter. The young males are clearly distinguishable from the females. The bulls do not mature for breeding purposes before the age of about 5 years, while the cows breed at 2 or 3 years of age. The young, immature bulls congregate by themselves, and there is no mistaking them from the cows.

Now, the great wrong in regard to pelagic sealing is the killing of the cow seals after they go to sea. If the female is killed before she is delivered of the young, two seals are killed and, in addition, the potential value of the female for the years to come is destroyed. It is known, and was known when this treaty was entered into, that citizens of Russia and Japan and certain Americans were engaged in pelagic sealing. Pelagic sealing is killing seals in the open sea. The treaty was entered into for the purpose of discontinuing that practice. It provides, among other things, that of the seals killed under the instruction of the United States 15 per cent shall go to Russia and 15 per cent to Japan. This clearly shows that some seals were to be killed. All the signatory powers contemplated that this would be done. It was to be done, however, by the United States and for the preservation of the seal herd. Such killing could not be indulged and such preservation secured by any other method than by killing the surplus bulls. They can be properly killed, and if they are not so killed it is because of the fault of the Government officials, and we should deal with them.

The question naturally arises whether killing off the surplus males is going to conduce to the growth of the seal herds. The Senator from Minnesota [Mr. NELSON] becomes facetious when he announces that the laws of nature governing procreation can not be improved upon; that reducing the number of males will not tend to increase the seal herds. This statement is disproved by all our experience in reference to plants, fish, and animals. I contend, Mr. President, that in this respect seals are quite like our domestic stock. The seal is a polygamous animal. One bull is sufficient to 25 cows. No farmer thinks of rearing all his male calves as bulls. No one thinks of rearing all his male sheep as rams. The farmer selects his strongest, most perfect males for breeding purposes, and all the rest are altered. A

multiplicity of polygamous males would not only destroy each other, but they would weaken the females and destroy the very young. Man can determine from among the seals on the islands the strong ones and preserve them.

I believe it is a fact—and I have never supposed it was disputed before—that the males did tear the cows to pieces in their fights and destroy pups a few days old. I still maintain that the breeding takes place between the birth of the pups and a very few days thereafter, not to exceed two weeks.

I do not believe that all these scientists are corrupt men. Such a statement seems monstrous to me, and I am sorry that the necessity for argument should seem to require such statements. I know that the men who have made a study of those conditions are telling us the truth. They can have no possible excuse for doing otherwise. But if there is corruption in the administration of our laws in the Pribilof Islands we ought to deal with the men who are violating the trust that has been reposed in them. The great object contemplated by the proposed treaty is the preservation of the seal herds and the failure, real or imaginary, of officers to perform their duties should not distract our attention from that object.

There is another matter, Mr. President, which I mentioned a little while ago. This Senate plan was tried between the years 1891 and 1894. There was a modus vivendi entered into between the nations whereby there was to be an absolute closed season, so far as the killing of fur seals on land was concerned, and at the end of the season—and I do not believe this can be disputed—at the end of the season the islands were found overstocked with males, and the herds had not materially increased during the closed period.

Mr. SMITH of Arizona. How long was that season?

Mr. TOWNSEND. Three years.

Mr. DILLINGHAM. Is the Senator sure that there was an agreement for the suspension of the killing during that time? I ask the question because I find that in a report I made on the subject in 1904 I said:

> In 1893 an agreement was made by the United States and Great Britain for the control of pelagic sealing, limiting the periods and localities in which seals may be taken by this process, and in 1897 Congress passed an act prohibiting the taking of any fur seal in the waters of the Pacific and north of the thirty-fifth degree of north latitude, and including Bering Sea, by citizens of the United States.

I have forgotten if it is a fact that there was an agreement for the cessation of the killing of seals on land.

Mr. TOWNSEND. I am sorry that I do not have my authority here. I gathered from the Department of Commerce and Labor that this agreement was in existence during those years of 1891, 1892, and 1893, and it was claimed then that a closed season would cause the seal to multiply and that the herd would materially increase. The result, however, was directly opposite to what was anticipated. The herd did not increase.

Mr. DILLINGHAM. Mr. President, if the Senator will allow me, I do not say that that is not true, and I am inclined to think there was some such agreement, because, on looking further at the figures of the number killed on the islands, I find that during 1892 and 1893 there were only between seven and eight thousand killed on the islands during those two years, against a very much larger number in other years.

Mr. ROOT. Mr. President, I think there was an agreement early in 1892, as a part of the arrangement which resulted in the Bering Sea arbitration, and I think you will find——

Mr. DILLINGHAM. I am inclined to think so myself.

Mr. ROOT. That the agreement involved on one side a cessation of pelagic sealing and on the other hand a cessation of land killing, except enough for food and similar purposes.

Mr. DILLINGHAM. But, as a matter of fact, during those two years, when there were killed on the island only 7,511 and 7,396, there were taken in the pelagic catch 46,000 and 30,000, respectively.

Mr. TOWNSEND. Mr. President, there is another thing that ought to be borne in mind with reference to pelagic sealing: Not only is there indiscriminate killing, without any regard to whether the seals are pups, or cows, or bulls, but I believe the records will disclose that where they are killed at sea not over one in five of those that are killed are recovered—the balance either sink at once upon being shot or else, being wounded, get away and die—so that the actual number that are killed and recovered in pelagic sealing, great as that is, represents only a small portion of the total number of the seals killed by that process.

I repeat that we have entered into a treaty with these countries to stop pelagic sealing. Russia and Japan have proceeded upon that agreement in good faith. Japan has purchased the schooners that the Japanese sealers were using in connection with their sealing. I am informed that Russia has done the same in reference to her subjects. If it is also true, as it is, that there is a provision in the treaty whereby Russia and Japan are to receive 15 per cent each of the seals that are killed, and none are killed, certainly it would result in a misunderstanding between these signatory powers.

Mr. SHIVELY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Indiana?

Mr. TOWNSEND. I do.

Mr. SHIVELY. I think, if the Senator will examine the treaty, he will find that that contingency is provided for. He will find that the United States is given express authority under the treaty to create a closed season, but whether the season is closed or whether it is open the United States appropriates this advance sum of $200,000 to Russia and $200,000 to Japan. The United States Government can have a closed season or the United States Government can go on killing, but when we do kill, then we retain the skins and repay ourselves out of the kill. The 15 per cent accrues only when we are killing. There is not anything in that part of the treaty that prevents us from having a closed season.

Mr. TOWNSEND. Mr. President, I am obliged to the Senator from Indiana for calling my attention to that. I might have overlooked it. But——

Mr. SHIVELY. Now let me call the Senator's attention to article 10 of the treaty, which provides:

ARTICLE 10.

The United States agrees that of the total number of sealskins taken annually under the authority of the United States upon the Pribilof Islands or any other islands or shores of the waters mentioned in article 1, subject to the jurisdiction of the United States, to which any seal herds hereafter resort, there shall be delivered at the Pribilof Islands at the end of each season 15 per cent gross in number and value thereof to an authorized agent of the Canadian Government, and 15 per cent gross in number and value thereof to an authorized agent of the Japanese Government: *Provided, however,* That nothing herein contained shall restrict the right of the United States at any time and from time to time to suspend altogether the taking of sealskins on such islands or shores subject to its jurisdiction, and to impose such restrictions and regulations upon the total number of skins to be taken in any season, and the manner and times and places of taking them, as may seem necessary to protect and preserve the seal herd or to increase its number.

Mr. SMITH of Arizona. If the Senator will permit me, in that provision of the treaty the United States reserves the absolute right to have a closed season whenever it pleases.

Mr. TOWNSEND. There is no doubt about that.

Mr. ROOT. But, Mr. President, we must show that it seems necessary to protect and preserve the seal herd or increase its number. It is not an arbitrary power.

Mr. TOWNSEND. The Senator from New York anticipated my answer. But it is all right. If I understand correctly the treaty, the United States Government is not to have a closed season except it finds it necessary to do so. I do not think it necessary to have a 10-year closed season. The history of the sealing business shows that it is not necessary.

From all this I conclude that the primary object of the proposed treaty is to prevent pelagic sealing, to the end that the seal herd may be preserved and enlarged. Through an actual experience by this Government of three years—1891 to 1894—the plan proposed by the Senate amendment has been disproved, and the theory presented in the House bill is corroborated. The fault, if there be a fault, lies in the administration of the law. If it is true that our officials are corrupt, we should deal with that situation. I do not say they are corrupt, because I believe they are not, but certainly there has been enough said on the Senate floor to-day to put the Senate and the Government on notice, and the charge or intimation being so serious, it should not be overlooked.

That the principle adopted in the House bill is correct I have no doubt. I am satisfied that a surplus of males during the breeding season, and congregated as they necessarily are on those islands, is a menace to the increase of the seal herd.

I do not attempt to answer the statement of the Senator from Nebraska [Mr. HITCHCOCK], that the great professional authorities who approve the House provision are corrupt or influenced by improper and unworthy motives. These men are too well known and too secure in their reputations to need defense from me. If I were inclined to deal in innuendo, or if I were looking for improper motives for men's action, I might suggest the counter charge that the Victoria sealing combine and its reputed representative, Mr. Elliott, who has lobbied for the Senate provision for months, were not an altogether disinterested party to this controversy. It is not impossible for me to imagine that their interests may be striving to secure a closed sealing season in order to induce the Russian and Japanese schooners to return. I can discover many indications which warrant such a thought to the suspicious. If I were to draw on my imagination and try to find some unjust and improper

motive, I could find plenty of excuse to give it free rein. But I prefer to discuss this question upon its merits, and say, if there be wrong, if laws governing fur sealing are not being administered properly by the department, we should deal with those matters, and not be diverted from the real object before us. I believe it is safe to rely on our scientific, experienced experts, especially when their judgments are corroborated by reason and common sense. The Department of Commerce and Labor, which has this matter in charge, recommend the provision of the House bill and protest against the Senate amendment. There ought to be no doubt as to what we should do in the premises, and I certainly trust the pending amendment will be defeated.

Mr. McCUMBER. Mr. President, I have listened to these arguments and I have listened in vain to find one answer satisfactory to me to this question: If we preserve all the females and a sufficient number of males, what is the necessity of preserving more of the males than are necessary for breeding purposes? If about as many males as females are born, why preserve the males for a longer period than is necessary for the purpose of development? Why not dispose of them in order to secure the remuneration from the sale of hides?

The Senator from Minnesota [Mr. NELSON] thinks that nature does these things better than any man can. But I am satisfied that the preaching of the Senator from Minnesota will hardly square with his practice on his own farm. If half the lambs he raises are bucks, I doubt whether he would preserve all of them. I think he would keep only enough for breeding purposes, and would dispose of the others at a time when they would bring the greatest sum; and so with the seal herd. Not only, in my opinion, should we dispose of all the surplus males at a time when we can secure the best price for their pelts, but we should sell them in order to prevent them from destroying each other, and if not killing each other, at least so marring the fur and the hide that it is scarcely salable.

I do not pretend to be an expert, and when I call for expert testimony I am not going to measure the qualities of the individuals, so far as they relate to being good or bad. I care little whether the man making the argument is a wicked or a good man. I am influenced more by the character of his argument than I am by his character.

I do not want to go into the question which has been raised here about Mr. Bowers. Mr. Bowers has written a letter which appeals to me, and I am going to have the letter read in the Senate, because I think it bears directly upon the question and because I think it presents a clear and lucid argument.

I am also going to ask that there be read a letter from Charles Sheldon, chairman of the Committee on Preservation of Wild Life, a member of the Boone and Crockett Club. I think the arguments in both of these letters are sound, and I ask that the Secretary read each of them. Upon the conclusion of their reading I will yield the floor.

The PRESIDENT pro tempore. Without objection, the Secretary will read as requested.

The Secretary read as follows:

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF FISHERIES,
Washington, August 1, 1912.

Hon. PORTER J. MCCUMBER,
United States Senate.

SIR: I have the honor to again invite your attention to the bill (H. R. 16571), pending in the Senate, to give effect to the convention signed July 7, 1911, by Great Britain, Japan, Russia, and the United States for the preservation of the fur-seal herds of the north Pacific.

The bill has not yet been acted upon in the Senate, but I understand it will probably come up for consideration within the next few days.

You will recall that I addressed to you, on or about March 19 last, a letter in which I set forth some of the reasons why the bill should pass without any provision for a close season, as is proposed in the Hitchcock amendment. I shall be glad if you will again give careful consideration to the statements contained in that letter. Every argument against any restriction on the killing of surplus male seals as set forth in that letter still holds, and some of them even more strongly than they did six months ago. Reports recently received from the Pribilof Islands state that the number of breeding bulls present on the rookeries this summer and the number of half bulls or waiting bulls are more than are necessary for breeding purposes; and the number of 3, 4, and 5 year old bulls that are being saved, and which will become breeding bulls in one, two, and three years, is more than ample after allowing for the natural mortality. Advices from Japan are to the effect that that Government is killing the usual proportion of the surplus males in the Japanese herd, although that herd numbers fewer than 6,000 seals of all classes. The American herd numbers about 130,000. Attention is called to the important fact that the treaty requires Japan and Russia to kill a certain percentage of their surplus males each year if the herds exceed 6,500 and 18,000, respectively.

That the herds have become greatly depleted is admitted by all; that the depletion was the result of the killing of female seals in the sea by the pelagic sealers and the consequent starvation on the land of the pups thus left motherless is recognized by everyone who has ever visited the seal islands except Henry W. Elliott, a man whose interests appear to be in pelagic sealing rather than in the preservation of the seal herd. Those who oppose the killing of surplus males say that man can not improve on the methods of nature. If that be true, we should stop all our agricultural, horticultural, and stock-raising operations; all our fish-cultural work; all our irrigation operations.

The fur seals are as much under man's control as are the herds of cattle and the flocks of sheep on the ranges in the Western States. They are even more fully under man's control than are the shad, whitefish, salmon, or any other fish that is propagated artificially. No stockman would think of saving for breeding purposes all his male sheep, cattle, horses, or hogs; he will save only such as are needed for that purpose and market the rest when they will bring the largest money return. This is precisely what should be done with the surplus male seals.

The Bureau of Fisheries has no interest whatever in the matter other than the welfare of the herd. The employees of the bureau who have immediate charge of fur-seal matters are men who have had many years' experience and are entirely competent to handle the herd intelligently. They should not be hampered by restrictions as to the details of management. The bureau's agents never have killed any except surplus males not needed for breeding purposes, and they will not under existing law; and the agents on the islands are in a better position than anyone else to determine how many surplus males there are each year and how many should be killed. If at any time the agents should find that a scarcity of breeding males is threatened they will do no killing; on the other hand, so long as the agents find an excess of male life they should be permitted to kill a safe proportion of that excess.

A close season even for one year or two years, when there is an excess of male seals, would not only serve no useful purpose, but it would be unwise from a business point of view, as the following illustration will demonstrate:

The number of 3-year-old males on the islands in 1913 will probably be something over 11,000. Not to exceed 1,000 of these will be needed for breeding purposes. The remaining 10,000 can be safely killed. If they are not killed in 1913, they will never be killed, because in 1914 they will all be 4-year-olds, which are commercially less valuable and are never killed. When 5 years old they will have practically no commercial value. Therefore, if the excess males are not killed when 2 or 3 years old, they, in their fourth and fifth years, become valueless commercially and, being surplus males, they will be of no use for breeding purposes. They are a total loss as certainly as would be a crop of potatoes that are allowed to remain in the ground more than one season.

In view of these considerations, it is hoped you will oppose any provision which prohibits the killing each year of a safe proportion of the surplus male seals, and that you will support the bill substantially in the form in which it passed the House.

Respectfully,

GEORGE M. BOWERS, *Commissioner.*

Mr. WILLIAMS. I should like to ask the Senator to whom this letter was addressed?

Mr. McCUMBER. Both letters were addressed to me.

Mr. WILLIAMS. The letter was addressed to you by the Commissioner of Fisheries?

Mr. McCUMBER. Yes.

Mr. WILLIAMS. Did he write to other Senators, or do you not know?

Mr. McCUMBER. I understand other Senators on the Committee on Foreign Relations received the same letter.

Mr. WILLIAMS. I wanted to see how far he considered it his duty to take the place of the President in advising Congress.

The PRESIDENT pro tempore. There is another letter which will be read.

The Secretary read as follows:

BOONE AND CROCKETT CLUB,
OFFICE OF SECRETARY,
New York, April 4, 1912.

Hon. PORTER J. MCCUMBER,
United States Senate.

DEAR SIR: Permit me, on behalf of the Boone and Crockett Club, to direct your attention to Senate Calendar 446, Report 501—Preservation and Protection Fur Seal, etc.

This report (to accompany H. R. 16571) relates to a bill to give effect to a treaty for the suppression of pelagic sealing. It proposes an amendment which we believe not only to be unfavorable to the effective ratification of this important treaty, but detrimental to the restoration of the seal herd.

The Boone and Crockett Club has long been interested in the fur-seal matter, and its views are in accord with those of the advisory board of the fur-seal service. At a meeting held January 25, 1912, the club passed a resolution to the effect that the treaty should be ratified without amendment, and that the Secretary of Commerce and Labor was well advised in his management of the seal islands.

Permit me to point out that when the Russians restored the depleted herd they had been killing females on land, as well as males, while under the American régime surplus males only have been killed. There is no reason whatever for comparing the present situation, which was brought about by pelagic sealing, with the killing of females by the Russians on the land. When they gave the seal islands a 10-year rest, they could have increased their herd more rapidly if they had removed a large proportion of the male stock. It was not the stopping of simply land killing that caused the herd to increase, but the stopping of female killing; the saving of the extra males was only a detriment.

A total cessation of killing of males for 10 years, or even 5 years, would result in flooding the breeding grounds with superfluous fighting males, which would cause an unnecessary loss of new-born pups and nursing females. These animals are highly polygamous, and the breeding grounds are now controlled by a moderate number of mature males, each of which serves numerous females. The females are densely massed at the breeding season, and a division of the breeding grounds into a greater number of small harems by an increase in males would result in continuous and injurious fighting among the latter.

The expansion of the seal herd will be very slow if all the surplus males are allowed to break into the breeding grounds. The herd can be increased faster by restricting the number of bulls. There are about 40,000 breeding females in the herd to-day, and the reason we

have this number is due to the fact that the number of males has consistently been kept down while the female stock was being depleted during many years of pelagic sealing. The herd is now smaller than ever before, and in this fact there lies a special danger, which would not be so great if the herd were a little larger.

In a very few years our restricted and massed breeding grounds will surely be overswept with furious fighting males. If the herd as a whole were larger, its chances for recovery under the wasteful methods of nature would be more probable, but with hordes of unmanageable males it is possible that the tide may turn the wrong way.

We hope that when this bill comes up in the Senate the danger which threatens the seal herd through a too rapid increase in males may be made known and that you will assist in making this fact clear.

The Secretary of Commerce and Labor has long had associated with him an "advisory board of the fur-seal service," composed of scientific men who have all made repeated visits to the Pribilof Islands and have devoted much study to the fur-seal question. This board, which serves without salary, consists of Dr. David Starr Jordan, president of Stanford University; Dr. C. Hart Merriam, late Chief United States Biological Survey; Dr. Leonhard Stejneger, head curator United States National Museum; Dr. F. A. Lucas, director American Museum of Natural History, New York; and Dr. C. H. Townsend, director New York Aquarium. Mr. Edwin W. Sims, Solicitor of the Department of Commerce and Labor, who has visited the islands, and Postmaster General Hitchcock are also members.

All of these men, after full investigation, agree that there is a loss of pups and females when the surplus males are allowed to enter the breeding grounds. Their opinions have never been questioned by any naturalists of reputation and are sustained by the British naturalists who visited the Pribilofs with them. There is, in fact, only one man who has been on the Pribilof Islands who is in favor of a 10-year close season on males, and he is H. W. Elliott, who has not been there for over 20 years.

The statement in the first paragraph on page 2, Report 501, "that all authorities agree," etc., is wholly incorrect. On the contrary, all authorities, with the exception of the one mentioned, who have studied this subject on the Pribilof Islands are already on record that a close season on males at the present time would be highly injurious.

The principle of voluntary expert advice for a Government department in a matter of this kind is one that should be fostered rather than discouraged. The treaty should be ratified without amendment, although the slight amendments of the House bill are perhaps unobjectionable.

All opinions based on the unanimous advice of the real experts emphasize the conclusion that it would be inadvisable to pass an amendment for a close season on male seals. Such action would also deprive the Government of an annually increasing revenue, beginning at $400,000 and in 10 years amounting to $10,000,000.

I am inclosing a list of members of the Boone and Crockett Club. I am, sir.

Very respectfully, yours,

CHARLES SHELDON,
Chairman Committee on Preservation of Wild Life, Boone and Crockett Club.

Mr. ROOT. Mr. President, I wish to make some remarks upon the pending bill. I observe that the hour of 6 o'clock has arrived, and if it is agreeable to the Senate, I will wait until to-morrow.

The PRESIDENT pro tempore. The bill will become the unfinished business to-morrow.

In accordance with the unanimous-consent agreement, the hour of 6 o'clock having arrived, the Senate will now take a recess until 8 o'clock p. m.

EVENING SESSION.

The Senate reassembled at 8 o'clock p. m. on the expiration of the recess.

Mr. SMOOT. The evening session is held under a unanimous-consent agreement to consider the Army appropriation bill.

ARMY APPROPRIATION BILL.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 25531) making appropriation for the support of the Army for the fiscal year ending June 30, 1913, and for other purposes, which had been reported from the Committee on Military Affairs with amendments.

Mr. DU PONT. I ask that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that the committee amendments be first considered.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The Secretary will proceed to read the bill.

The Secretary proceeded to read the bill.

The first amendment of the Committee on Military Affairs was, under the subhead "Office of the Chief of Staff," on page 2, line 3, after the word "stationery," to insert "typewriters and exchange of same," so as to read:

Army War College: For expenses of the Army War College, being for the purchase of the necessary stationery, typewriters and exchange of same, office, toilet, and desk furniture, textbooks, books of reference, scientific and professional papers and periodicals, printing and binding, maps, police utensils, employment of temporary, technical, or special services, and for all other absolutely necessary expenses.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Chief Signal Officer," on page 5, line 13, after the words "balloons and," to strike out "airplanes" and insert "aeroplanes"; in line 24, before the word "dollars," to strike out "three hundred and seventy-five thousand" and insert "three hundred and fifty thousand"; in line 25, before the word "dollars," to strike out "seventy-five thousand" and insert "one hundred thousand"; and, on page 6, line 1, after the words "repair of," to strike out "airplanes" and insert "aeroplanes," so as to make the clause read:

Signal Service of the Army: For expenses of the Signal Service of the Army, as follows: Purchase, equipment, and repair of field electric telegraphs, signal equipments and stores, binocular glasses, telescopes, heliostats, and other necessary instruments, including necessary meteorological instruments for use on target ranges; war balloons and aeroplanes, including their maintenance and repair; telephone apparatus (exclusive of exchange service) and maintenance of the same; electrical installations and maintenance at military posts; fire control and direction apparatus and material for field artillery; maintenance and repair of military telegraph lines and cables, including salaries of civilian employees, supplies, and general repairs, and other expenses connected with the duty of collecting and transmitting information for the Army by telegraph or otherwise, $350,000: *Provided, however,* That not more than $100,000 of said amount shall be used for the purchase, maintenance, operation, and repair of aeroplanes and other aerial machines.

The amendment was agreed to.

The next amendment was, on page 6, line 12, after the word "dollars," to insert "*Provided*, That the Secretary of War is authorized and directed to reduce the tolls on Alaska cable and telegraph messages to 50 per cent of the present rates during a period of six months from and after July 1, 1912, and then to fix such rates as he may deem warranted by the business developed during said period of reduced rates," so as to make the clause read:

Washington-Alaska military cable and telegraph system: For defraying the cost of such extension and betterments of the Washington-Alaska military cable and telegraph system as may be approved by the Secretary of War, to be available until the close of the fiscal year 1914, from the receipts of the Washington-Alaska military cable and telegraph system that have been covered into the Treasury of the United States, the extent of such extensions and the cost thereof to be reported to Congress by the Secretary of War, $50,000: *Provided*, That the Secretary of War is authorized and directed to reduce the tolls on Alaska cable and telegraph messages to 50 per cent of the present rates during a period of six months from and after July 1, 1912, and then to fix such rates as he may deem warranted by the business developed during said period of reduced rates.

The amendment was agreed to.

The next amendment was, under the subhead "Pay of officers of the line," on page 6, line 26, before the word "dollars," to strike out "six million eight hundred and ninety-three thousand nine hundred and eight" and insert "seven million seven hundred thousand seven hundred," so as to make the clause read:

For pay of officers of the line, $7,700,700.

The amendment was agreed to.

The next amendment was, on page 7, line 5, before the word "dollars," to strike out "one million five hundred and twenty-four thousand one hundred and twenty" and insert "one million seven hundred and sixty-seven thousand one hundred and twenty"; and in the same line, after the word "dollars," to strike out "That no money appropriated by this act shall be paid to any officer for any period during which he shall have been detached for any duty of any kind for more than four of the preceding six years from the organization in which he is commissioned, unless such continuous detachment from such organization for more than four years shall have been specifically authorized by law" and insert "*Provided*, That hereafter in time of peace no officer of the line shall be detached nor permitted to remain detached from his regiment or corps who has not served for at least two years of the preceding period of six years prior to such detachment with the regiment or regiments of Cavalry, Field Artillery, or Infantry, or with the organizations of the Coast Artillery Corps, to which he shall have been assigned by the War Department; but this shall not apply to officers detailed in the Ordnance Department, the Bureau of Insular Affairs, as authorized by the acts of Congress approved June 25, 1906, and March 23, 1910, or to any officer on duty in connection with the construction of the Panama Canal until the same shall have been formally opened; and, in the discretion of the President, up to the 1st day of January, 1914, it shall not apply to any officer on duty with the Philippine Constabulary; and hereafter no officer below the rank of major shall be detailed as Chief or as Assistant Chief of the Philippine Constabulary, and no other officer shall hereafter be assigned to duty therewith, except as specifically provided for by law," so as to make the clause read:

For additional pay to officers for length of service, to be paid with their current monthly pay, $1,767,120: *Provided*, That hereafter in time of peace no officer of the line shall be detached nor permitted to remain detached from his regiment or corps who has not served for at least two years of the preceding period of six years prior to such detachment with the regiment or regiments of Cavalry, Field Artillery, or Infantry, or with the organizations of the Coast Artillery Corps, to which he shall have been assigned by the War Department; but this shall not apply to officers detailed in the Ordnance Department, the Bureau of Insular Affairs, as authorized by the acts of Congress approved June 25, 1906, and March 23, 1910, or to any officer on duty in connection with the construction of the Panama Canal until the same shall have been formally opened, nor shall it be held to apply in the case of any

officer detached as a student at a service school; and, in the discretion of the President, up to the 1st day of January, 1914, it shall not apply to any officer on duty with the Philippine Constabulary, and hereafter no officer below the rank of major shall be detailed as Chief or as Assistant Chief of the Philippine Constabulary, and no other officer shall hereafter be assigned to duty therewith except as specifically provided for by law.

Mr. CHAMBERLAIN. I desire to suggest an amendment to the amendment. I have already spoken to the chairman about it. In line 25 I move to strike out the words "nor shall it be held to apply in the case of any officer detached as a student at a service school" and to insert at the end of the amendment:

Provided, That duty as a student officer at a service school within the continental limits of the United States shall not be construed as detached service within the meaning of the preceding proviso.

Mr. DU PONT. I accept that amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the Committee on Military Affairs was, under the subhead "Pay of enlisted men," on page 8, line 13, before the word "dollars," to strike out "fifteen million eight hundred and thirty-two thousand" and insert "sixteen million two hundred and thirty-two thousand nine hundred and fifty-four"; in the same line, after the word "*Provided*," to strike out "That no part of the appropriation in this act for the pay of officers and enlisted men shall be paid to any officer or enlisted man in active service for any period of time lost by him on account of diseases which are the result of his own intemperate use of drugs or alcoholic liquors or other misconduct" and insert "That any officer or enlisted man in active service, who shall be absent from duty on account of disease resulting from his own intemperate use of drugs, or alcoholic liquors, or other misconduct, shall not receive pay for the period of such absence from any part of the appropriation in this act for the pay of officers or enlisted men, the time so absent and the cause thereof to be ascertained under such procedure and regulations as may be prescribed by the Secretary of War: *Provided further*, That, for the purpose of utilizing as an Army Reserve the services of men who have had experience and training in the Regular Army, in time of war or when war is imminent, and after the President shall, by proclamation, have called upon honorably discharged soldiers of the Regular Army to present themselves for reenlistment therein within a specified period, subject to such conditions as may be prescribed in said proclamation, any person who shall have been discharged honorably from said Army, with character reported as at least good, and who having been found physically qualified for the duties of a soldier, shall reenlist in the line of said Army or in the Signal Corps thereof within the period that shall be specified in said proclamation, shall receive on so reenlisting a bounty which shall be computed at the rate of $8 for each month for the first year of the period that shall have elapsed since his last discharge from the Regular Army and the date of his reenlistment therein under the terms of said proclamation; at the rate of $6 per month for the second year of such period; at the rate of $4 per month for the third year of such period; and at the rate of $2 per month for any subsequent year of such period, but no bounty in excess of $300 shall be paid to any person under the terms of this act," so as to make the clause read:

For pay of enlisted men of all grades, including recruits, $16,232,954: *Provided*, That any officer or enlisted man in active service, who shall be absent from duty on account of disease resulting from his own intemperate use of drugs, or alcoholic liquors, or other misconduct, shall not receive pay for the period of such absence from any part of the appropriation in this act for the pay of officers or enlisted men, the time so absent and the cause thereof to be ascertained under such procedure and regulations as may be prescribed by the Secretary of War: *Provided further*, That, for the purpose of utilizing as an Army Reserve the services of men who have had experience and training in the Regular Army, in time of war or when war is imminent, and after the President shall, by proclamation, have called upon honorably discharged soldiers of the Regular Army to present themselves for reenlistment therein within a specified period, subject to such conditions as may be prescribed in said proclamation, any person who shall have been discharged honorably from said Army, with character reported as at least good, and who having been found physically qualified for the duties of a soldier, shall reenlist in the line of said Army or in the Signal Corps thereof within the period that shall be specified in said proclamation, shall receive on so reenlisting a bounty which shall be computed at the rate of $8 for each month for the first year of the period that shall have elapsed since his last discharge from the Regular Army and the date of his reenlistment therein under the terms of said proclamation; at the rate of $6 per month for the second year of such period; at the rate of $4 per month for the third year of such period; and at the rate of $2 per month for any subsequent year of such period, but no bounty in excess of $300 shall be paid to any person under the terms of this act.

Mr. PAGE. This language seems to grate on my ear a little. It says "that any officer or enlisted man in active service * * * shall not receive pay." Would it not be better English to say "no officer shall receive pay"?

Mr. O'GORMAN. Under the suggestion made by the Senator from Vermont, I move, in line 18, to strike out the word "any" and insert the word "no," and that the word "not," in line 21, be stricken out.

Mr. DU PONT. I accept that amendment.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The SECRETARY. On page 8, line 18, before the word "officer," strike out "any" and insert "no," and in line 21, after the word "shall," strike out the word "not."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment of the Committee on Military Affairs was, on page 10, line 3, before the word "dollars," to strike out "one million five hundred and thirty-five thousand" and insert "one million six hundred and thirty-five thousand," and in the same line, after the word "dollars," to strike out "*Provided*, That on and after the 1st day of July, 1912, there shall be 10 regiments of Cavalry, and no more, in the United States Army, and that the officers who shall be rendered supernumerary by this reduction in the number of Cavalry regiments shall be retained in service, and shall be assigned to vacancies in their respective grades as such vacancies shall occur in the Cavalry, or, in the discretion of the President, to such vacancies in their respective grades as shall occur in any other arm of the service: *Provided further*, That all officers of Cavalry made surplus by such reduction shall be transferred proportionately to the Infantry, Field Artillery, Coast Artillery, Cavalry, according to their relative commissioned personnel strength; and that the officers so transferred shall take rank in the branch to which transferred according to length of commissioned service: *And provided further*, That no officer shall be reduced in grade; and the Secretary of War is directed to carry out the provisions of this act," so as to make the clause read:

For additional pay for length of service, $1,635,000.

Mr. WILLIAMS. I ask for a division on that amendment. That is the amendment to strike out the provision of the House for the reduction of the Cavalry force. I do not care to take up the time of the Senate. On a previous occasion I stated why I thought the Cavalry force ought to be reduced.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee. [Putting the question.] The ayes appear to have it.

Mr. WILLIAMS. I withdraw the demand for a division.

The amendment was agreed to.

The next amendment was, under the subhead "Hospital Corps," on page 12, line 22, before the word "dollars," to strike out "eight hundred and fifty thousand" and insert "nine hundred and forty thousand," so as to make the clause read:

For pay of enlisted men, $940,000.

The amendment was agreed to.

The next amendment was, on page 12, line 24, before the word "dollars," to strike out "one hundred and sixty thousand" and insert "one hundred and sixty-five thousand," so as to make the clause read:

Additional pay for length of service, $165,000.

The amendment was agreed to.

The next amendment was, under the subhead "Pay to clerks, messengers, and laborers at headquarters of divisions, departments, posts commanded by general officers, and office of the Chief of Staff," on page 13, line 7, before the word "clerks," to strike out "Fourteen" and insert "Fifteen," so as to make the clause read:

Fifteen clerks, at $1,800 each per annum.

The amendment was agreed to.

The next amendment was, on page 13, line 9, before the word "clerks," to strike out "Fourteen" and insert "Sixteen," so as to make the clause read:

Sixteen clerks, at $1,600 each per annum.

The amendment was agreed to.

The next amendment was, on page 13, line 11, before the word "clerks," to strike out "thirty-five" and insert "forty," so as to make the clause read:

Forty clerks, at $1,400 each per annum.

The amendment was agreed to.

The next amendment was, on page 13, line 13, before the word "clerks," to strike out "sixty-eight" and insert "seventy-four," so as to make the clause read:

Seventy-four clerks, at $1,200 each per annum.

The amendment was agreed to.

The next amendment was, on page 13, line 15, before the word "clerks," to strike out "seventy" and insert "seventy-two," so as to make the clause read:

Seventy-two clerks, at $1,000 each per annum.

The amendment was agreed to.

The next amendment was, on page 14, line 3, before the word "messengers," to strike out "sixty" and insert "seventy-one," so as to make the clause read:

Seventy-one messengers, at $720 dollars each per annum.

The amendment was agreed to.

The next amendment was, on page 13, line 13, before the word "dollars," to strike out "three hundred and three thousand two hundred and forty" and insert "three hundred and thirty-two thousand three hundred and sixty," so as to make the clause read:

In all, $332,360.

The amendment was agreed to.

The next amendment was, under the subhead "Retired enlisted men," on page 18, line 3, after the word "dollars," to insert "*Provided*, That in computing length of service for retirement credit for double time for foreign service shall not be given to those who hereafter enlist," so as to make the clause read:

For pay of the enlisted men of the Army on the retired list, $2,150,000: *Provided*, That in computing length of service for retirement credit for double time for foreign service shall not be given to those who hereafter enlist.

The amendment was agreed to.

The next amendment was, under the subhead "Miscellaneous," on page 18, line 11, after the word "dollars," to insert "*Provided*, That the superintendent shall receive such allowances of quarters, subsistence, and medical care during illness as may be prescribed in regulations by the Secretary of War," so as to make the clause read:

For pay of one Superintendent Nurse Corps, $1,800: *Provided*, That the superintendent shall receive such allowances of quarters, subsistence, and medical care during illness as may be prescribed in regulations by the Secretary of War.

Mr. O'GORMAN. In line 13, I suggest that the comma be omitted after the word "subsistence."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 19, after line 5, to strike out:

For pay of 10 contract surgeons, at $1,800 each per annum, $18,000.

The amendment was agreed to.

The next amendment was, on page 19, after line 7, to insert:

For pay of contract surgeons, $13,800.

The amendment was agreed to.

The next amendment was, on page 19, line 23, after the word "Army," to insert "*Provided further*, That hereafter the age limit for the retirement of Army paymasters' clerks shall be the same as the age limit for the retirement of commissioned officers of the Army," so as to make the clause read:

For traveling expenses of Army paymasters' clerks and expert accountant of the Inspector General's Department, $19,500: *Provided*, That hereafter Army paymasters' clerks and the expert accountant, Inspector General's Department, shall receive mileage at the same rates and under the same conditions as is provided by law for officers of the Army: *Provided further*, That hereafter the age limit for the retirement of Army paymasters' clerks shall be the same as the age limit for the retirement of commissioned officers of the Army.

The amendment was agreed to.

The next amendment was, on page 20, line 20, before the word "dollars," to strike out "four hundred and seventy thousand" and insert "five hundred thousand," so as to make the clause read:

For commutation of quarters to commissioned officers, dental surgeons, and veterinarians on duty without troops at stations where there are no public quarters, $500,000.

The amendment was agreed to.

The next amendment was, on page 20, line 22, before the word "dollars," to strike out "eight hundred thousand" and insert "nine hundred thousand"; and in the same line, after the word "dollars," to insert "*Provided*, That hereafter when an enlisted man who is enlisted on or after July 1, 1912, is discharged from the service, except by way of punishment for an offense, he shall be entitled to transportation in kind and subsistence from the place of his discharge to the place of his enlistment, or to such other place within the continental limits of the United States as he may select, to which the distance is no greater than from the place of discharge to place of enlistment; but if the distance be greater he may be furnished with transportation in kind and subsistence for a distance equal to that from place of discharge to place of enlistment, or, in lieu of such transportation and subsistence, he shall, if he so elects, receive 2 cents a mile, except for sea travel, from the place of his discharge to the place of his enlistment," so as to make the clause read:

For travel allowance to enlisted men on discharge, $900,000: *Provided*, That hereafter when an enlisted man who is enlisted on or after July 1, 1912, is discharged from the service, except by way of punishment for an offense, he shall be entitled to transportation in kind and subsistence from the place of his discharge to the place of his enlistment, or to such other place within the continental limits of the United States as he may select, to which the distance is no greater than from the place of discharge to place of enlistment; but if the distance be greater he may be furnished with transportation in kind and subsistence for a distance equal to that from place of discharge to place of enlistment, or, in lieu of such transportation and subsistence, he shall, if he so elects, receive 2 cents a mile, except for sea travel, from the place of his discharge to the place of his enlistment.

The amendment was agreed to.

Mr. DU PONT. Mr. President, the quotation marks and dashes in line 13, on page 22, are the result of a clerical error, and they should be stricken out. I move that amendment.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Delaware will be stated.

The SECRETARY. On page 22, line 13, before the word "when," it is proposed to strike out the dash and the quotation marks, and after the word "law," in the same line, it is proposed to strike out the dash and the quotation marks, so as to read:

For mileage to officers, dental surgeons, veterinarians, and contract surgeons, when authorized by law, $500,000.

The amendment was agreed to.

The next amendment of the Committee on Military Affairs was, on page 22, after line 14, to insert:

For additional 10 per cent increase on pay of officers on foreign service, $266,000.

The amendment was agreed to.

The next amendment was, on page 22, after line 17, to insert:

For additional 20 per cent increase on pay of enlisted men on foreign service, $700,000: *Provided*, That hereafter the laws showing increase of pay to officers and enlisted men for foreign service shall not apply to service in the Canal Zone, Panama.

The amendment was agreed to.

The next amendment was, under the subhead "Philippine Scouts," on page 25, line 16, after the word "fund," to insert:

Provided, That section 3620, Revised Statutes, as amended by the act of Congress approved February 27, 1877, shall not be construed as precluding Army paymasters from drawing checks in favor of the person or institution designated by indorsement made on his monthly pay account by an officer of the Army who is stationed beyond the continental limits of the United States, or in Alaska, or the Canal Zone, Panama, or en route thereto, if the pay account has been deposited for payment on maturity in conformity with such regulations as the Secretary of War may prescribe: *Provided further*, That payment by the United States of a check on the indorsement of the indorsee specified on the pay account shall be a full acquittance for the amount due on the pay account.

The amendment was agreed to.

The next amendment was, on page 26, after line 6, to strike out:

Encampment and maneuvers, Organized Militia: For paying the expenses of the Organized Militia of any State, Territory, or of the District of Columbia, which may be authorized by the Secretary of War to participate in such encampments as may be established for the field instruction of the troops of the Regular Army, as provided by sections 15 and 21 of the Act of January 21, 1903, entitled "An Act to promote the efficiency of the militia, and for other purposes," to be immediately available and to remain available until the end of the fiscal year 1914, $1,350,000.

The amendment was agreed to.

The next amendment was, on page 26, after line 18, to insert:

Equipment of Coast Artillery, armories, Organized Militia: Dummy gun and mortars; mounts for dummy guns and mortars; dummy ammunition; loading appliances; range and position finding equipment; aiming and laying devices; subcaliber tubes and mountings therefor; labor and material necessary to install dummy guns and mortars, and to provide appliances and devices for instructional purposes in armory buildings provided by States for Coast Artillery companies of the Organized Militia, $275,000: *Provided*, That the foregoing appropriation, and any other appropriations heretofore made for that purpose, shall remain available until the end of the fiscal year 1914.

The amendment was agreed to.

The next amendment was, under the subhead "Subsistence Department," in the item of appropriation for the purchase of subsistence supplies, on page 30, line 6, after the words "in all," to strike out "$8,605,273," and insert "$8,988,867.42," and in line 12, after the word "fund," to insert "*Provided*, That hereafter the provisions of section 5 of the act of June 30, 1906 (34 Stats., p. 763), shall not be construed to apply to the Subsistence Department," so as to read:

In all, $8,988,867.42, to be expended under the direction of the Secretary of War, and accounted for as "Subsistence of the Army," and for that purpose to constitute one fund: *Provided*, That hereafter the provisions of section 5 of the act of June 30, 1906 (34 Stats., p. 763), shall not be construed to apply to the Subsistence Department.

The amendment was agreed to.

The next amendment was, under the subhead "Quartermaster's Department," in the item of appropriation for "Regular supplies, Quartermaster's Department," on page 33, line 16, before the word "dollars," to strike out "*Provided further*, That no part of this appropriation shall be expended for the installation of an electric lighting plant at Fort Niagara, seven million

four hundred and fifty-six thousand seven hundred and seventy-three" and insert "seven million eight hundred and sixty-five thousand six hundred and eighty-eight," so as to read:

Provided, That the funds received from such sales and in payment for such laundry work shall be used to defray the cost of operation of said ice, laundry, and electric plants; and the sales and expenditures herein provided for shall be accounted for in accordance with the methods prescribed by law, and any sums remaining, after such cost of maintenance and operation have been defrayed, shall be deposited in the Treasury to the credit of the appropriation from which the cost of operation of such plant is paid, $7,865,688.

The amendment was agreed to.

The next amendment was, on page 33, line 20, before the word "dollars," to strike out "four thousand" and insert "six thousand," so as to make the clause read:

For the purchase of the necessary instruments, office furniture, stationary, and other authorized articles required for the equipment and use of the officers' schools at the several military posts, $6,000.

The amendment was agreed to.

The next amendment was, in the item of appropriation for incidental expenses, Quartermaster's Department, on page 35, line 12, before the word "dollars," to strike out "one million seven hundred and thirty-six thousand three hundred and thirty-seven" and insert "two million," so as to read:

Hire of veterinary surgeons, purchase of medicines for horses and mules, picket ropes, blacksmith's tools and materials, horseshoes and blacksmith's tools for the Cavalry service, and for the shoeing of horses and mules, and such additional expenditures as are necessary and authorized by law in the movements and operations of the Army, and at military posts, and not expressly assigned to any other department, $2,000,000.

The amendment was agreed to.

Mr. BACON. Mr. President, I was not in when the order was taken as to the method to be pursued in relation to the consideration of the bill. I do not know whether amendments other than committee amendments are now in order.

Mr. DU PONT. Committee amendments are to be first considered, I will say to the Senator from Georgia.

Mr. BACON. I know they are now being considered, but I wish to know whether there has been any order for that.

The PRESIDENT pro tempore. The bill is being read for amendment, committee amendments to be first considered.

Mr. BACON. Of course I shall not ask to have that changed now, though I think it is an objectionable practice. I think the bill ought to be perfected as we go along. I have an amendment which I wish to offer at the proper place, but of course I shall not ask for the regular order to be varied.

Mr. O'GORMAN. Other amendments have been received.

Mr. BACON. I am informed that other amendments have been received. This, I think, concludes the part of the bill which relates to the pay of the Army, does it not?

Mr. DU PONT. We have passed that point.

Mr. BACON. For the pay and supplies of the Army?

Mr. DU PONT. We are in the provisions for the subsistence department now—the Quartermaster's Department—the provision for the pay of the Army having been passed.

Mr. BACON. Mr. President, I will send the amendment to the desk, which I shall offer, and I ask to have it read. I shall not offer it, however, until the chairman of the committee signifies his readiness for it to be acted upon, though I wish that it may be read at this point.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Georgia will be read. Will the Senator from Georgia indicate at what point he desires the amendment inserted?

Mr. BACON. I ask that the amendment now be read, but under the suggestion of the Senator from Delaware I shall not ask that it be now considered. I have not done so simply because the Senator from Delaware was uncertain as to whether the amendment should come in here or at another place. I am perfectly willing that the amendment should be acted upon at such time as may be preferred, but I desire it to be now read in order that it may be in view, so that when the proper place is reached the amendment may be considered.

Mr. DU PONT. As soon as committee amendments have been completed, I shall then invite the Senator from Georgia to offer his amendment, which he has sent to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. It is proposed to insert:

Except as herein provided or specifically otherwise provided by statute, the money herein appropriated for the pay and supplies of the Army shall be used only for the pay and supplies of the Army on duty in the United States and in the territory subject to the laws and jurisdiction of the United States; and no part of the money herein appropriated shall be used for the pay or supplies of any part of the Army of the United States employed, stationed, or on duty in any country or territory beyond the jurisdiction of the laws of the United States or in going to or returning from points within the same: *Provided*, That this prohibition shall not apply to cases of emergency within the discretion of the President arising at a time when the Congress of the United States is not in session.

The PRESIDENT pro tempore. The amendment will lie on the table for the present.

The reading of the bill was resumed.

The next amendment of the Committee on Military Affairs was in the item of appropriation for purchase of horses for Cavalry, Artillery, Engineers, etc., on page 36, line 13, after the words "United States Military Academy," to insert:

Provided further, That not to exceed $500 of the money herein appropriated is authorized to be expended under the direction of the Secretary of War for the purchase of not less than five cups, to be awarded to horse breeders, to encourage breeding of horses suitable for military purposes.

Mr. KENYON. Mr. President, I desire to object to this amendment unless it is explained in some way by the chairman of the committee. It provides, as I understand, for the giving of cups for the encouragement of horse breeding.

Mr. DU PONT. I will say that that amendment has been proposed upon the recommendation of the War Department in view of the increasing need of finding suitable horses for Cavalry mounts. It appears that nearly all the horses bred in the United States are heavy draft horses, Percherons, which are entirely unfit for military purposes; and it was supposed this would be an incentive to the farmers to breed another type of horses, and that in the end it would be advantageous to the Government. I will say to the Senator from Iowa, however, that a similar provision went out in conference before, and I have no doubt this will go out.

Mr. PAGE. Mr. President, in answer to the inquiry of the Senator from Iowa [Mr. KENYON], I desire to say that a very benevolent and public-spirited gentleman in Vermont, Hon. Joseph Battell, has given to the Government a fine stock farm at Middlebury or Weybridge, in Vermont, upon condition that the Morgan horse shall be there bred. At a meeting before the Committee on Agriculture a few weeks ago, I think it was, Chief Rommel, of the Bureau of Animal Industry, who said that it was quite essential that something be done to stimulate and encourage the production of a better class of horses for the military service, and that the farm at Middlebury was doing good work along these lines. I think the idea is to offer the farmers of Addison County, Vt., where the farm is situated, and who have a fine class of Morgan stock, a cup or premium of some kind in order to promote the breeding of a better class of horses for the Army.

Mr. KENYON. Does the Senator think that the presentation of a decorated cup would stimulate the breeding of better horses?

Mr. PAGE. Most assuredly; just as premiums offered in county fairs promote a better class of stock everywhere.

Mr. KENYON. That may be true in Vermont. We need no such governmental encouragement in Iowa.

Mr. WILLIAMS. Mr. President, I am unalterably opposed to the United States Government going into the horse-breeding business or the horse-show business or acting as Lady Bountiful to give prizes for the best horses at horse shows.

Mr. DU PONT. I will say to the Senator from Mississippi that I will accept the amendment if he will move to strike that out.

Mr. WILLIAMS. Very well. I move to strike the amendment out.

The PRESIDENT pro tempore. It is not necessary to move to strike it out. The question is on agreeing to the amendment.

The amendment was rejected.

The reading of the bill was resumed.

The next amendment of the Committee on Military Affairs was, on page 37, line 4, before the word "dollars," to strike out "two hundred and seventy-five thousand" and insert "three hundred thousand," so as to read:

Provided further, That the accounting officers of the Treasury are hereby authorized and directed to remove any suspensions or disallowances in the accounts of quartermasters for the fiscal years 1910, 1911, and 1912, for the purchase, care, and foraging of horses, because of age, sex, or size, and for the purchase of seeds, machinery, and for labor and other expenditures in connection with the raising of forage at remount depots, from appropriations of the Quartermaster's Department, $300,000.

The amendment was agreed to.

The next amendment was, in the item of appropriation for the maintenance of barracks and quarters, on page 39, line 17, before the word "dollars," to strike out:

Provided further, That of the amount herein appropriated the sum of $25,000 shall be immediately available for the construction of barracks and quarters: *Provided further*, That no part of this appropriation shall be expended at any Army post which the Secretary of War has decided or may decide to abandon in the interest of the service: *Provided further*, That no part of this appropriation shall be expended

at any of the following-named Army posts: Fort Apache, Boise Barracks, Fort Brady, Fort Clark, Fort George Wright, Fort Jay, Fort Lincoln, Fort Logan H. Root, Fort McIntosh, Fort McKenzie, Madison Barracks, Fort Meade, Fort Niagara, Fort Ontario, Fort Wayne, Whipple Barracks, Fort William Henry Harrison, Fort Yellowstone, Fort Ethan Allen, Plattsburg Barracks, Fort Robinson, Fort Missoula, Fort Logan, Fort Douglas, and Fort D. A. Russell: *Provided further*, That the Secretary of War be, and he is hereby, authorized to transfer and convey to the State of Texas, for the purpose of a State tuberculosis sanitarium, such portion of Fort Clark Military Reservation, not to exceed 640 acres, in the State of Texas, as the governor of the State or his representative and the President of the United States or his representative may agree upon: *Provided*, That should the State of Texas in any event refuse or fail to use or shall abandon the property herein authorized to be conveyed, or any portion thereof, for the purposes designated, then such land and property shall revert to the United States and become a part of the public domain thereof, $1,621,389.

And to insert:

One million seven hundred and seventy thousand.

Mr. WILLIAMS. Mr. President, I do not want to raise any question about that amendment now. The matter will go to conference; but I do express the hope that in conference the Senate conferees will consent to abolish some of the Army posts, at any rate. The War Department advises that for the most part they are doing no good; but, owing to the fact that we have no quorum here to-night, I do not want to make any points on the bill that can be avoided. I merely want to express that hope.

Mr. MYERS. Mr. President, I must object to that suggestion to the Senate conferees and hope that the Senate conferees, whoever they may be, will not take it seriously or act upon it. I believe that when the Senate solemnly adopts an amendment to a bill the Senate conferees are supposed to and are thereby instructed to stand for the Senate amendment. If the Senate conferees are going to exercise their discretion or choice, whim, or preference to abolish some of these forts, I should like to see the Senate conferees before they act on the matter and learn what their views are. I think that those of us who are interested should be entitled to be heard before they propose to say this fort shall have money and that fort shall not have, and all in the dark of some secret conference room where nobody knows what is going on. It would be a whimsical exercise of legislative power; and I believe that the Senate conferees, whoever they may be, ought to stand for all the Senate amendments, particularly when they come to some one particular Senate amendment they ought to stand for all of that amendment or for none of it, and not go to slicing up and accepting some parts and rejecting others. I merely want to utter this word of protest to show that I am not in accord with the ideas of the Senator from Mississippi [Mr. WILLIAMS] in this regard, and hope that the conferees, whoever they may be, will stand by their orders from the Senate.

Mr. WILLIAMS. Before the Senator from Montana takes his seat I should like to ask him a question.

Mr. MYERS. Certainly.

Mr. WILLIAMS. Does the Senator from Montana think that none of these Army posts ought to be abolished—not even one of them?

Mr. MYERS. Yes; I differ from the War Department in that particular.

Mr. WILLIAMS. Then the Senator thinks that not a single one of them ought to be abolished?

Mr. MYERS. That is what I think.

Mr. WILLIAMS. Not even one?

Mr. MYERS. Not even one.

Mr. WILLIAMS. Well, if that is the case, of course, what the Senator has said is very logical, because if none of them ought to be abolished then, of course, the Senate conferees ought not to agree to abolish any of them; but I think, if the Senator will look at the Army posts that are proposed to be abolished—I have not counted them—he will agree with me there are some of them at any rate that are absolutely useless for any purpose under the sun.

Mr. MYERS. I know of none that is useless. At any rate, if any of them are to be abolished I think the Senate ought to do the abolishing; that it ought to be done in the open Senate, where the matter can be discussed, and not by a set of conferees, in the dark closet of a secret conference room, sorting out some that they will keep and others that they will abolish.

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

The amendment was agreed to.

The next amendment was, on page 39, line 17, after the word "dollars," to insert:

Provided, That of the sum herein appropriated not exceeding $20,000 may be expended for construction of an assembly building for the post at Fort Leavenworth, Kans.

The amendment was agreed to.

The next amendment was, on page 39, line 20, after the word "Kansas," to strike out "*Provided further*, That no part of the sum appropriated by this act shall be used to convert a mobile Army post of less grade or size than a regimental post into a regimental post or a regimental post into a brigade post."

The amendment was agreed to.

The next amendment was, in the item of appropriation for the transportation of the Army and its supplies, on page 43, line 2, before the word "dollars," to strike out "ten million seven hundred and twenty-three thousand five hundred and twenty-eight" and insert "eleven million two hundred and fifty thousand," so as to read:

For the purchase and repair of ships, boats, and other vessels required for the transportation of troops and supplies and for official, military, and garrison purposes; for expenses of sailing public transports and other vessels on the various rivers, the Gulf of Mexico, and the Atlantic and Pacific Oceans, $11,250,000.

The amendment was agreed to.

The next amendment was, on page 43, line 12, before the word "dollars," to strike out "five hundred and ninety-eight thousand five hundred and fifty-seven" and insert "nine hundred and nineteen thousand six hundred," so as to read:

Roads, walks, wharves, and drainage: For the construction and repairs by the Quartermaster's Department of roads, walks, and wharves; for payment of extra-duty pay to enlisted men employed in opening roads and in building wharves; for the pay of employees; for the disposal of drainage; for dredging channels and for care and improvement of grounds at military posts and stations, $919,600.

The amendment was agreed to.

The next amendment was, on page 43, line 11, after the word "dollars," to strike out:

Provided further, That no part of this appropriation shall be expended at any of the following-named Army posts: Fort Apache, Boise Barracks, Fort Brady, Fort Clark, Fort George Wright, Fort Jay, Fort Lincoln, Fort Logan H. Root, Fort McIntosh, Fort McKenzie, Madison Barracks, Fort Meade, Fort Niagara, Fort Ontario, Fort Wayne, Whipple Barracks, Fort William Henry Harrison, Fort Yellowstone, Fort Ethan Allan, Plattsburg Barracks, Fort Robinson, Fort Missoula, Fort Logan, Fort Douglas, and Fort D. A. Russell.

And insert:

Provided, That $70,000 of the sum herein appropriated may be used for the purchase of the tract of land now being leased from Mr. George W. Brackenridge for target and drill purposes, consisting of 310 acres, more or less, lying just north of the newly purchased ground of the military reservation of Fort Sam Houston, Tex., and extending to the county road recently completed around the reservation: *Provided further*, That $22,000 of the amount herein appropriated may be expended to macadamize the roadway upon the Government property between the United States Government experimental farm and the Arlington National Cemetery, in the county of Alexandria, Va.: *Provided further*, That $44,000 of the amount herein appropriated may be used for constructing a public road from a point near the southern end of the new Highway Bridge across the Potomac River to a convenient point on or near the southern boundary line of the Arlington Reservation, and, following said boundary line, as near as practicable, to the old county road, which passes centrally through the Arlington Reservation; thence along said road, improving and repairing it, to the northern boundary of the reservation; and that the Secretary of War is hereby authorized and directed to purchase or acquire by condemnation such piece or parcel of land as may be necessary for the construction of said road from the new Highway Bridge to the Arlington Reservation, said piece or parcel of land not to exceed 4 acres: *And provided further*, That $3,600 of the sum herein appropriated may be used for completing the macadamizing of the road between the city of Vancouver and the barracks at Vancouver Military Post: *Provided further*, That $30,000 of the amount herein appropriated, or so much thereof as may be necessary, may be used for draining and filling swamps within the Government reservation on Constitution Island, United States Military Academy, West Point, N. Y.

Mr. JONES. I desire to offer an amendment, to be inserted in line 3, page 44.

The PRESIDENT pro tempore. The Senator from Washington offers an amendment to the amendment, which will be stated.

The SECRETARY. On page 44, line 3, after the word "reservation" it is proposed to insert:

Provided further, That $25,750 of the amount herein appropriated may be expended for the purchase of lands necessary and suitable for a target range at Vancouver Barracks, Wash.

The amendment to the amendment was agreed to.

Mr. FLETCHER. I desire to offer an amendment.

The PRESIDENT pro tempore. The Senator from Florida offers an amendment to the amendment, which will be stated.

The SECRETARY. Following the words "New York," on page 45, line 4, insert:

And provided further, That $50,000 of the amount herein appropriated, or so much thereof as may be necessary, may be used for filling in the ponds and low lands of Fort Taylor Military Reservation, at Key West, Fla.

Mr. KENYON. Mr. President, speaking for myself, I should like some information as to why the sum of $50,000 is to be appropriated for that purpose and $25,000 for a rifle range in Washington, when there are no facts before the Senate on the subject.

Mr. FLETCHER. I will say to the Senator that my amendment has been recommended by the War Department. This is an estimate furnished by the Quartermaster General of the

expenditure necessary to fill in low lands, ponds, and low places in the reservation at Key West.

The reservation there consists of some 62.8 acres, and the War Department has recommended that those low places be filled in in order that the sanitary conditions of the reservation may be improved and that these breeding places for mosquitoes may be done away with. The matter is considered by the department to be urgent, and it is so considered by the health authorities of Key West and of the State.

Mr. BRANDEGEE. If all these amendments are to be inserted, I should like to know how the total amount will be affected.

Mr. DU PONT. It will be affected very slightly. Fifty thousand dollars will have to be added, and the $25,000 for the target range at Vancouver Barracks will come out of the amount proposed to be appropriated.

Mr. BRANDEGEE. What I desire to know is what will be the amount of the appropriation in toto.

Mr. DU PONT. Nine hundred and nineteen thousand six hundred dollars.

Mr. JONES. Permit me to suggest that the amendment I offered provides that the amount shall come out of the fund of $919,600 already appropriated.

Mr. JOHNSTON of Alabama. The appropriation is provided on the previous page.

Mr. JONES. The committee amendment provides that of the appropriation embraced in this paragraph, $70,000, may be used at Fort Sam Houston, and my amendment merely provides that of the sum proposed to be appropriated the amount mentioned in my amendment may be used for the purpose specified.

Mr. BRANDEGEE. I simply wanted to know whether, if amendments are put on here as they may be offered for other sums and other purposes than were taken into consideration in the making up of the bill, when the amounts in the bill are calculated with reference to what the bill as reported recommends to be done, it would necessitate a further appropriation or a revision of all the other items of appropriation.

Mr. DU PONT. All the totals will be revised in conference to conform.

Mr. WARREN. I think this is what the Senator from Connecticut asks about: If a certain amount is stated in a paragraph, and a Senator offers an amendment to pay for a specific purpose a certain amount of that sum, whether the total should be increased accordingly, increasing the bill that much. Of course it must be that way.

Mr. BRANDEGEE. What I wish to know is whether it involves appropriating that much more, because the amendments in the form in which they have been offered, it seemed to me, provided that out of the sum appropriated there should be so much expended, and if that was so, it would necessitate adjusting the proportionate amount of the specific items to the entire sum.

Mr. WARREN. The total will have to be raised. The additional amount added in amendments will have to be added to the total of the appropriation under that particular head.

Mr. BRANDEGEE. If it is to be added to the total, then it is not out of the amount "appropriated herein," but is out of the total as it is going to be revised?

Mr. WARREN. Yes.

Mr. BRANDEGEE. That is, it amounts to an increase.

Mr. WARREN. Certainly. Now, if the Senator from Washington had offered his amendment to pay it out of that sum, it would necessitate raising the total amount.

Mr. JONES. I worded my amendment just exactly as the committee worded its amendment.

Mr. WARREN. But in each case the amount in the committee amendment is added to the total.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Florida.

The amendment to the amendment was agreed to.

Mr. WARREN. I understand that carries with it the addition of that amount to the total.

The PRESIDENT pro tempore. The clerks will correct the totals.

The next amendment was, on page 45, line 15, after the word "dollars," to strike out:

Provided, That no part of this appropriation shall be expended for permanent improvements at any of the following-named Army posts: Fort Apache, Boise Barracks, Fort Brady, Fort Clark, Fort George Wright, Fort Jay, Fort Lincoln, Fort Logan H. Root, Fort McIntosh, Fort McKenzie, Madison Barracks, Fort Meade, Fort Niagara, Fort Ontario, Fort Wayne, Whipple Barracks, Fort William Henry Harrison, Fort Yellowstone, Fort Ethan Allen, Plattsburg Barracks, Fort Robinson, Fort Missoula, Fort Logan, Fort Douglas, and Fort D. A. Russell.

And insert:

Provided, That not exceeding $1,000 of the sum herein appropriated, together with the unexpended balance, which is hereby reappropriated, of the appropriation in the Army appropriation act approved March 3, 1911, for the improvement of the Crow Creek or Fort D. A. Russell Target and Maneuver Reservation, Wyo., may be expended by the Secretary of War, in his discretion, in the acquirement by purchase or condemnation proceedings of certain tracts of land required for the maneuvering of troops and other military purposes lying within the limits of the aforesaid reservation.

Mr. POMERENE. Mr. President, I desire to ask a question for information. I notice that in the proposed amendment $1,000 is appropriated, together with the unexpended balance, but there is nothing to state what that amount is.

Mr. DU PONT. I will ask the Senator from Wyoming, who is perfectly familiar with the details, to answer that.

Mr. WARREN. It may be $90 or it may be a thousand dollars. In the purchases that were made under the original appropriation they fell short somewhere from $800 to $1,000. The exact amount is not yet certain, because one or two cases have been in court, and the award has been made, but some of the little expenses have not been covered; $1,000 is the limit of additional appropriation.

Mr. POMERENE. I did not rise to make any objection to the amendment, except as to the indefiniteness of it.

Mr. WARREN. The original appropriation was $100.000, and that has been exhausted within a few dollars, and the total expenditure will run, when the matter is closed up, anywhere from $105,000 to $108,000 altogether.

The amendment was agreed to.

The next amendment was, on page 46, after line 9, to insert:

Construction and maintenance of military and post roads, bridges, and trails, Alaska: For the construction, repair, and maintenance of military and post roads, bridges, and trails in the District of Alaska, to be expended under the direction of the board of road commissioners described in section 2 of an act entitled "An act to provide for the construction and maintenance of roads, the establishment and maintenance of schools, and the care and support of insane persons in the District of Alaska, and for other purposes," approved January 27, 1905, as amended by the act approved May 14, 1906, and to be expended conformably to the provisions of said act as amended, $125,000.

The amendment was agreed to.

The next amendment was, on page 47, line 7, before the word "dollars," strike out "four hundred and fifty thousand" and insert "six hundred thousand," so as to read:

Barracks and quarters, Philippine Islands: Continuing the work of providing for the proper shelter and protection of officers and enlisted men of the Army of the United States lawfully on duty in the Philippine Islands, including repairs and payment of rents, the acquisition of title to building sites, and such additions to existing military reservations as may be necessary, and including also shelter for the animals and supplies, and all other buildings necessary for post administration purposes, $600,000.

The amendment was agreed to.

The next amendment was, on page 48, line 5, before the word "dollars," to strike out "four million eight hundred and thirteen thousand two hundred and seventy-one" and insert "five million four hundred and thirty-one thousand seven hundred," so as to make the clause read:

Clothing and camp and garrison equipage: For cloth, woolens, materials, and for the manufacture of clothing for the Army, for issue and for sale at cost price according to the Army Regulations; for altering and fitting clothing and washing and cleaning when necessary; for equipage, and for expenses of packing and handling and similar necessaries; for a suit of citizen's outer clothing, to cost not exceeding $10, to be issued upon release from confinement to each prisoner who has been confined under a court-martial sentence involving dishonorable discharge; for indemnity to officers and men of the Army for clothing and bedding, etc., destroyed since April 22, 1898, by order of medical officers of the Army for sanitary reasons, $5,431,700.

The amendment was agreed to.

The next amendment was, on page 50, after line 22, to insert:

For settlement of claims for damages to and loss of private property belonging to citizens of the United States, Hawaii, and the Philippine Islands, $32,616: *Provided*, That hereafter the Secretary of War is authorized to consider, ascertain, adjust, and determine the amounts due on all claims for damages to and loss of private property when the amount of the claim does not exceed the sum of $1,000, occasioned by heavy gun fire and target practice of troops, and for damages to vessels, wharves, and other private property found to be due to maneuvers or other military operations for which the Government is responsible, and report the amounts so ascertained and determined to be due the claimants to Congress at each session thereof through the Treasury Department for payment as legal claims out of appropriations that may be made by Congress therefor.

The amendment was agreed to.

The next amendment was, on page 51, after line 12, to insert:

For the payment of claims of Indians and other claimants for the value of improvements made by them upon lands subsequently included in the Fort William H. Seward Military Reservation, $2,384.

The amendment was agreed to.

The next amendment was, on page 51, after line 17, to insert:

For reimbursement to one officer and certain enlisted men of the Army the money value of clothing worn out by them in the summer of 1910 while fighting forest fires in the Northwest, $15,862.08.

Mr. OVERMAN. I should like to inquire of the chairman of the committee how many enlisted men were engaged in fighting fires.

Mr. DU PONT. I can not state directly, but my impression is that only one company—probably 40 or 50 men.

Mr. OVERMAN. And is it proposed to give $15,000 to only one company for fighting fires?

Mr. DU PONT. I may be wrong in the number of men, but they were ordered out for the purpose, and the loss was sustained.

Mr. OVERMAN. It is too indefinite to appropriate for certain soldiers fighting fire $15,000.

Mr. DU PONT. The item was sent to us by the War Department in a rather indefinite way.

Mr. JOHNSTON of Alabama. I will state to the Senator from North Carolina that the estimate was sent down; that an appraisement was made by a board of officers of the loss sustained, and it included a great many fires and a great many men, certainly more than one company.

Mr. DU PONT. I was mistaken in supposing that it was only one company.

Mr. JOHNSTON of Alabama. I thought the Senator was mistaken.

Mr. OVERMAN. Where were these soldiers located?

Mr. JOHNSTON of Alabama. In the West.

Mr. DU PONT. In the Middle West.

Mr. JOHNSTON of Alabama. Where the fires occurred.

Mr. DU PONT. They were located in Montana, Idaho, South Dakota, Oregon, and Washington.

Mr. OVERMAN. Where the fires took place?

Mr. DU PONT. Yes, sir.

Mr. OVERMAN. Can the Senator give any idea about how many men there were?

Mr. DU PONT. I can now tell the Senator. I was totally wrong. There were 1 officer and 1,203 enlisted men. I see it stated here in the hearings.

Mr. OVERMAN. Over $100 apiece that we propose to pay them.

Mr. BRIGGS. Do I understand that if $15,000 is paid to 1,203 men it will total $100 apiece?

Mr. OVERMAN. Something over $10 apiece.

The amendment was agreed to.

The reading of the bill was continued to page 52, line 3.

Mr. DU PONT. In page 53, line 3, after the word "hospitals," I move to insert a comma.

The amendment was agreed to.

The reading of the bill was continued.

The next amendment of the Committee on Military Affairs was, under the subhead "Engineer Department," on page 54, line 14, before the word "expenses," to strike out "unforseen" and insert "unforeseen," so as to make the clause read:

Engineer depots: For incidental expenses for the depots, including fuel, lights, chemicals, stationery, hardware, machinery, pay of civilian clerks, mechanics, and laborers, extra-duty pay to soldiers necessarily employed for periods not less than 10 days as artificers on work in addition to and not strictly in the line of their military duties, such as carpenters, blacksmiths, draftsmen, printers, lithographers, photographers, engine drivers, telegraph operators, teamsters, wheelwrights, masons, machinists, painters, overseers, laborers; for lumber and materials and for labor for packing and crating engineer supplies; repairs of and for materials to repair public buildings, machinery, and for unforeseen expenses, $20,000.

The amendment was agreed to.

The next amendment was, on page 55, line 7, after the word "laborers," to insert "compensation of civilian lecturers and payment of tuition fees of student officers at civil technical institutions,," and in line 17, before the word "expenses," to strike out "unforseen" and insert "unforeseen," so as to read:

Engineer School, Washington, D. C.: Equipment and maintenance of the Engineer School at Washington Barracks, District of Columbia, including purchase of instruments, machinery, implements, models, and materials for the use of the school and for instruction of engineer troops in their special duties as sappers and miners; for land mining, pontoniering, and signaling; for purchase and binding of professional works and periodicals of recent date treating of military and civil engineering and kindred scientific subjects for the library of the United States Engineer School; for incidental expenses of the school, including fuel, lights, chemicals, stationery, hardware, machinery, and boats; for pay of civilian clerks, draftsmen, electricians, mechanics, and laborers; compensation of civilian lecturers and payment of tuition fees of student officers at civil technical institutions; for extra-duty pay to soldiers necessarily employed for periods of not less than 10 days as artificers on work in addition to and not strictly in the line of their military duties, such as carpenters, blacksmiths, draftsmen, printers, lithographers, photographers, engine drivers, telegraph operators, telephone operators, teamsters, wheelwrights, masons, machinists, painters, overseers, laborers; for repairs of and materials to repair public buildings and machinery; for unforeseen expenses; for travel expenses of officers on journeys approved by the Secretary of War and made for the purpose of instruction.

The amendment was agreed to.

The next amendment was, under the subhead "Ordnance Department," on page 57, line 3, after the words "Chief of Ordnance," to strike out "$300,000" and insert "$337,118.30, of which amount the sum of $118.30 shall be used for the reimbursement of the Ordnance Department on account of the loss of arms, arm chests, and screw drivers, issued to the Post Office Department," so as to make the clause read:

Ordnance service: For the current expenses of the Ordnance Department, in connection with purchasing, receiving, storing, and issuing ordnance and ordnance stores, comprising police and office duties, rents, tolls, fuel, light, water, and advertising, stationery, typewriters and adding machines, including their exchange, and office furniture, tools, and instruments of service; for incidental expenses of the ordnance service and those attending practical trials and tests of ordnance, small arms, and other ordnance stores; and for publications for libraries of the Ordnance Department, including the Ordnance Office, and payment for mechanical labor in the office of the Chief of Ordnance, $337,118.30, of which amount the sum of $118.30 shall be used for the reimbursement of the Ordnance Department on account of the loss of arms, arm chests, and screw drivers, issued to the Post Office Department.

The amendment was agreed to.

The next amendment was, on page 57, line 21, before the word "dollars," to strike out "two hundred and fifty thousand" and insert "three hundred and fifty thousand," so as to read:

Ordnance stores—Ammunition: Manufacture and purchase of ammunition and materials therefor for small arms for reserve supply; ammunition for burials at the National Soldiers' Home in Washington, D. C.; ammunition for firing the morning and evening gun at military posts prescribed by General Orders, No. 70, Headquarters of the Army, dated July 23, 1867, and at National Home for Disabled Volunteer Soldiers and its several branches, including National Soldiers' Home in Washington, D. C., and soldiers' and sailors' State homes, $350,000.

The amendment was agreed to.

The next amendment was, on page 58, line 11, before the word "dollars," to strike "seven hundred and forty thousand" and insert "eight hundred and seventy-five thousand," so as to read:

Small-arms target practice: Ammunition, targets, and other accessories for small-arms and machine-gun target practice and instruction; marksmen's medals, prize arms, and insignia for all arms of the service; and ammunition, targets, target material, and other accessories may be issued for small-arms target practice and instruction at the educational institutions and State soldiers' and sailors' orphans' homes, to which issues of small arms are lawfully made, under such regulations as the Secretary of War may prescribe, provided the total value of the stores so issued to the educational institutions does not exceed $30,000, $875,000.

The amendment was agreed to.

The next amendment was, on page 58, line 16, before the word "dollars," to strike out "six hundred thousand" and insert "seven hundred thousand," so as to make the clause read:

Manufacture of arms: For manufacturing repairing, procuring, and issuing arms at the national armories, $700,000.

The amendment was agreed to.

The next amendment was, on page 58, line 24, before the word "dollars," to strike out "seven hundred thousand" and insert "seven hundred and fifty thousand," so as to make the clause read:

Ordnance stores and supplies: For overhauling, cleaning, repairing, and preserving ordnance and ordnance stores in the hands of troops and at the arsenals, posts, and depots; for purchase and manufacture of ordnance stores to fill requisitions of troops; for Infatnry, Cavalry, and Artillery equipments, including horse equipments for Cavalry and Artillery, $750,000.

The amendment was agreed to.

The next amendment was, on page 59, line 17, before the word "dollars," to strike out "one hundred thousand" and insert "two hundred thousand," so as to make the clause read:

Automatic machine rifles: For the purchase, manufacture, and test of automatic machine rifles, including their sights and equipments, to be available until the close of the fiscal year ending June 30, 1914, $200,000.

The amendment was agreed to.

The next amendment was, on page 60, line 4, before the word "dollars," to strike out "seven hundred and seventy thousand" and insert "one million two hundred and fifty thousand," and in line 6, before the word "available," to strike out "immediately available and to remain," so as to read:

Field Artillery for Organized Militia: For the purpose of procuring field artillery material for the Organized Militia of the several States, Territories, and the District of Columbia, without cost to the said States, Territories, or the District of Columbia, but to remain the property of the United States and to be accounted for in the manner now prescribed by law, the Secretary of War is hereby authorized, under such regulations as he may prescribe, on the requisitions of the governors of the several States and Territories or the commanding general of the Militia of the District of Columbia, to issue said artillery material to the Organized Militia; and the sum of $1,250,000 is hereby appropriated and made available until the end of the fiscal year 1914 for the procurement and issue of the articles constituting the same.

The amendment was agreed to.

The next amendment was, on page 60, after line 20, to insert:

Ammunition for Field Artillery for Organized Militia: For procuring reserve ammunition for Field Artillery for the Organized Militia of the several States, Territories, and the District of Columbia, $500,000.

The amendment was agreed to.

The next amendment was, at the top of page 61, to insert:

There is hereby appropriated, out of any money in the United States Treasury not otherwise appropriated, the sum of $33,000 to reim-

burse the government of the District of Columbia for the site acquired for a reformatory for the District of Columbia, which site is hereby transferred to the Secretary of War for such purposes as may be authorized by law, and the jurisdiction now vested in the Commissioners of the District of Columbia over said site, being that certain parcel of land in the county of Fairfax, State of Virginia, known as "Belvoir" or the "White House" tract, containing 1,500 acres, is hereby transferred to the Secretary of War: *Provided*, That the Secretary of War may, in his discretion, authorize the Commissioners of the District of Columbia to use such of the clay deposits on said site as may be required in the brick manufacturing plant in the Workhouse Institution at Occoquan, Va.: *And provided further*, That the sum herein appropriated is hereby made available for the purposes contained in the District appropriation act approved March 31, 1909, under the title of "sites for reformatory and workhouse," as amended by the provision contained in the urgent deficiency act approved August 5, 1909; and the provision contained in the act approved March 31, 1909, that the two tracts of land to be acquired as sites for a reformatory and workhouse shall be widely separated; and all laws and parts of laws in conflict herewith are hereby repealed.

The amendment was agreed to.

The next amendment was, on page 62, after line 2, to strike out section 2, as follows:

SEC. 2. That hereafter all enlistments in the Army shall be made for the term of five years, and for all enlistments hereafter accomplished five years shall be counted as an enlistment period in computing continuous-service pay.

The amendment was agreed to.

The next amendment was, on page 62, after line 6, to strike out section 3, as follows:

SEC. 3. That all laws and parts of laws authorizing increase of the pay of commissioned officers and enlisted men of the Army serving beyond the limits of the States comprising the Union, and the Territories of the United States contiguous thereto, are hereby repealed to the extent to which such increase of pay is authorized by such laws.

The amendment was agreed to.

The next amendment was, on page 62, after line 12, to strike out section 4, as follows:

SEC. 4. That the office establishments of the Quartermaster General, the Commissary General, and the Paymaster General of the Army are hereby consolidated and shall hereafter constitute a single bureau of the War Department, which shall be known as the Quartermaster Corps, and of which the Chief of the Quartermaster Corps created by this act shall be the head. The Quartermaster's, Subsistence, and Pay Departments of the Army are hereby consolidated into and shall hereafter be known as the Quartermaster Corps of the Army. The officers of said departments shall hereafter be known as officers of said corps and by the titles of the rank held by them therein, and, except as hereinafter specifically provided to the contrary, the provisions of sections 26 and 27 of the act of Congress approved February 2, 1901, entitled "An act to increase the efficiency of the permanent military establishment of the United States," are hereby extended so as to apply to the Quartermaster Corps in the manner and to the extent to which they now apply to the Quartermaster's, Subsistence, and Pay Departments, and the provision of said sections of said act relative to chiefs of staff corps and departments shall, so far as they are applicable, apply to all offices and officers of the Quartermaster Corps with rank above that of colonel. The officers now holding commissions as officers of the said departments shall hereafter have the same tenure of commission in the Quartermaster Corps, and as officers of said corps shall have rank of the same grades and dates as that now held by them, and, for the purpose of filling vacancies among them, shall constitute one list, on which they shall be arranged according to rank. So long as any officers shall remain on said list any vacancy occurring therein shall be filled, if possible, from among such officers, by selection if the vacancy occurs in a grade above that of colonel, and, if the vacancy occurs in a grade not above that of colonel, by the promotion of an officer who would have been entitled to promotion to that particular vacancy if the consolidation of departments hereby prescribed had never occurred. The noncommissioned officers now known as post quartermaster sergeants and post commissary sergeants shall hereafter be known as quartermaster sergeants; the Army paymaster's clerks shall be known as pay clerks, and each of said noncommissioned officers and pay clerks shall continue to have the pay, allowances, rights, and privileges now allowed him by law: *Provided*, That no details to fill vacancies in the grade of major in the Quartermaster Corps shall be made until the number of officers of that grade shall have been reduced by 11, and thereafter the number of officers in said grades shall not exceed 46; and no details to fill vacancies in the grade of captain in the Quartermaster Corps shall be made until after the number of officers of that grade shall be reduced by 31, and thereafter the number of officers of said grade shall not exceed 100; and whenever the separation of a line officer of any grade and arm from the Quartermaster Corps shall create therein a vacancy that, under the terms of this proviso, can not be filled by detail such separation shall operate to make a permanent reduction of one in the total number of officers of said grade and arm in the line of the Army as soon as such reduction can be made without depriving any officer of his commission: *Provided further*, That whenever the Secretary of War shall decide that it is necessary and practicable, regimental, battalion, and squadron quartermasters and commissaries shall be required to perform any duties that junior officers of the Quartermaster Corps may properly be required to perform, and regimental and battalion quartermaster and commissary sergeants shall be required to perform any duties that noncommissioned officers or pay clerks of the Quartermaster Corps may properly be required to perform: *Provided further*, That such duty or duties as are now required by law to be performed by any officer or officers of the Quartermaster's, Subsistence, or Pay Departments shall hereafter be performed by such officer or officers of the Quartermaster Corps as the Secretary of War may designate for the purpose: *Provided further*, That there shall be a Chief of the Quartermaster Corps, who shall have the rank of major general while so serving, and who shall be appointed by the President, by and with the advice and consent of the Senate, from among the officers of said corps and in accordance with the requirements of section 26 of the act of Congress approved February 2, 1901, hereinbefore cited: *Provided further*, That when the first vacancy in the grade of brigadier general in the Quartermaster Corps, except a vacancy caused by the expiration of a limited term of appointment, shall hereafter occur, that vacancy shall not be filled, but the office in which the vacancy occurs shall immediately cease and determine: *Provided further*, That the Quartermaster Corps shall be subject to the supervision of the Chief of Staff to the extent the departments hereby consolidated into said corps have heretofore been subject to such supervision under the terms of the existing law.

Mr. LODGE. In order to perfect the part proposed to be stricken out, I send an amendment to the desk and ask that it be read.

The PRESIDENT pro tempore. The amendment will be read.

The SECRETARY. At the end of line 23, on page 63, after the word "occurred," it is proposed to insert the following proviso:

Provided, That every permanent officer of the consolidated corps on the active list and below the grade of colonel who has lost in relative rank, through the inequalities of promotion and the operation of separate promotion within the three departments prior to the passage of this act, may, in the discretion of the President and subject to examination for promotion as prescribed by law, be advanced to higher grades in the consolidated corps, up to and including the grade of colonel, in accordance with the rank he would have been entitled to hold had promotions been lineal and on one list throughout the three departments consolidated by this act since the date of his entry into the department to which he permanently belongs: *Provided further*, That officers advanced to higher grades under the terms of the preceding proviso shall be additional officers in those grades.

Mr. LODGE. Mr. President, I offer that amendment to this portion of the bill which it is proposed to strike out and which I suppose will be agreed to in conference, as it was before, in some form. I offer it in the hope of curing a very serious injustice to three or four officers now in the Commissary Department. It affects only three or four officers, but it is none the less very unjust and should not be allowed to pass without proper consideration.

In the Commissary Department there are the three or four officers I have spoken of, one of whom is personally known to me and others are personally known to the junior Senator from New York [Mr. O'GORMAN]. The officer I have particularly in mind entered the Army during the Spanish War, was wounded in Cuba, and served in the Philippines. He has been in the Army ever since and has a most excellent record.

Two years ago we enlarged the Quartermaster's Corps by some 29 additions, I think. Under the bill as it stands, when they are consolidated, owing to an enlargement of the Quartermaster's Corps, these officers in the Commissary Department will find themselves put back to such an extent as almost to be deprived of promotion before they are very elderly men. They find themselves put back behind men who have entered the Army since they have and who have seen no such service as they have.

The consolidation ought to be so arranged, as it can be under this amendment—which I did not trust myself to prepare, but had it prepared at the department, so that it might be exact—that they shall have the lineal rank in the consolidated corps. I have been unable to see any good argument against it or to hear any. I think it is an injustice that ought not to be permitted. I want simply to have it submitted to the conferees.

Mr. JOHNSTON of Alabama. Do I understand the Senator to say that four officers are affected by his amendment?

Mr. LODGE. I think there are only three or four. There may be five. I know the number is very small. They are officers in the Commissary Department. As I said, the junior Senator from New York knows about a similar case to the one I have mentioned, and there are two or three others.

Mr. O'GORMAN. Mr. President, I have but a word to say in connection with this proposed amendment. It is a fact that three or four officers of the Army, who have served for many years, believe that a serious injustice will be done to them if the bill is passed as it is proposed. I think they have good reason for believing that an injustice is being done them, and the only way we can relieve them from suffering the injustice is to adopt the amendment proposed by the Senator from Massachusetts.

Mr. WARREN. I suppose the Senator knows that this, with the other provisions, will have to be subject to action by the conferees.

Mr. LODGE. I understand that it will be subject to the conference, and I thought if it was put in by the Senate it is possible that the House conferees might give it some attention.

Mr. WARREN. I think it should have attention.

Mr. LODGE. The Senator from Wyoming I know in the last conference took up this matter and did all he could in their behalf, although it was not in the bill then. He tried to get a modification, and I am hoping that in bringing the matter in in this way the House conferees may be persuaded to do justice to these three or four officers. It does no injustice to anybody. It does not put them over the heads of anyone who has had longer service.

Mr. WARREN. I only want to suggest that probably it will be necessary to change the form of it, because under one con-

struction which has been given it adds about $191,000 a year. Of course we do not want to do that. Under another construction it adds still more. We want to protect the men the Senator has in mind.

Mr. OVERMAN. It adds how much to the bill?

Mr. WARREN. Under one statement other officers would be affected, and to reach all it would add about $190,000.

Mr. OVERMAN. Do I understand that the amendment increases the appropriation?

Mr. LODGE. It does not increase it at all.

Mr. WARREN. If it can be confined to the three or four officers, in fact, the increase would be very sight.

Mr. OVERMAN. I understood the Senator to say that it might add $190,000 to the bill.

Mr. WARREN. I said, under one statement made here, if these men are thus protected, and others are protected accordingly, it would then amount to $190,000 and something.

Mr. LODGE. I have been assured by the War Department that there are no other cases.

Mr. OVERMAN. We ought to be certain about it. We ought to know the facts.

Mr. LODGE. It affects only three or four officers.

Mr. OVERMAN. I have no objection to it if it does not add to the appropriation.

Mr. LODGE. Of course, it does not add $190,000. It makes no material difference. They simply get the lineal rank.

Mr. OVERMAN. If it were proposed to put something in the bill for these four men, adding $190,000, I should be opposed to it.

Mr. LODGE. Of course I would not suggest any such thing. If this is done they get the promotion of other men who entered the Army after them. It does not add to the expense, but only gives these men the place in rank they are entitled to have.

Mr. OVERMAN. I hope the conferees will see that it is taken care of and carry out the idea suggested by the Senator from Massachusetts. With that understanding I will vote for it.

Mr. JONES. Mr. President, I simply want to add to what the Senator from Massachusetts said by stating that the case of one of the officers affected has been called to my attention. He was in the service at Seattle. I have a letter here, but I can not find it in my desk now. If I find it later I shall put it in the RECORD. In that letter it was stated that if the bill was passed the way the organization is provided for here, officers over whom he had served for more than 20 years would have promotion ahead of him, and of course that ought not to be permitted.

The amendment was agreed to.

The PRESIDENT pro tempore. Without objection, the amendment as amended is agreed to.

The next amendment was, at the top of page 66, to strike out section 5, as follows:

SEC. 5. That as soon as practicable after the creation of a quartermaster corps in the Army not to exceed 4,000 civilian employees of that corps, receiving a monthly compensation of not less than $30 nor more than $175 each, not including civil engineers, superintendents of construction, inspectors of clothing, clothing examiners, inspectors of supplies, inspectors of animals, chemists, veterinarians, freight and passenger rate clerks, employees of the classified service, employees of the Army transport service and harbor-boat service, and such other employees as may be required for technical work, shall be replaced permanently by not to exceed an equal number of enlisted men of said corps, and all enlisted men of the line of the Army detailed on extra duty in the quartermaster corps or as bakers or assistant bakers shall be replaced permanently by not to exceed 2,000 enlisted men of said corps; and for the purposes of this act the enlistment in the military service of not to exceed 6,000 men, who shall be attached permanently to the quartermaster corps and who shall not be counted as a part of the enlisted force provided by law, is hereby authorized: *Provided*, That the enlisted force of the quartermaster corps shall consist of not to exceed 15 master electricians, 600 sergeants (first class), 1,005 sergeants, 650 corporals, 2,500 privates (first class), 1,190 privates, and 45 cooks, all of whom shall receive the same pay and allowances as enlisted men of corresponding grades in the Signal Corps of the Army, and shall be assigned to such duties pertaining to the quartermaster corps as the Secretary of War may prescribe: *Provided further*, That the Secretary of War may fix the limits of age within which civilian employees who are actually employed by the Government when this act takes effect and who are to be replaced by enlisted men under the terms of this act may enlist in the quartermaster corps: *Provided further*, That nothing in this section shall be held or construed so as to prevent the employment of the class of civilian employees excepted from the provisions of this act or the continued employment of civilians included in the act until such latter employees have been replaced by enlisted men of the quartermaster corps.

The amendment was agreed to.

The next amendment was, on page 67, after line 16, to strike out section 6, as follows:

SEC. 6. That the office establishments of The Adjutant General, the Inspector General, and the Chief of Staff of the Army are hereby consolidated, and shall hereafter constitute a single bureau of the War Department, which shall be known as the Bureau of the General Staff, and of which the Chief of Staff shall be the head. The Adjutant General's and Inspector General's Departments of the Army are hereby consolidated and merged into the General Staff Corps. The officers of said departments shall hereafter be known as officers of said corps and by the titles of the rank held by them therein, and, except as hereinafter specifically provided to the contrary, so far as the officers hereby transferred to the General Staff Corps, and the offices held by them, may be affected, the provisions of sections 26 and 27 of the act of Congress approved February 2, 1901, entitled "An act to increase the efficiency of the permanent military establishment of the United States," are hereby extended so as to apply to the General Staff Corps in the manner and to the extent to which they now apply to The Adjutant General's and the Inspector General's Departments; but nothing in said sections shall be held to apply to any officers of the General Staff Corps except the officers transferred to that corps from The Adjutant General's and Inspector General's Departments by the terms of this act, and nothing in said sections or in this act shall be held or construed so as to nullify or change any of the provisions of existing law as to the detail of officers for duty as Chief of Staff, or as to the period for which officers so detailed may serve, and no officer who shall have served four years as Chief of Staff shall, except in case of emergency or in time of war, be eligible for further service as Chief of Staff until after he shall have served for at least two years with the line of the Army or on such other duty not pertaining to the General Staff Corps as the President may direct. The officers now holding commissions as officers of the said departments shall hereafter have the same tenure of commission in the General Staff Corps, and as officers of said corps shall have rank of the same grades and dates as that now held by them, and, for the purpose of filling vacancies among them, shall constitute one list, on which they shall be arranged according to rank. So long as any officers shall remain on said list any vacancy occurring therein shall be filled, if possible, from among such officers, by selection if the vacancy occurs in a grade above that of colonel, and, if the vacancy occurs in a grade not above that of colonel, by the promotion of an officer who would have been entitled to promotion to that particular vacancy if the consolidation of departments hereby prescribed had never occurred: *Provided*, That, except as otherwise specifically provided in this act, after the consolidation of bureaus, departments, and corps hereinbefore provided for shall have been effected, no details to fill vacancies in the grade of colonel in the General Staff Corps shall be made until the number of officers of that grade in said corps shall have been reduced by 3 and thereafter the number of officers of said grade in said corps shall not exceed 10; and no details to fill vacancies in the grade of lieutenant colonel in the General Staff Corps shall be made until after the number of officers of that grade in said corps shall have been reduced by 4, and thereafter the number of officers of said grade in said corps shall not exceed 14; and no details to fill vacancies in the grade of major in the General Staff Corps shall be made until after the number of officers of that grade in said corps shall have been reduced by 7, and thereafter the number of officers of said grade in said corps shall not exceed 25; and no details to fill vacancies in the grade of captain in the General Staff Corps shall be made until after the number of officers of that grade in said corps shall have been reduced by 11, and thereafter the number of officers of said grade in said corps shall not exceed 10; and whenever the separation of a line officer of any grade and arm from the General Staff Corps shall create therein a vacancy that, under the terms of this proviso, can not be filled by detail such separation shall operate to make a permanent reduction of 1 in the total number of officers of said grade and arm in the line of the Army as soon as such reduction can be made without depriving any officer of his commission: *Provided further*, That such duty or duties as are now required by law to be performed by any officer or officers of The Adjutant General's or Inspector General's Department shall hereafter be performed by such officer or officers of the General Staff Corps as the Secretary of War may designate for the purpose: *Provided further*, That when a vacancy in the grade of major general shall occur among the officers hereby transferred to the General Staff Corps that vacancy shall not be filled, but the office in which the vacancy occurs shall immediately cease and determine: *Provided further*, That officers now holding commissions as officers of either of the departments hereby consolidated with the General Staff Corps may at any time, in the discretion of the President, and shall, whenever they shall have served four years as members of said corps, be detached therefrom and assigned to duty with the line of the Army, or to such other duty not pertaining to the General Staff Corps as the President may direct, and they shall not be returned to duty in said corps until they shall have served for two years under detachment therefrom except in cases of emergency or in time of war, and during their detachment from said corps their places therein may be filled by the selection and detail, under such regulations as the President may prescribe, of line officers having the same rank, respectively, as the officers whose places said line officers are to fill: *Provided further*, That officers of the line of the Army who are now, or who shall hereafter be, detailed for service in any staff corps or department under the provisions of section 26 of the act of Congress approved February 2, 1901, entitled "An act to increase the efficiency of the permanent military establishment of the United States," may at any time, in the discretion of the President, be relieved from such service and returned to duty with the line: *Provided further*, That, in order to expedite the reduction of the number of officers of the consolidated General Staff Corps to the limit contemplated by this act, officers who now hold commissions as officers of either of the departments hereby consolidated with the General Staff Corps, and who are eligible for retirement from active service under any laws existing at the date of the approval of this act, shall, upon their own applications, and may, in the discretion of the President, be retired from active service: *Provided further*, That all officers of the line of the Army now detailed for service in either of the departments hereby consolidated with the General Staff Corps shall be relieved from duty in said corps at the expiration of their present periods of detail, or sooner if the President shall so direct, and all officers hereafter detailed for service in said corps shall be relieved therefrom at the expiration of four years of such service, or sooner if the President shall so direct, and no officer who shall have served for four years under detail in said corps shall be eligible for further service therein until after he shall have served at least two years with the branch of the Army in which commissioned, except in case of emergency or in time of war: *Provided further*, That hereafter, when any officer shall, under the provisions of section 26 of the act of Congress approved February 2, 1901, entitled "An act to increase the efficiency of the permanent military establishment of the United States," be appointed or reappointed to an office with rank above that of colonel his appointment to said office and his acceptance of the appointment shall not create a vacancy in the arm, corps, or department from which he shall be appointed, but he shall retain therein the same relative position that he would have held if he had not been appointed to said office, and he shall return to said relative position upon the expiration of his appointment to said office unless he shall be reappointed thereto.

The amendment was agreed to.

The next amendment was, on page 73, after line 12, to strike out section 7, as follows:

SEC. 7. That hereafter no vacancies occurring in the grade of major general in the line of the Army shall be filled until the number of officers of that grade shall have been reduced by three, and thereafter the number of officers of said grade shall not exceed four; that hereafter no vacancies occurring in the grade of brigadier general in the line of the Army shall be filled until after the number of officers of that grade shall have been reduced by five, and thereafter the number of officers of said grade shall not exceed eleven; and for the purposes of this act general officers not commissioned as officers of any of the staff corps or departments of the Army shall be regarded as general officers of the line: *Provided*, That hereafter the number of officers above the grade of colonel who shall be members of the General Staff Corps under the provisions of section 3 of the act of Congress approved February 14, 1903, entitled "An act to increase the efficiency of the Army," shall be two: *Provided further*, That hereafter service as a cadet of the United States Military Academy or as a naval cadet or midshipman shall not be counted in computing for any purpose the length of service of any officer of the Army: *Provided further*, That hereafter service as a cadet, naval cadet, or midshipman at either the United States Military or Naval Academies, exclusive of the sea service as prescribed by law upon completion of the academic course and preliminary to final graduation at the latter institution, shall not be counted in computing for any purpose the length of service of any officer of the Army.

The amendment was agreed to.

The next amendment was, on page 74, after line 14, to strike out section 8, as follows:

SEC. 8. That the appropriations herein provided for the several departments consolidated under this act shall be available for the consolidated corps herein created.

The amendment was agreed to.

The next amendment was, on page 74, after line 17, to strike out section 9, as follows:

SEC. 9. That nothing in this act shall be held or construed so as to separate any officer from the Army or to diminish the rank now held by him, and that all laws and parts of laws, so far as they are inconsistent with the terms of this act, be, and they are hereby, repealed.

The amendment was agreed to.

Mr. OVERMAN. I wish to ask the Senator from Delaware, in charge of the bill, what is the amount of the total appropriation carried by the bill?

Mr. DU PONT. I would state to the Senator from North Carolina that, as reported to the Senate, the bill carries $94,042,630.98.

Mr. OVERMAN. How does that compare with last year's bill?

Mr. DU PONT. In last year's bill the amount appropriated was $92,587,785.97.

Mr. OVERMAN. The amount carried by the bill, as passed by the House of Representatives, is something over $87,000,000, and you have added $6,000,000, making $94,000,000. So, really, the bill carries $2,000,000 more than the bill of last year?

Mr. WARREN. About a million and a half more.

Mr. DU PONT. About a million and a half more.

Mr. JOHNSTON of Alabama. The House left out the provision for the Cavalry.

Mr. BACON. I send an amendment to the desk in a modified form, and ask that it may be read. I presume that as good a place as anywhere for it to come in will be at the end of the bill.

Mr. DU PONT. I ask that the amendment may be read.

The PRESIDENT pro tempore. The Senator from Georgia submits an amendment, which will be stated.

Mr. BACON. I presume that usually the repealing clause is separate, but in this case it is made a part of the sentence. I do not know how to insert my amendment without making a change in that particular.

Mr. DU PONT. Does the Senator from Georgia inquire where the amendment should be inserted?

Mr. BACON. I would put it at the close of the bill.

Mr. DU PONT. I should say it would be best to put it on page 60, after line 25.

Mr. BACON. Very well; make it a new paragraph.

The PRESIDENT pro tempore. The amendment proposed by the Senator from Georgia will be stated.

The SECRETARY. On page 60, after line 25, it is proposed to insert:

Except as herein provided or specifically otherwise provided by statute the money herein appropriated for the pay and supplies of the Army shall be used only for the pay and supplies of the Army on duty in the United States and in the territory subject to the laws and jurisdiction of the United States; and no part of the money herein appropriated shall be used for the pay or supplies of any part of the Army of the United States employed, stationed, or on duty in any country or territory beyond the jurisdiction of the laws of the United States or in going to or returning from points within the same: *Provided*, That this prohibition shall not apply to cases of emergency within the discretion of the President arising at a time when the Congress of the United States is not in session. In every case when, while Congress is not in session as aforesaid, any part of the Army shall be ordered for duty into any country or territory beyond the jurisdiction of the laws of the United States, it shall be the duty of the Secretary of War to report to the Congress at the beginning of the next ensuing session the authority for such order, the number and designation of the troops so ordered on duty in said foreign country, and the operation of said troops under said order; and no part of the money herein appropriated shall be used for the pay and supplies of said part of the Army remaining in said foreign country beyond the term of 10 days after the beginning of the next ensuing session of Congress unless expressly authorized thereto by act of Congress.

Mr. LODGE. Mr. President, I make the point of order on the amendment that it is clearly general legislation changing existing law, and not reported by any standing or select committee.

Mr. BACON. Mr. President, I thought I had the floor.

Mr. LODGE. I do not think anyone can hold the floor on a point of order; at least I never saw it done here.

Mr. BACON. Possibly not.

The PRESIDENT pro tempore. The Senator from Georgia.

Mr. BACON. I have very little to say about the amendment, although possibly on another occasion I might have a good deal to say about it. I simply wish to explain the purpose of the amendment.

Mr. President, we have come to a stage where the executive department orders the Army of the United States into foreign countries, not only without the authority of Congress, not only when Congress is not in session, but when Congress is in session, and without even communicating the fact to Congress. We have now in China I do not know how many troops, but I suppose from what I have seen in the newspapers at the time that they were sent from Manila—which, by the way, was done, if I recollect aright, while Congress was in session, without a word to Congress about it.

Mr. DU PONT. I can say to the Senator from Georgia that there are eight companies there—two battalions.

Mr. BACON. Eight companies, amounting, I presume, to about 800 or a thousand men.

Mr. President, there is not on the statute books a line or a letter which authorizes the sending of those troops into China. They have been there ever since some time last winter or probably in the early part of the winter; I do not recollect accurately about that; it is given out that they are guarding a railroad—guarding a railroad under no treaty, under no statute law or treaty law, simply a pure act of the executive department, under the authority of the War Department alone or under the direction of the President of the United States.

Mr. President, the authority to send a thousand men implies the authority to send 10,000 men or 50,000 men; and unless we are to abdicate the functions of Congress, it is time, in my opinion, when that matter should be brought to an issue. It should be determined whether or not in this country, under a government of law, as it should be, and not of men, it is competent for the Executive or the officers under the Executive to order soldiers, a part of the Army of the United States, into a foreign country, not only without the authority of Congress, but without even deigning to inform Congress of the fact. I understand that those troops are in China under some agreement that was entered into by military officers after the Boxer War about what particular part each Government represented by troops there should afterwards play in the arrangement which they made for the purpose of thereafter preserving peace in that country. If we had made a treaty to that effect, there would have been the authority of treaty law; but there was no treaty and never any suggestion of a treaty.

I may be mistaken, but I do not remember even that there was ever a communication of the Executive sent to Congress at the time we had the Army operations in the Boxer War, a time, I think, when the present Senator from New York [Mr. ROOT] was Secretary of War, if I am not mistaken in my recollection.

I do not, of course, question the propriety in that emergency of the Government acting in a way which was necessary for the protection of the lives, to say nothing of the property of our legation there and of our citizens who were there under its protection, but I did say at the time that I thought it had been carried beyond the warrant of law. While I recognize that in that case there was an emergency and it was an impossibility to assemble Congress, there was no time to wait, and there should have been a rescue. I recollect very distinctly that there were after that time the most elaborate preparations made in the way of providing quartermaster's supplies, ordnance stores, commissary stores, and all the supplies and paraphernalia of a regular invading army as if for a lengthy or permanent occupation of China, and I recollect very distinctly having something to say about that in the Senate. I think it was at the time when we had one of the Philippine bills up when there was a proposition to clothe the President of the United States with absolute autocratic power in the Philippines, and I took occasion to animadvert upon that.

But that is past history; it is done and over, and there is the palliating feature about it that, while it might have been carried too far, and the power then exercised was greater than the law warranted, yet it had its origin in what was a proper proceeding. I can not be misunderstood as to that. But now, speaking for the present, the sending of troops at a time when they are not there for the purpose, unless it may be considered an indirect purpose, of protecting our legation—I presume it might be said that in guarding the railroad they are keeping up means of communication—but whatever might be the necessity for that, Mr. President, I do insist that the power, when exercised, to send troops, a part of the Army of the United States, into a foreign country, to stay there for months, if not a year or more, is one which should not be exercised without the facts being submitted to Congress for the approval of Congress and in order that the Congress might inquire into it, so that the matter might then proceed in pursuance of law.

If this were the only instance, it would not be so important that we should have legislation of this kind; but we are having almost every day in the newspapers mention of the fact of the use of the Navy of the United States and the quasi naval force, to wit, the marines, in foreign countries. That can not be dealt with in this bill, and I do not offer anything in this bill to affect that; but, if I do not change my mind very much, the next time we have any naval legislation, I do propose to attempt to engraft on the bill some such provision as I have in mind.

Mr. CHAMBERLAIN. Mr. President——

Mr. BACON. If the Senator will pardon me a moment, that is a very much more difficult question than this is, because of the frequent necessity to land marines for the temporary purpose of protecting consulates and American citizens, and so forth, in times of violence and disorder; and that is going to be a very much more difficult proposition than this to differentiate between cases that are justifiable and those that are not justifiable. I am not going into that subject at all; but I say it emphasizes the departure of the executive department of the Government from what I conceive to be a course authorized by law.

It has not only been done in the case of the Army which I have instanced, but, as I have said, almost every day we have in the newspapers an account of the use of the marines, not for the temporary purpose of protecting consulates, but for the purpose of taking part between contending forces in foreign countries. I recollect, Mr. President, two or three years ago that we had an account in the newspapers of two transports full of soldiers, or marines, I presume they were—I have forgotten about that, but I think they were marines—two transports full of marines going down the Chesapeake Bay, bound for Central America, for the purpose either of taking part in some of the controversies in that country or overawing some of the combatants. We have had instances of marines being sent in that menacing way, and we have instance after instance where they have actually taken part in some controversy in a foreign country.

Mr. SMITH of Arizona. Not in Mexico.

Mr. BACON. I will come to that when it arises, but that is not the present matter I have in mind. I can conceive of a violation of law in going into Mexico as well as anywhere else.

The amendment which I propose does not go so far really as I should like to see it go, but I have stood on what I consider to be the conservative side in yielding to the Executive discretion in cases of emergency requiring immediate action when Congress is not in session.

We see in this morning's paper that we now have a lot of marines, not on the seacoast, not protecting consulates, but in the interior of a foreign country laying down the law to the combatants. "You shall fight here only, and you shall not fight there." That is absolutely war, or would be if it were a country capable of resisting an act of war. Everybody knows that. It is an act of war to invade another country, and it is no less an act of war when a weak and feeble and impotent country is invaded than when the powerful Empire of Germany or of Great Britain should be invaded. It stands on exactly the same footing; and what we would not dare to do with either one of those two great powers we are constantly doing with our weaker neighbors.

The time was when it was thought that the use of the Army to invade a foreign country was something never to be dreamed of, except it was done under the authority of Congress; but now, forsooth, when we take up the newspapers in the morning we are told about these things, about which we are not in any manner consulted, about which we are not even given the poor courtesy of information. It is a question whether these acts of war shall be performed in obedience to the order of the Secretary of State, and every day we have columns of such news, as if it were a recognized power in the State Department to say whether or not one county should be invaded or another, or whethter sides should be taken by the armed forces of the United States in the upholding of one faction or the putting down of another.

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

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Oregon?

Mr. BACON. Certainly. I am sorry I forgot to yield to the Senator sooner.

Mr. CHAMBERLAIN. I merely want to ask the Senator if he knows how many men in the Army of the United States are now on foreign soil and how long they have been maintained there? The Senator may have stated it, but I do not recollect that he has.

Mr. BACON. I have no definite information except that which was given a few moments ago by the Senator from Delaware [Mr. DU PONT]. He said there were eight companies—two battalions—in China. That is a portion of the Army. Of course, the other matter of the marines would not be affected by this amendment, and could not be affected in this bill; but hardly a week passes that we do not have some item in the newspapers of the Secretary of State exercising the powers of Congress in what is tantamount to a declaration of war, and which would result in war except that the power is exercised in the case of feeble and impotent countries that can not make war with us.

Mr. President, the Senator from Massachusetts [Mr. LODGE] says this is general legislation. I very respectfully differ from the learned and honorable Senator in that regard. Here is a bill appropriating money for the Army, and there is nothing in the amendment which I have offered which does not relate to the payment of money except perhaps the direction to the Secretary of War that he shall make a certain report. It is a limitation on the appropriation, and nothing more. It does not appropriate any additional money; it does not divert any money; it does not conflict with any law; it is the law now, possibly not found in any express statute, but the law that the Army of the United States belongs to the territory of the United States and can not go to a foreign country without the authority of Congress, because to send it to a foreign country is an act of war, and the power to declare war is expressly by the Constitution limited to the action of Congress.

The amendment is simply a limitation upon the use of the money; it does not decrease it in any way; it simply provides that the money is appropriated for the Army of the United States operating in the United States—which I say is the law now—and that it shall be used only in the United States. I repeat that the sending of the Army outside of the United States is unlawful.

It simply says that this money shall not be used except in a case where the Army is employed as the Constitution of the United States says it shall be employed; because when the Constitution of the United States says that the power to declare war rests exclusively in Congress, it necessarily negatives such use of the Army as is by every writer on international law stated to be, not simply a declaration of war, but an act of war; for it is an act of war to send an army into a foreign country.

I understand the Senator from Massachusetts [Mr. LODGE] says that it is not estimated for. If I understood him correctly, that was his statement.

Mr. LODGE. I did not. I said it is not reported from any standing or select committee.

Mr. BACON. It is not necessary, Mr President, that it should be. As I say, with the possible exception of that part of it which requires the Secretary of War to make a certain report, there is not a legislative feature in it, so far as the change of law is concerned. It simply places a limitation upon the appropriation for the Army, and everybody knows I do not wish to take any money away from the Army. I know that the officers and men of the Army will not think I wish anything of that kind, because I have been somewhat active on the other side of that question in my efforts to do what I conceive to be justice to the officers and men of the Army. I simply do not desire that an illegal use shall be made of the Army.

Mr. President, this amendment is guarded in this particular. If Congress is in session it is an easy matter for the Executive to bring to the attention of Congress any matter which makes it important that troops be sent into a foreign country; and under our methods a joint resolution can be passed by both Houses in one day, which will give the necessary authority. There need be no delay about it; so that while Congress is in session there is to my mind no possible excuse for the Executive sending the Army into a foreign country without first seek-

ing the authority of Congress. The President of the United States recognizes that, and I applaud him for it.

During the Mexican troubles the President has said repeatedly—I think he has said it publicly, although I am not sure of that, but he has certainly said it officially to Members of the Senate with whom he has consulted, not simply individually, but to some of us collectively when he has had us present at these conversations and conferences—that he would not assume the authority to send troops into Mexico without the authorization of Congress. I say I applaud him for it, and I am not specially criticizing the President for this act, because it is along the line of things which have been submitted to by Congress so long that it has come to be regarded as one of the executive functions; and if an executive function can by use be so enlarged as to give an irresponsible and uncontrolled power over the Army, then every principle and theory of our Government falls to the ground, because if there is anything in the framework of our Government which was sought to be most carefully guarded it was any use of the Army by executive authority other than the uses prescribed and authorized by law.

Mr. President, as I say, while Congress is in session there can be no possible trouble or difficulty. No case can possibly arise while Congress is in session in which the persons or the property of citizens of the United States can be endangered without the opportunity of the use of the Army for their protection, because in one day the fact can be communicated to Congress, and in that one day the necessary authority can be given. On the other hand, when it comes to the question of what shall be done in a case of emergency when Congress is not in session, I have gone further than I think would really be required. I think except in a very extreme emergency, such as the Boxer case, for instance, Congress ought to be called together. In these days of telegraphs and railroads Congress can easily be assembled in five or six days.

But waiving that, this amendment proposes that in case of emergency, within the discretion of the President of the United States, while Congress is not in session, he is authorized to proceed, and there is no prohibition upon his doing so.

The only subsequent provisions are those requiring that there shall be a report to Congress. I would have laid that duty upon the President, but I do not think we can dictate to the President what he shall say to Congress. That is a constitutional function; but it is within our power to require the Secretary of War to do it. I grant that possibly to that extent there may be a question of order about it, and if necessary, that part of the proposed amendment can be eliminated; but the balance of it is nothing on earth but a limitation upon an appropriation which we are making, and the limitation which fixes the 10-day term after the meeting of Congress is simply for the purpose of enforcing the contemplated function to be performed by Congress, that the authority shall be given by Congress before it shall be exercised. When it is exercised at a time when Congress is not in session, then when Congress does assemble, unless that authority is given by Congress, the order must end within 10 days, which gives ample time for its consideration and determination by Congress; and if Congress does not sanction it, then the troops shall come back to this country, where they belong.

Mr. LODGE. Mr. President, I have not the slightest intention of discussing the question of troops in China or marines in Nicaragua, if that is what was meant, or anything of that sort.

There are certain great general statutes, not appropriation bills, which fix the pay of the Army. This is a proposal to put a limitation upon those statutes, to add to those general statutes. It seems to me it is very clearly legislation, and I make the point of order.

Mr. ROOT. Mr. President, before this matter is disposed of I wish, not to argue the question which has been suggested by the Senator from Georgia [Mr. BACON], but to express my dissent from the position he takes.

In my judgment, there is no law which forbids the President to send troops of the United States out of this country into any country where he considers it to be his duty as Commander in Chief of the Army to send them, unless it be for the purpose of making war, which, of course, he can not do.

Doubtless Congress could by law forbid the troops being sent out of the country; doubtless Congress has not done it; and I apprehend that any Congress that undertook to do it would find that there would be a general protest from the people of the United States against depriving the Commander in Chief of the Army of the power to protect our citizens under those circumstances which exist widely throughout the world in countries whose governments have not the power to maintain order within their jurisdiction. From time immemorial it has been the practice of civilized nations to send troops into those countries whose governments were too feeble or to ill organized, too deficient in power to enforce their laws and to protect foreigners. From time immemorial it has been the practice for civilized nations to render protection to their own citizens, to their own consuls, to their own ministers, ambassadors, and legations. That was the situation in China in the summer of 1900, when the minister of the United States, the members of his legation, and the American citizens who gathered there for safety were surrounded by an armed force which the Government of China professed itself unable to control. Our troops went just far enough and not one step further than was necessary to preserve them from murder.

And now, if I am not mistaken, Congress has appropriated money for the specific purpose of building quarters in Peking, to be used for the housing of troops who shall be stationed there to prevent a recurrence of that most deplorable condition.

It is the unanimous judgment of the men who saved the legations in Peking in 1900, of the officers who had command of the troops who rendered that great service to civilization, that the way to prevent a recurrence of that condition is to keep open the communication between the embassies and legations in Peking and the seacoast. And I say, sir, there is no law, and I do not believe there ever will be a law, to prevent the Commander in Chief of the Army and Navy of the United States from rendering that service which, through all civilization, has been rendered by every nation that is entitled to the loyalty of its citizens, in giving them the protection required by self-respect.

Mr. BACON. Mr. President, the Senator begs the question. I am not saying and have not said anything in derogation of the duty to use the Army for the protection of our citizens and our officials whenever it is necessary to do so; but the question is where the authority rests.

Mr. ROOT. The authority rests with the Commander in Chief of the Army.

Mr. BACON. I differ with the Senator from New York in regard to that, as I have already said.

Mr. ROOT. It is limited solely by his constitutional incapacity to make war. To send troops into those countries which have not the capacity to maintain order and which are incapable of protecting foreign citizens is not making war. We made no war upon China in 1900, and we are making no war in China to-day, for what we do is with the consent of China.

Mr. BACON. Mr. President, the Senator has repeated what he has already said, and I shall endeavor to answer him, if he will permit me.

I say, without the fear of contradiction, that the invasion of any country by the armed forces of another country is an act of war, and the only reason why it results in war in some cases and does not so result in other cases, is because in some cases the invaded power has the ability to resist it and to make war; and in other cases, as in those which we have immediately in contemplation, the invaded power is feeble and impotent and can not make war. But the Senator will not dispute the fact that, by every rule which is found in any book on international law, the invasion of any country by the armed forces of another country is an act of war.

When the Senator says that the power rests with the President of the United States, limited only by his inability to make war, he begs the question, because that is the very point, that he is making war, although there may be no battles fought. He is doing that which will cause a battle if the other party resists, and he is doing that which, according to the Senator's own definition of his power, is denied to him. He is denied the right to make war, and the sending of troops into another country is an act of war.

But, Mr. President, I have endeavored carefully to exclude anything which would interfere with the proper exercise of the power of this Government in cases of emergency, in order that no harm may come to citizens who need protection. Under this amendment it would be perfectly competent, when Congress was in session, to get immediate authority from Congress; and if an emergency arises when Congress was not in session, it is expressly provided that the President can send troops. But who can justify the executive department in sending a regiment of troops to China and keeping them there, perhaps for a year or more, without even informing Congress of the fact?

If he can send a regiment to China, he is doing it in the exercise of an unlimited discretion; and if the discretion is unlimited, it can be exercised at any time, and on any occasion when he sees fit to exercise it. And if he can send troops to one country, he can send them to another country. I assert that it is absolutely at war with every principle of this

Government to say that the President of the United States can maintain a regiment in China without authority from Congress, and without even communicating the fact to Congress.

The Senator says there have been occasions, which he illustrates by the present status in Peking, when it has been necessary to keep troops in a foreign country. If so, is there any difficulty in having that fact recognized by Congress? And if it can be done without the authority of Congress, in one case, what is to prevent its being done in every other case? And if it can be done with one regiment, why can it not be done with 10? I say, Mr. President, it is absolutely inconsistent with our institutions, and what is proposed in this amendment is no hardship.

The Senator from New York says there would be a resentment on the part of the people in this country against the idea that opportunity for the protection of our officials or our citizens should be withdrawn. That is an unwarranted conclusion. There is not a line or a letter in this amendment which would interfere in any way, either when Congress was in session or when it was not in session, with endeavoring to protect, to the fullest extent of the power of the Army of the United States, every official and every citizen who might be endangered in a foreign country. There is no such thought or purpose or tendency in the amendment. The sole purpose is to keep the power where it belongs.

Mr. President, I deny the assertion of the Senator that the great office of the Commander in Chief of the Army of the United States clothes him with any power except in cases of emergency. I speak of sending armed forces into a foreign country without the authority of Congress. It is not necessary that there should be a law prohibiting it. It is necessary that there should be a law authorizing it, for the Constitution of the United States prohibits it when it denies to the President of the United States the power to make war.

Mr. President, this may not be accomplished on this occasion. The attendance in the Senate is thin. I will not say there is no quorum here, because that might necessitate a roll call, although it is possible there is none; but I want to put Senators on notice now that this is a matter which will not down, whether or not it now goes on the statute books. It is a matter which will be agitated—the power of the executive department to order the Army into foreign countries, to do what I think may be stated without extravagance to be an abuse of the rightful power which exists. Within its proper limitations it must frequently be exercised to land marines; but I refer to the abuse of it in the landing of troops which are not designed for that purpose, and whose landing is designed to take part in the internecine strifes in those countries, the landing and transportation in the interior of which is designed to set up one faction and put down another. The history of it within the past few years does not leave any doubt about that. We know that in one of the South American countries one Government was practically overthrown and another set up by reason of the interference of the Government of the United States. We know the fact that one of those factions held the customhouse, and that faction had given some bond secured by the customs, and some of those bonds happened to be held by some of our people in the United States; and when the adverse party got into power the Navy and the Marine forces of the United States were used, and moved the customhouse so that they could collect the entries at some other place; and the Army and Marine forces of the United States were used for the purpose of maintaining that as a customhouse in order that tolls might be collected and paid over to these bondholders. Everybody recollects all about that.

Mr. President, that is simply one of many instances. If any man had kept the clippings in the newspapers about the interference in foreign countries in the landing of marines for the purpose of taking part in strifes in those countries, he would have a pretty large volume now, and it would make very interesting reading.

But I do not design to detain the Senate with it now. I think the amendment is strictly in order, and for that reason I have offered it in good faith.

The PRESIDENT pro tempore. The Chair is prepared to rule on the question of order. Waiving for the time being the question whether a mere limitation upon an appropriation is obnoxious to the rule, the Chair finds this language in the amendment:

> In every case when, while Congress is not in session as aforesaid, any part of the Army shall be ordered for duty into any country or territory beyond the jurisdiction of the laws of the United States, it shall be the duty of the Secretary of War to report to the Congress at the beginning of the next ensuing session the authority for such order, the number and designation of the troops so ordered on duty in said foreign country, and the operation of said troops under said order.

Mr. BACON. I will modify the amendment by striking out those words.

The PRESIDENT pro tempore. The Chair feels constrained to hold that that language is manifestly general legislation, and that the point of order is well taken.

Mr. BACON. I appeal from the decision of the Chair, Mr. President.

The PRESIDENT pro tempore. The Senator from Georgia appeals from the decision of the Chair. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. BACON. I may have misunderstood the Chair. Did I understand the Chair to rule on the entire amendment?

The PRESIDENT pro tempore. The Chair ruled on the amendment as it is now before the Chair.

Mr. BACON. Then I understand the Chair did not rule on the amendment with those words stricken out?

The PRESIDENT pro tempore. The Chair has not had that amendment.

Mr. BACON. I beg the Chair's pardon.

The PRESIDENT pro tempore. The Chair ruled upon the amendment. If the Senator presents another amendment, the Chair will rule upon it.

Mr. BACON. I have a right to modify my amendment, and I modify it by striking out the words just read by the Chair.

The PRESIDENT pro tempore. The Chair is of the opinion that the amendment as modified, which is simply a limitation upon the appropriations of the bill now under consideration, is in order, and the question is upon the amendment.

Mr. BACON. I wish to say that I think the Chair ruled correctly in both cases. I think the amendment was out of order with that language in it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Georgia. [Putting the question.] The noes appear to have it.

Mr. BACON. There are manifest reasons why I do not call for a division. I wish to repeat the notice I gave to Senators, that this is not the last of it.

The PRESIDENT pro tempore. The noes have it, and the amendment is disagreed to. The bill is still in Committee of the Whole, open to amendment.

Mr. OLIVER. I offer the amendment I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. After line 6, on page 26, insert:

> Range for Field Artillery target practice: The sum of $50,000, or so much thereof as may be necessary, appropriated by public resolution approved July 8, 1912, for the expenses of the Organized Militia in participating in encampments with regular troops for field instruction, may be used for the acquisition, by purchase or condemnation, of the necessary land for a suitable range for Field Artillery target practice—the land to be of such general character as to permit its use for the instruction of troops of other arms, to be located within the eastern military division, and to be so situated as to present a high degree of available for concentration of Field Artillery.

Mr. WARREN. I make a point of order on that amendment. It is not estimated for and has not the recommendation of any committee.

The PRESIDENT pro tempore. Does the Senator from Pennsylvania desire to be heard on the point of order?

Mr. OLIVER. I think I will not ask to be heard.

The PRESIDENT pro tempore. The point of order is sustained.

Mr. STONE. I desire to ask the chairman of the committee a question. I see, on page 26 of the bill, the House provision appropriating to pay "the expenses of the Organized Militia of any State," and so forth, "which may be authorized by the Secretary of War to participate in such encampment as may be established for field instruction of the troops of the Regular Army" is stricken out. Why was it stricken out?

Mr. DU PONT. I will say to the Senator from Missouri it was stricken out because it is embodied in a joint resolution which was approved the 8th day of July, 1912. It has already passed and is now a law.

Mr. STONE. It is already provided for?

Mr. DU PONT. It is already provided for.

The bill was reported to the Senate as amended and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. DU PONT. I move that the Senate adjourn.

The motion was agreed to; and (at 10 o'clock and 9 minutes p. m.) the Senate adjourned until to-morrow, Thursday, August 15, 1912, at 10 o'clock a. m.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *August 14, 1912.*

The House met at 12 o'clock noon.

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

Eternal and everliving God, our heavenly Father, we thank Thee for the sublime faith which in all the past has brought men to Thy feet in prayer, where they have found strength, consolation, hope, and guidance; for every thought evolved, for every truth discovered, which holds us close to Thee and makes for righteousness in the soul. Grant that each of us may be able to say, now and always, "Surely goodness and mercy shall follow me all the days of my life, and I shall dwell in the house of the Lord forever." Amen.

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

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed, with amendments, bill of the following title, in which the concurrence of the House of Representatives was requested:

H. R. 21279. An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913.

The message also announced that the Senate had passed, without amendment, bill of the following title:

H. R. 22199. An act to extend the limits of the port of entry of Galveston, Tex., to include Port Bolivar, in that State.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2904) to confer upon the Commissioners of the District of Columbia authority to regulate the operation and equipment of the vehicles of the Metropolitan Coach Co.

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

Senate concurrent resolution 26.

Resolved by the Senate (the House of Representatives concurring), That there be printed 3,000 copies of Senate Document No. 654, Sixty-first Congress, second session, entitled "Biographical Congressional Directory," of which 1,000 copies shall be for the use of the Senate and 2,000 copies for the use of the House of Representatives.

SENATE CONCURRENT RESOLUTION REFERRED.

Under clause 2 of Rule XXIV, the following concurrent resolution was taken from the Speaker's table and referred to the Committee on Printing:

Senate concurrent resolution 26.

Resolved by the Senate (the House of Representatives concurring), That there be printed 3,000 copies of Senate Document No. 654, Sixty-first Congress, second session, entitled "Biographical Congressional Directory," of which 1,000 copies shall be for the use of the Senate and 2,000 copies for the use of the House of Representatives.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

A message, in writing, from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had approved and signed bill and joint resolution of the following titles:

On August 10, 1912:

H. R. 18960. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1913.

On August 13, 1912:

H. J. Res. 333. Joint resolution to authorize the loan of obsolete Springfield rifles, etc., to the historical pageant committee, Philadelphia, Pa.

SPEECHES OF HON. THERON AKIN, OF NEW YORK.

Mr. RUCKER of Missouri. Mr. Speaker, I desire to ask if it is in order now for the special committee appointed by the Chair yesterday to report on the speeches of Hon. THERON AKIN of New York, to make a report?

The SPEAKER. This is Calendar Wednesday, and, strictly speaking, the Chair supposes it would not be in order; but if it is a short matter, pertaining to the conduct of the House, the Chair is inclined to entertain it, unless there is objection. If it is going to precipitate any considerable debate, the Chair would not feel as though he ought to entertain it to-day.

Mr. AKIN of New York. Mr. Speaker, reserving the right to object, I would like to know something of the contents of the report—what there is of it.

Mr. RUCKER of Missouri. Mr. Speaker, I ask that the report be read at the desk. The gentleman will then perceive its contents.

The SPEAKER. The Clerk will read the report. The House will then determine whether we shall proceed with it or not.

The Clerk read as follows:

The special committee appointed to consider certain "Extensions of remarks" printed in the RECORD of August 8 and August 10, 1912, under leave to print, by THERON AKIN, a Representative from the State of New York, submit the following report:

The committee having considered the said "Extensions of remarks," and having heard Mr. AKIN concerning the same, are of opinion and find that the printing of the said "Extensions of remarks" in the RECORD constitutes an abuse of the privilege to print granted by the House. The said "Extensions of remarks" contain personal imputations upon Members of the House and reflections upon officers of the executive department of the Government which amount to charges of inefficiency and misconduct, and in some respects are libelous in character. The committee can not believe that in granting leave to print remarks the House of Representatives intended to permit its RECORD to be made a vehicle for personal attacks upon Members of the House, upon officers of the Government, or upon private citizens. The committee report the following resolution and recommend its passage by the House:

Resolved, That the "Extensions of remarks" by THERON AKIN, printed on pages 11344, 11345, 11346, and 11347 of the RECORD of August 8, 1912, and on pages 11548, 11549, 11550, 11551, 11552, and 11553 of the RECORD of August 10, 1912, be, and the same hereby are, ordered expunged from the RECORD.

W. W. RUCKER.
ROBERT N. PAGE.
SAMUEL W. MCCALL.

The SPEAKER. Is there objection?

Mr. AKIN of New York. Yes; I object.

Mr. BUTLER. Object to what—the expunging?

The SPEAKER. Objection is made.

VETO MESSAGE—THE IRON AND STEEL SCHEDULE (H. DOC. NO. 908).

The SPEAKER laid before the House the following message from the President of the United States, which was read:

To the House of Representatives:

I return, with my objections, H. R. 18642, a bill entitled "An act to amend an act entitled 'An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes,'" approved August 5, 1909.

This bill provides for a complete revision of Schedule C of the tariff law, relating to metals and manufactures of metals. In committee and in the consideration of the majority who passed the bill the important part of it seems to have been the basic manufactures of iron and steel, and most of the information which was obtained and discussed was in reference to that manufacture. The truth is that iron and steel as primary products are less than one-third in value of the subject matter covered by it; and that there may be no misunderstanding in regard to this, I present, as an appendix, a table prepared by the Census Bureau showing that included in Schedule C are 59 allied industries of sufficient importance to justify separate classification, study, and report by the Census Bureau, all of which are directly affected by the bill under consideration.

If only the primary products of iron and steel were affected by this bill, or if they constituted the larger part of the values involved in Schedule C, the consideration of the bill for purposes of approval or disapproval would be easier, but it is not within my power to separate these various industries. The bill is presented to me as a whole and must be approved or disapproved as a whole.

The table furnished showed that "foundry and machine-shop products," which are secondary products of the iron and steel industry, are made by more than 13,000 competing establishments, with an invested capital of more than a billion and a half dollars, with more than half a million wage earners employed, and producing nearly a billion and a quarter dollars in value of products annually. Every dollar of this capital and every workman employed in the industry is directly affected by the bill, and I can not find, either in the report of the Committee on Ways and Means of the House or, to any extent, in the discussion of the schedule, that serious consideration has been given to the effect of this revision on this particular branch of the industry, and the same thing is true of more than two-thirds of the industries covered by the schedule.

It appears in the discussion of this revision now presented to me for consideration that no public hearings have been given by the Ways and Means Committee of the House, on the ground that it would thereby cause delay. The Ways and Means Committee avowed that the principle of protection had not been considered, but that in framing the present revision of the metal schedule the committee had "adopted the general principle of reducing all duties to a revenue basis, so far as practicable, except in those cases where more cogent considerations than those relating to the fiscal policy of the Government dictated the transfer of given items to the free list." This makes a clear-cut issue between the protective policy and that of a tariff

for revenue only, and without fuller information, therefore, I am obliged to treat this bill as a revenue bill, and one in which the consideration of preserving the industry by maintaining a tariff necessary to do so had little weight. There is nothing to show me that the duties provided in the bill will equal the difference in the cost of production here and abroad in the great lines of industries, and that the wages of workmen will not be reduced by a measure which avowedly discards entirely the principle of fair protection. It should be noted that the labor employed in the secondary industries, which has had so little consideration in this bill, is in a large measure high-grade, skilled labor, commanding a high level of wages.

This schedule was included in the general tariff revision of 1909, at which time public hearings were given, attended by importers, domestic producers, employees, and consumers, and the rates then on many of its items were heavily cut, ranging from 10 to 75 per cent, and it would seem now that a thorough study of each one of these separate industries should at least be made, that the Executive and Congress as well might act wisely and intelligently upon them, in order to avoid a further revision at an early date when the facts concerning them could be ascertained.

The products of many of these industries affected by this bill do not enter directly into the daily consumption of the people. The consumers of these products are, to a large extent, manufacturers using these articles in further processes of production. There is no evidence of any widespread demand from such consumers for a revision of the rates on these articles, and for this reason a sufficient time may well be taken to give the study to the respective industries which their importance would seem to demand.

I am not prepared to say that there are no items in this schedule which might not well be reduced, but the general average ad valorem rate of duty under it, taken as a whole for the year 1911, is 32.03 per cent, as against 37.97 per cent in 1896 under the Wilson law, or an apparent reduction of 15.6 per cent of the Wilson duties. The Dingley rates for this schedule in 1909 were 38.09 per cent, showing a reduction in 1911 for the present law of 15.9 per cent of the Dingley rates. Indeed, there is no year since 1883 when the Government statistics show as low an ad valorem rate of duty for this schedule as is shown in 1911, and it does not appear that schedule statistics were kept prior to 1883, so that no comparison can be made prior to that time.

There is little logical relation between the reductions made by this bill in the schedule. For example, steam engines and machine tools in the present law are dutiable at 30 per cent. In this revision steam engines are reduced to 15 per cent, and the whole machine-tool industry is put on the free list, without any reason whatever being given in the report of the Ways and Means Committee in either case for such action.

The term "machine tools" has already been the subject of much litigation, and its scope should be clearly defined before the great variety of articles which it now seems to cover are placed on the free list.

The expansion of our foreign trade would seem to demand that a transfer to the free list, like the one made in this bill, of such an enormous range of undetermined products and the opening of the best market in the world to free and unrestricted competition should not be made without at the same time at least securing, as is the case now of specified agricultural implements, the privilege of a like free entry into the markets of our competitors.

It is further difficult to understand by what process of reasoning it is possible to justify a transfer to the free list of a great line of finished articles, while nearly every one of the crude products from which they are made are retained on the dutiable list.

A bill for a complete revision of this schedule was presented to me a year ago in the extra session of this Congress. Many increases and decreases of rates are now made from those named in the former measure. The changes are not explained and indicate the hasty method pursued in the preparation of both. Is it not fair to ask, either on the basis of protection or revenue, which was right?

On the whole, therefore, I am not willing to approve of legislation of this kind, which vitally affects not only millions of workingmen and the families dependent on them, but hundreds of millions of dollars' worth of stocks of goods in the hands of storekeepers and distributors generally, without first providing for a careful and distinterested inquiry into the conditions of the whole industry.

From the outset of my administration I have urged a revision of the tariff based on a nonpartisan study of the facts. I have provided the means for securing such information in the appointment of a Tariff Board. Their thorough work, already completed on several schedules, has justified my confidence in this method. The principle is indorsed by chambers of commerce and boards of trade in almost every city of importance in the country. The proposed bill has not been framed on the basis of any such study of the industry.

Avowedly its rates are fixed with no consideration of anything but revenue. The principle of protection is disregarded entirely, and, therefore, it is not too much to say that the effect of these sweeping changes on the welfare of those engaged in these varied industries has been disregarded.

WM. H. TAFT.

THE WHITE HOUSE, *August 14, 1912.*

APPENDIX.

Totals for metals and manufactures of.

[Department of Commerce and Labor, Bureau of the Census. E. Dana Durand, director.]

[Census of Manufactures: 1909.]

Industry.	Number of establishments.	Capital.	Wage earners (average number).	Wages.	Value of products.
Total	28,119	$4,965,624,394	1,481,494	$901,471,865	$4,626,890,528
Automobiles, including bodies and parts	743	173,837,111	75,721	48,693,867	249,202,075
Babbitt metal and solder	109	7,418,015	897	560,804	19,767,935
Bicycles, motorcycles, and parts	95	9,780,102	4,437	2,908,199	10,698,567
Brass and bronze products	1,021	109,319,224	40,618	23,677,383	149,989,058
Cars, steam-railroad, not including operations of railroad companies	110	139,804,667	43,086	27,135,222	123,729,627
Cars, street, railroad, not including operations of railroad companies	14	14,167,999	3,583	2,176,949	7,809,886
Cash registers and calculating machines	50	27,224,063	7,465	5,311,890	23,708,326
Clocks and watches, including cases and materials	120	57,500,469	23,857	12,944,169	35,196,842
Copper, tin, and sheet-iron products	4,228	217,532,108	73,615	39,500,794	199,824,218
Cutlery and tools, not elsewhere specified	959	67,379,841	32,996	17,581,244	53,265,757
Electrical machinery, apparatus, and supplies	1,009	267,844,432	87,256	49,381,145	221,308,563
Electroplating	461	2,324,025	2,717	1,652,315	4,509,559
Enameling and japanning	108	2,879,995	2,125	921,667	3,315,694
Engraving and die sinking	253	1,448,960	1,308	821,472	2,249,861
Files	57	10,412,762	4,158	1,977,877	5,691,203
Firearms and ammunition	66	39,377,094	14,715	8,427,249	34,111,564
Fire extinguishers, chemical	31	526,959	195	126,728	754,165
Foundry and machine-shop products	13,253	1,514,332,273	531,011	321,520,917	1,228,475,148
Galvanizing	46	4,197,392	1,447	786,7[illegible]	7,338,330
Gas and electric fixtures, and lamps and reflectors	619	36,835,455	18,861	10,393,0[illegible]	45,057,372
Gold and silver, leaf and foil	88	1,183,690	1,383	636,967	2,630,500
Hand stamps and stencils and brands	361	2,439,418	1,651	951,814	3,073,025
Horseshoes, not made in steel works or rolling mills	19	1,396,209	293	166,278	1,014,576
Instruments, professional and scientific	263	11,723,619	4,817	2,925,087	10,503,601
Iron and steel, blast furnaces	208	487,580,659	38,429	24,606,530	391,429,283
Iron and steel, steel works and rolling mills	446	1,004,735,111	240,076	163,200,758	985,722,534
Iron and steel, bolts, nuts, washers, and rivets, not made in steel works or rolling mills	108	20,250,388	11,345	5,793,243	24,484,907
Iron and steel, doors and shutters	29	3,044,831	1,601	874,340	3,005,685
Iron and steel forgings	172	27,754,630	8,168	5,003,181	20,293,440
Iron and steel, nails and spikes, cut and wrought, including wire nails, not made in steel works or rolling mills	57	8,897,704	2,765	1,352,5[illegible]	8,191,620
Iron and steel pipe, wrought	28	22,266,161	6,817	3,963,075	30,886,270

Totals for metals and manufactures of—Continued.

Industry.	Number of establishments.	Capital.	Wage earners (average number).	Wages.	Value of products.
Lead, bar, pipe and sheet	33	$20,587,288	802	$510,047	$9,144,930
Locomotives, not made by railroad companies	16	52,059,567	14,909	8,914,266	31,582,302
Needles, pins, and hooks and eyes	49	6,705,118	4,638	2,064,378	6,694,095
Pens, fountain, stylographic, and gold	65	3,120,971	1,225	711,795	4,738,693
Pens, steel	5	803,783	699	230,030	576,696
Phonographs and graphophones	18	14,363,361	5,199	2,840,503	11,725,996
Safes and vaults	42	8,944,434	3,343	2,071,762	8,490,541
Saws	96	14,854,667	4,832	2,856,291	11,535,631
Scales and balances	87	10,182,707	3,559	2,186,230	8,785,642
Screws, machine	43	3,728,071	1,667	970,088	3,014,112
Screws, wood	11	9,569,972	3,464	1,453,932	6,198,955
Sewing machines, cases, and attachments	47	33,103,704	19,296	11,102,026	28,262,416
Silverware and plated ware	183	46,758,876	16,610	10,281,761	42,228,547
Smelting and refining, lead	28	132,310,220	7,424	5,430,652	167,405,650
Smelting and refining, zinc	29	27,759,853	6,655	4,210,341	34,205,894
Smelting and refining, not from the ore	89	13,834,487	2,147	1,281,124	28,072,041
Soda-water apparatus	63	8,588,937	1,797	1,239,450	6,555,597
Springs, steel, car and carriage	54	8,783,779	3,196	1,852,917	9,005,362
Stereotyping and electrotyping	174	3,825,833	2,850	2,312,104	6,383,694
Stoves and furnaces, including gas and oil stoves	576	86,943,849	37,130	22,944,279	78,853,323
Surgical appliances and artificial limbs	324	11,044,827	4,241	2,128,927	12,399,314
Tinplate and terneplate	31	10,994,813	5,352	3,314,874	47,969,645
Tinfoil	10	2,504,942	683	303,711	3,418,818
Typefounding and printing materials	122	6,792,912	2,026	1,190,720	4,703,506
Typewriters and supplies	89	26,308,688	9,578	6,221,423	19,718,767
Vault lights and ventilators	37	606,708	327	227,761	956,720
Wire	56	60,157,073	18,084	10,315,722	84,486,518
Wirework, including wire rope and cable	611	34,969,588	12,348	6,331,158	41,937,952

Mr. UNDERWOOD. Mr. Speaker, the message of the President is a matter of highest privilege, and I presume under the circumstances of to-day its consideration presents a new question. The Constitution requires the House to vote on a veto message of the President when it comes before the House. I know it is a new question, and the Chair may want to decide it. It is new as to whether the consideration of the veto message would take precedence over Calendar Wednesday on a motion to pass the bill over the President's veto.

I move that the bill amending the iron and steel schedule be passed notwithstanding the objections of the President. [Applause on the Democratic side.]

Mr. MANN rose.

The SPEAKER. Has the gentleman from Illinois [Mr. MANN] any suggestion?

Mr. MANN. A point of order, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. MANN. Under the decision of the House on a former occasion, that a constitutional question could not be raised on Calendar Wednesday to supersede the regular order of business, is it in order now to dispose of the President's veto?

Mr. UNDERWOOD. Mr. Speaker, I think the precedent that the gentleman refers to is not applicable to this case. That was a question as to whether a constitutional question could be raised on Calendar Wednesday. This is a mandate of the Constitution, that the House shall vote on a veto message of the President. True, I admit that the House can, if it desires to do so, pass it over to another day. But it being a mandate of the Constitution that we shall accept or reject a veto, the contention I make is that the rules of the House that are adopted from time to time can not change a direct mandate of the Constitution, and therefore it is in order.

Mr. MANN. Well, Mr. Speaker, the provision in the Constitution to the effect that the House, upon receiving a veto message, shall reconsider the vote by which the bill was passed, and that it shall be put upon its passage again was long ago held not to require an immediate vote, and it was long ago held that it was in the power of the House to refer the veto message and the accompanying papers to a committee, or to postpone the consideration and final vote upon the proposition. It is not material to me. I would just as lief, so far as I am concerned, have a vote now as at any other time on the matter. But I think the Speaker ought to be careful in making a ruling in reference to a matter concerning Calendar Wednesday. The Constitution does not require an immediate vote, and that matter has been settled. It seems to me that under the rules of the House the question is to be brought before the House in accordance with the rules of the House.

It is certain that the House could now, by vote, postpone the consideration of the veto message. Then the question is whether the House has not by rule postponed the consideration of it. The Speaker will remember that his predecessor ruled that it was in order to take up privileged business on Calendar Wednesday, and the House overruled the Speaker; and, if my recollection serves me correctly, the distinguished gentleman now occupying the Speaker's chair and the distinguished gentleman now the floor leader on the Democratic side voted to overrule the Speaker and to declare that Calendar Wednesday was holy and could not be invaded by any privileged matter, constitutional or otherwise.

Do the exigencies of the present case require these gentlemen to reverse their former holdings?

Mr. UNDERWOOD. Mr. Speaker, I agree with what the gentleman from Illinois [Mr. MANN] has said, that it has been held repeatedly heretofore that it is in the power of the House to postpone action on a veto message coming from the President; but it is a mandate of the Constitution that the House shall act on this message. If we admit as a precedent that a veto message can not be acted on upon Wednesday, it might at some time bring this House to a condition where it could not act on a veto message at all. It might be that Calendar Wednesday was the last day of a session; that the message came in on Calendar Wednesday, and, although a majority wanted to act on the measure one way or the other, they might not be able to command the two-thirds vote to set aside Calendar Wednesday.

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

Mr. UNDERWOOD. Yes.

Mr. MANN. The gentleman will recall that the rule in reference to Calendar Wednesday provides that it shall not be in effect during the last two weeks of the session, so that if there was a decision to adjourn on a particular day the rule with reference to Calendar Wednesday would not be in force.

Mr. UNDERWOOD. As the gentleman is aware, we might have reached the point of an agreement for a dissolution on Calendar Wednesday, so that there would be no "last two weeks of the session."

Mr. MANN. That would be wholly within the power of Congress. We are not compelled to vote on a veto message. There are some veto messages now before the House that have not been voted upon and may never be, and there have been many cases where veto messages have never been voted upon.

Mr. UNDERWOOD. The proposition that I maintain, Mr. Speaker, is that this being a mandate of the Constitution and of the highest privilege, is higher than the rules of the House, and that those rules can not govern. If we had no rules, it would be in order for me to move to pass this bill notwithstanding the veto of the President, and there is no rule that this House can make that can deprive me of my privilege and my right under the Constitution of the United States to make this motion, because it is granted to me, not by the rules of this House but by the Constitution of the American people. Therefore, I contend that, the rules of the House to the contrary notwithstanding, the motion to pass this bill over the President's veto is in order.

Mr. CANNON. Mr. Speaker, there are privileged questions and questions of privilege. This is a privileged motion founded in the Constitution. I recollect very well the ruling that I made while I was Speaker of the House touching the consideration of a question based on the Constitution, which arose upon

a motion, or a question of consideration raised by the gentleman from Indiana [Mr. CRUMPACKER]. After discussion, the ruling of the Speaker was by a majority vote of the House reversed. I am here now as a Member of the House, without any question personal to myself in the premises—what is behind us is behind us—and without any regard to that overruling, but purely as a Member of this House, concerned in the orderly transaction of its business and in the preservation of the Constitution. I am satisfied that the House was in error when it overruled the Speaker on a former occasion. Two wrongs do not make a right, two precedents or a dozen do not sanctify an error or a mistake. If this be a privileged question, having its foundation in the Constitution, then it is higher than any rule of this House that contravenes that privileged question; and although the former decision might have been made by some other individual than myself then occupying the Speaker's chair, I should feel about it just as I feel now. Therefore, I believe the motion of the gentleman to be higher than any rule of this House, the tendency of which is to halt its consideration, and that the motion is in order.

Mr. NORRIS. Mr. Speaker, I believe that we could safely assume that if the motion of the gentleman from Alabama [Mr. UNDERWOOD] presented a question of constitutional privilege it would certainly be in order, regardless of any rule of the House. The discussion thus far has assumed that it was established that the ruling referred to, which happened in March, 1910, contained a constitutional question. I was here at the time the former Speaker was overruled, when he held that a motion from the Committee on the Census had a constitutional privilege. In my judgment that question did not present a matter of constitutional privilege. I did not believe then, and do not believe now, that the question at that time presented by the gentleman from Indiana [Mr. CRUMPACKER] was a question of constitutional privilege. And therefore, believing that, I was opposed to the ruling of the Speaker and voted to overrule him at that time, but I did it on my belief that the question presented was one not of constitutional privilege. I think it is conceded that this question is a constitutional question and is presented by the Constitution. So that, as I look at it, the case that has been cited as a precedent is not in reality a precedent at all.

Mr. CRUMPACKER. Will the gentleman yield?

Mr. NORRIS. Yes.

Mr. CRUMPACKER. I will ask the gentleman if he does not remember that the day after Calendar Wednesday the question again arose as to whether legislation providing for a decennial census was privileged under the Constitution notwithstanding the rules, and the Speaker of the House, in view of the decision of the House the day before, submitted that question to a decision of the House, and the House, by almost a unanimous vote, decided that the pending proposition bearing upon the taking of the decennial census had a privilege under the Constitution, notwithstanding the rules, on every day of the week except Calendar Wednesday.

Mr. NORRIS. The gentleman states the matter correctly. On the day following, when this ruling was made by the Speaker—on Thursday—the question was again presented by the gentleman from Indiana, and the House did decide that the question presented by the gentleman was one of constitutional privilege. There is not any doubt about that.

Mr. CAMPBELL. Then the understanding was that it was not a constitutional question on Wednesday, but it was a constitutional question on Thursday?

Mr. NORRIS. That was the legal effect of what the House did. The House decided on Thursday that it was a question of constitutional privilege.

Mr. MANN. Mr. Speaker, I agreed at the time with the ruling of Mr. Speaker CANNON, and I still do, but it is idle to say, as the gentleman from Nebraska has just said, that the House did not determine the matter that Calendar Wednesday overrode the question of the Constitution. On Wednesday the House declared that the matter was not in order because it was Calendar Wednesday, and on the next day it declared it was in order because it was a constitutional question. It could not come before the House as a matter of privilege unless it was a constitutional question, and the House declared that it was a constitutional question on Thursday, and if it was a constitutional question on Thursday, it was on the day before. The House declared on the day before that it would not permit that matter to be injected into Calendar Wednesday.

Nor was that all. The gentleman from Nebraska presented as a constitutional question a proposition to amend the rules of the House, and voted as a majority of the House voted, that the proposition to amend the rules of the House was a constitutional question.

Mr. NORRIS. I would like to call the gentleman's attention to the fact that the action which I took at that time was based on the action of the House in deciding that it was a constitutional question, and I assumed that it decided correctly and acted accordingly.

Mr. MANN. The gentleman voted that his proposition presented a constitutional question. The Democratic side of the aisle voted that a proposition to change the rules was a constitutional question. Subsequently, after the election had been held and gentlemen on the Democratic side had paraded the country from one end to the other declaring that under Cannonism you could not present a proposition to the House, the gentlemen reversed their action, and declared that a proposition to change the rules was not a constitutional question. And now, having made use of the same talk throughout the country, I take it that the House is again prepared to reverse itself, and the Democratic side of the House is ready to declare that the vote which they passed two years ago holding that Calendar Wednesday could not be superseded by a constitutional question, is again to be overridden, and now that they are in control they can bring up any old thing on Calendar Wednesday and call it a constitutional question and sustain its consideration.

Mr. CRUMPACKER. Mr. Speaker, in my judgment this question occupies identically the same status as the question which was decided by the House two years ago in relation to census legislation. The Constitution imperatively requires Congress to take a census of the population of the country once in every 10 years, and under that constitutional provision the Speakers of the House of Representatives on several occasions have decided unequivocally that proposed legislation for the purpose of carrying out the constitutional mandate was privileged under the Constitution, notwithstanding the rules of the House.

Census legislation has no privilege under the rules of the House, and if it has any privilege at all it is under the Constitution. My judgment is that census legislation is privileged under the Constitution, notwithstanding the rules. My judgment also is that the motion of the gentleman from Alabama is privileged to-day under the Constitution, notwithstanding the rules. But the House, in March, 1911, decided otherwise—that, in effect, the pending motion can not be entertained by the House to-day without reversing the decision of the House upon the census legislation two years ago.

It was argued with some degree of plausibility then that the House had a right to fix reasonable rules for the consideration of even constitutional questions, and the provision of the rule establishing Calendar Wednesday made it absolutely out of order to consider any other matters except those enumerated in paragraph 4 of the rule, and that that was a declaration on the part of the House that questions that carried a constitutional privilege could not be considered as a matter of right on Calendar Wednesday.

Of course every Member of the House knows that it would have been in order for the gentleman from Alabama to move to refer this question to the Committee on Ways and Means under the rules of the House. The House is not obliged to take up a veto message the moment it comes from the President and is read from the Clerk's desk. The House has a right to establish reasonable and practicable rules for the consideration of even constitutional questions.

But what I want to impress on the Speaker is that the pending motion occupies identically the same status that the census question occupied two years ago. If there had been any question about that, in the absence of a decision of the House, it was then decided that the census bill was privileged under the Constitution, notwithstanding the rules, but that the House had a right to make rules even for the consideration of questions carrying constitutional privilege, and that the effect of the calendar rule was and is to exclude the consideration of all measures not included within the rule except by a two-thirds vote of the House.

That is the situation. That question was decided deliberately by an almost unanimous vote of the House the day following the overruling or reversing the decision of the Speaker. If that decision is to stand, it is decisive of the present question.

Mr. BURKE of Pennsylvania. Mr. Speaker, it seems to me that this is one of the most important questions that this House can be called upon to settle, and when a plain mandate of the Constitution declares that the House "shall proceed to dispose of" the veto, it is utterly preposterous to assume that the House by a mere rule of procedure can interpose an objection sufficiently strong to defeat the purpose of the Constitution. If we can do that in this House——

Mr. BUTLER. But the House has done it.

Mr. BURKE of Pennsylvania. No matter what the House has done. If it has done so, I am sure that it has done wrong.

Mr. BUTLER. Are not the precedents of the House of any consequence, may I ask the gentleman?

Mr. HILL. Mr. Speaker, will the gentleman yield?

Mr. BURKE of Pennsylvania. Yes.

Mr. HILL. Is the gentleman aware that a veto came in here on last Friday, and that at the will of a single man, simply because there were a large number of absentees upon that side of the House, it was laid over until the following Tuesday?

Mr. BURKE of Pennsylvania. In that case the gentleman from Alabama made a motion affecting the disposition of that particular veto message of the President.

Mr. HILL. Oh, not at all. It was simply left upon the Speaker's table until he saw fit to bring it up.

Mr. BURKE of Pennsylvania. In this case by a mere rule of the House it is assumed to prevent that which it is declared by the Constitution we must do. If we can do this in this case, then by a mere rule of the House we can prevent the Congress of the United States from meeting on the first Monday of December, because the English language speaks no more plainly in one instance than it does in the other.

Furthermore, it might by a mere rule circumvent the people in a matter of supreme importance at a most critical time—in the selection of a President of this Republic. The only statute ever enacted by Congress, to my knowledge, affecting a particular legislative day pertains to a Wednesday.

The act of February 3, 1792, relating to the election of a President provides that—

> The Congress shall be in session on the second Wednesday in February succeeding every meeting of the (presidential) electors.

On that day they shall count the electoral vote, and if a majority is not apparent for any presidential candidate, the House shall proceed under the Constitution to elect the President.

Under the Calendar Wednesday rule, as interpreted by its sponsors, it would be impossible for the House to perform this duty as prescribed by the Constitution and by the act of Congress already mentioned.

The House may, it is true, enact rules for its own procedure, but they must not violate the Constitution or a law enacted by both Houses and signed by the President.

I hope the Chair will overrule the point of order and that we may proceed at once to a consideration of this veto message.

The SPEAKER. The Chair is ready to rule.

Mr. UNDERWOOD. Mr. Speaker, before the Chair rules, allow me one word. I wish to say that when the motion was up to which the gentleman from Indiana [Mr. CRUMPACKER] refers there was some question raised in the House as to whether it really was a constitutional question. Upon the question of overruling the Chair, which has been referred to here, when the rules of the House were changed I did not hesitate to say, when the question was under debate, before the vote was taken, that it was a parliamentary revolution, and I have said so repeatedly since.

Mr. MANN. Not the vote on this proposition.

Mr. UNDERWOOD. No.

Mr. MANN. Is this another case of parliamentary revolution?

Mr. UNDERWOOD. Not at all; but when the vote was taken when the Speaker was overruled, and he was taken from the Committee on Rules, gentlemen on the floor of this House know that I stated that in my judgment it was a parliamentary revolution, but that it was a parliamentary revolution of right, because it was the only way that this House could govern itself.

Mr. MANN. But if the gentleman will pardon me, that statement was made with reference to the ruling that a change in the rules was a constitutional question.

Mr. UNDERWOOD. I say it was.

Mr. MANN. That was not the Calendar Wednesday proposition.

Mr. UNDERWOOD. I am not saying it was the Calendar Wednesday proposition. Some gentleman has referred to it here.

Mr. MANN. I referred to it myself. I wanted to know if there were two revolutions. We have had an admission that there has been one.

Mr. UNDERWOOD. No; I think the gentleman from Illinois recollects that I stated it was a revolution at that time.

Mr. SIMS. But the gentleman did not call it so at the time the Norris resolution was up.

Mr. UNDERWOOD. I stated on the floor, in debate, in the only speech I made upon the subject, that it was a parliamentary revolution.

Mr. SIMS. The gentleman is mistaken as to when the Norris resolution was up. The gentleman from Alabama took the opposite position at that time.

Mr. UNDERWOOD. Mr. Speaker, the gentleman from Tennessee probably knows more about what I said than I do myself.

Mr. SIMS. I think the RECORD will bear me out.

Mr. UNDERWOOD. All I have to say in answer now is that there is no question about this; that it is not only a constitutional mandate, but it is a constitutional privilege, and it seems to me beyond any question that no man can contend that a rule of this House can deprive any Member of the House of a privilege he has in the House under the Constitution of the United States. [Applause.]

Mr. FITZGERALD. Mr. Speaker, if the Chair will bear with me, I wish to call the attention of the Chair to what happened on the 16th of March, 1910. On that day, which was a Wednesday, the gentleman from Indiana [Mr. CRUMPACKER] called up House joint resolution 172, a resolution of constitutional privilege. It was a joint resolution affecting the census, and the gentleman from Indiana contended that it was privileged under the Constitution, regardless of the rules of the House. The gentleman from Illinois and myself made the point of order that under the rules of the House it was not in order on Wednesday, unless the House had previously dispensed with business in order under the rule establishing Calendar Wednesday, by a two-thirds vote. Mr. Speaker CANNON held that under the Constitution the matter was privileged, and that the gentleman's motion was in order. I appealed from the decision of the Speaker, and the matter was debated at some length. Finally, the House by a vote of 112 to 163 overturned the ruling of the Speaker and held that the motion was not in order as a matter of constitutional privilege.

The SPEAKER. When was that vote taken?

Mr. FITZGERALD. Upon the 16th day of March, 1910. The following day the gentleman from Indiana called up the same resolution as a matter of privilege under the Constitution, and the House decided it was a privileged matter under the Constitution, and in order upon any day of the week except Calendar Wednesday. The House, under the Constitution, has the right to frame rules for its procedure. Under the rules of the House the question of consideration shall not be put on any question unless it be demanded. If it were not for that rule, under the parliamentary practice under which the House proceeds whenever any motion is submitted to the House, the question as to whether the question shall be considered would first be put by the Speaker, and unless it were determined by a majority vote that the question should be considered it would not be considered by the House at all. This is in effect what is known as a second. So far as Calendar Wednesday is concerned, the House by rule has practically determined, unless by a vote of two-thirds of the Members affirmatively recorded, that no business except business of a designated character shall be in order on that day.

Calendar Wednesday was set aside, after great agitation, to protect the Members of the House in their decision to put aside at least one day in which business on the calendars should be considered without the interference of privileged business in the House. It had been a matter of complaint for years that by manipulation of matters of privilege bills upon the calendars, in which a great majority of the House were interested, could not be considered because matters which were privileged were continually being called up. On Calendar Wednesday, except in the manner provided by the rule upon a motion to dispense with business in order under the rule, no other business can be taken up as being privileged or because the Constitution provides certain matters shall be done; otherwise it is possible to prevent the utilization of Wednesday in the manner provided by the rule and intended by the House. Immediately after the establishment of Calendar Wednesday the House on two occasions decisively determined it would not tolerate any business intervening with the business the House had determined should be considered upon that day. The rule of the House does not say that matters which arise under the Constitution shall not be considered on this day, but the rule in effect says that business of any character except that designated in the rule shall not be considered on that day, unless two-thirds of the House shall so determine. Suppose this motion of the gentleman from Alabama is made, that notwithstanding the objection of the President this bill be passed. Any Member of the House has the right to raise the question of consideration. A majority voting not to consider the bill, whether privileged under the Constitution or not, it could not be submitted to the House. The House has provided that a two-thirds vote shall be a requisite to proceeding to the present consideration of business on Wednesday other than that provided in the rule. Therefore, under this rule if a vetoed bill can be considered or a motion to pass a bill vetoed by the President can be considered, or any other matter of alleged privilege, as an election case involving the right of a Member to his seat, a

number of matters might be injected here on Calendar Wednesday on the theory that they were privileged under the Constitution, and in that way Calendar Wednesday would be destroyed. Whether this rule has worked out as many Members hoped, whether it has been as beneficial as desired, there is no doubt, Mr. Speaker, that it has relieved the situation in the House, and I believe it unwise to take any position that would permit the injection on any grounds whatever, even under the plea of privilege under the Constitution, of any business except in accordance with the rule.

Mr. BURKE of Pennsylvania. Will the gentleman permit me a question? Suppose an election of the President of the United States were thrown into this House? Does the gentleman mean to say that in the face of the provision of the Constitution that we shall proceed to an election of a President that the rule of Calendar Wednesday would prevent our taking that action?

Mr. FITZGERALD. I mean to say the House could determine by a majority vote that it would not proceed to do so, regardless of what the Constitution ordained. The House has decided by its rules that on this day certain business shall be in order, and it is in order to consider any other business if, on a motion supported by a two-thirds vote, it is so decided.

The SPEAKER. Has the gentleman concluded?

Mr. FITZGERALD. I simply wish to say further, in reply to the contention that it is a matter of privilege under the Constitution that a motion to adjourn is in order. If it were carried, that would prevent consideration. A motion to lay on the table is in order. A motion to refer to a committee is in order, and the House, by its rules, has decided that it may dispose in different ways of these matters. I believe it unwise to make a ruling that would make it possible to encroach upon Calendar Wednesday, except in the manner provided by the rule, and I shall not assent to such action.

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

Mr. LONGWORTH. A parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LONGWORTH. Suppose that in this case immediately after the reading of a presidential veto message a motion is made to immediately consider that message, would a motion to postpone consideration be in order?

The SPEAKER. The Chair thinks it would, although he has not inquired into the rule on that question.

Mr. SHERLEY. Mr. Speaker, if the gentleman will permit, I have examined the decisions, and there are any number of them to the effect that, the motion having been made to reconsider the vote on a measure vetoed by the President, it was in order to move to postpone to a certain day, or to lay on the table, to commit to a committee, and to adjourn. The mandate of the Constitution that the House should reconsider its vote on a vetoed bill, it has been held, did not deprive the House of the right of determining when and the manner by which it could reconsider. In one instance the matter was postponed until the next day for the veto message to be printed.

The SPEAKER. Will the gentleman from Ohio suspend for half a minute? The statement that had been made by the gentleman from Kentucky [Mr. SHERLEY] is absolutely correct, and there is one further statement that he might have made that goes the whole length, and that is, as a matter of fact, any motion pertains to it, and it can go to the next session.

Mr. LONGWORTH. Then, a motion to immediately consider would not forestall any motion to postpone?

The SPEAKER. It does not postpone by any motion——

Mr. CANNON. Or, in other words, the majority of the House can do whatever it chooses and consider whatever it pleases.

Mr. SHERLEY. That does not follow at all. The real question here is not whether the motion to reconsider being up certain other motions may be made touching it, but whether the motion to reconsider is of such a privilege that it would require the Chair to consider it, in spite of the rules of the House to the contrary. That is the question at issue.

The SPEAKER. The truth about what the House did in the spring of 1910 as to the question of constitutional privilege raised on the census bill by the gentleman from Indiana [Mr. CRUMPACKER] was stated correctly by the gentleman from Alabama [Mr. UNDERWOOD]. It is not necessary for us to forget everything we know in order to arrive at a conclusion about this matter. The very same men who are arguing this matter here to-day participated very largely in those debates. The transaction which is referred to, on motion of the gentleman from Indiana [Mr. CRUMPACKER], was just simply part and parcel of a general parliamentary revolution, on which the majority of this House had made up its mind it was going to enter. The present occupant of the chair stated that on the floor of the House in words as plain as the English language could make it—that it was a revolution in which we were engaged and that there was no use to mince words about it. So did the gentleman from Alabama [Mr. UNDERWOOD] and others. We never made any pretense that our proceedings were other than revolutionary in a parliamentary sense.

The gentleman from Alabama [Mr. UNDERWOOD] got at the meat in this matter when he said that acting on a President's veto is one of the most important matters that come before the House.

The Chair is still in doubt whether the Crumpacker resolution is of constitutional privilege or not, but the Chair has no doubt whatever that this proposition now pending to act on this veto message is bottomed on a constitutional mandate. The language of the Constitution is:

> If he approve, he shall sign it; but if not, he shall return it with his objections to the House in which it shall have originated, who shall enter the objections at large on the Journal and proceed to reconsider it.

What the gentleman from Kentucky [Mr. SHERLEY] said is absolutely true, that the very same motions which apply to any other matter before the House apply to this; that is, to postpone, and so forth. And the Chair thinks the Chair has demonstrated by his whole course here that he is as jealous of preserving the sanctity of Calendar Wednesday as any other Member of the House. It has been pretty well observed, and, as the gentleman from New York [Mr. FITZGERALD] said, while it has not accomplished all the good expected and hoped for, it has done a good deal of good.

But to say that a question of great constitutional importance like this shall not be passed on on Calendar Wednesday might mean, in certain contingencies, a very serious injury, or at least a grievous inconvenience to the Government of the United States or to the American people. For example, the law of the land is that on the second Wednesday in February the two Houses of the Congress shall meet in joint session to count the electoral vote for President and Vice President, and the framers of that statute were so careful and so wise as to direct that on that day the Congress must be in session—a most extraordinary and drastic provision; and certainly nobody will seriously contend that notwithstanding the rule establishing Calendar Wednesday the Congress could not proceed to discharge one of its most important duties.

The Chair does not know whether or not the gentleman from Pennsylvania [Mr. BURKE] remembered the case that put the idea in his mind, but he touched on another question of great importance. In the winter of 1876–77 Mr. Speaker Randall, one of the greatest Speakers that ever occupied the chair, overruled point after point that was justified to be made by the rules of the House, and forced to a conclusion the election of a President of the United States as being a matter of the supremest importance; and the passions of that day having subsided, history has vindicated him for what at the time was denounced as being a high-handed proceeding and a bold usurpation of power.

The Chair is of opinion that action on this veto is by a constitutional mandate, and that it has precedence of the business of Calendar Wednesday. [Applause on the Democratic side.]

Mr. MANN. Mr. Speaker, those who were revolutionists three years ago seem to be reactionaries now, and in order to show that I shall appeal from the decision of the Chair.

The SPEAKER. The gentleman from Illinois [Mr. MANN] makes an appeal from the decision of the Chair.

Mr. UNDERWOOD. Mr. Speaker, I move to lay the appeal on the table.

The SPEAKER. The gentleman from Alabama moves to lay the appeal on the table. The question is on agreeing to that motion. Those in favor of tabling the appeal will vote "aye"; those opposed will vote "no."

Mr. MANN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. The Clerk will call the roll. Those in favor of tabling the appeal will answer "yea" when their names are called; those opposed will answer "nay."

The question was taken; and there were—yeas 240, nays 10, answered "present" 7, not voting 132, as follows:

YEAS—240.

Adair	Bathrick	Bulkley	Cannon
Adamson	Beall, Tex.	Burke, Pa.	Carter
Aiken, S. C.	Blackmon	Burke, S. Dak.	Claypool
Akin, N. Y.	Booher	Burke, Wis.	Clayton
Alexander	Borland	Burleson	Connell
Allen	Bowman	Burnett	Conry
Ansberry	Bradley	Butler	Covington
Ashbrook	Brantley	Byrns, Tenn.	Crago
Austin	Brown	Calder	Crumpacker
Ayres	Browning	Campbell	Curley
Bartholdt	Buchanan	Candler	Danforth

Davenport	Hamlin	McDermott	Saunders
Davis, Minn.	Hammond	McKellar	Scully
Davis, W. Va.	Hardy	McKinley	Sells
De Forest	Harrison, Miss.	McKinney	Shackleford
Dent	Hay	McLaughlin	Sharp
Denver	Hayden	McMorran	Sherley
Difenderfer	Heflin	Maguire, Nebr.	Sims
Dixon, Ind.	Helm	Maher	Sisson
Dodds	Henry, Tex.	Mann	Sloan
Doremus	Hensley	Matthews	Smith, J. M. C.
Doughton	Hill	Miller	Smith Saml. W.
Draper	Holland	Mondell	Smith, Tex.
Driscoll, D. A.	Houston	Moon, Tenn.	Speer
Driscoll, M. E.	Howard	Moore, Pa.	Stanley
Estopinal	Howell	Morgan	Stedman
Evans	Howland	Morrison	Stephens, Miss.
Fairchild	Hughes, N. J.	Moss, Ind.	Stephens, Nebr.
Faison	Hull	Mott	Stephens, Tex.
Farr	Humphrey, Wash.	Murray	Sterling
Fergusson	Jacoway	Needham	Stevens, Minn.
Ferris	James	Neeley	Stone
Finley	Johnson, Ky.	Norris	Sulloway
Flood, Va.	Jones	Oldfield	Sulzer
Floyd, Ark.	Kahn	Olmsted	Sweet
Focht	Kendall	O'Shaunessy	Switzer
Fornes	Kennedy	Padgett	Taggart
Foss	Kent	Page	Talcott, N. Y.
Foster	Kinkaid, Nebr.	Patten, N. Y.	Taylor, Ohio
Fowler	Kinkead, N. J.	Patton, Pa.	Thayer
French	Kitchin	Payne	Thomas
Gallagher	Konig	Pepper	Towner
Gardner, N. J.	Korbly	Pickett	Townsend
George	Lafean	Plumley	Tribble
Gill	Lafferty	Porter	Turnbull
Glass	La Follette	Post	Underhill
Godwin, N. C.	Lawrence	Pou	Underwood
Goeke	Lee, Ga.	Rainey	Utter
Goldfogle	Lever	Raker	Vare
Good	Levy	Ransdell, La.	Watkins
Goodwin, Ark.	Lewis	Rauch	Webb
Graham	Lindbergh	Rees	Wedemeyer
Gray	Linthicum	Reilly	Weeks
Green, Iowa	Littlepage	Robinson	Whitacre
Gregg, Pa.	Lloyd	Roddenbery	White
Gregg, Tex.	Lobeck	Rodenberg	Willis
Griest	Longworth	Rothermel	Wilson, Ill.
Hamill	Loud	Rucker, Colo.	Wilson, Pa.
Hamilton, Mich.	McCall	Russell	Witherspoon
Hamilton, W. Va.	McCreary	Sabath	Young, Kans.

NAYS—10.

Anderson, Minn.	Fitzgerald	Jackson	Warburton
Anthony	Haugen	Morse, Wis.	
Cooper	Helgesen	Steenerson	

ANSWERED "PRESENT"—7.

Hawley	Martin, Colo.	Sparkman	Woods, Iowa
McCoy	Slayden	Talbott, Md.	

NOT VOTING—132.

Ainey	Dies	Humphreys, Miss.	Prouty
Ames	Donohoe	Johnson, S. C.	Pujo
Anderson, Ohio	Dupré	Kindred	Randell, Tex.
Andrus	Dwight	Knowland	Redfield
Barchfeld	Dyer	Konop	Reyburn
Barnhart	Edwards	Kopp	Richardson
Bartlett	Ellerbe	Lamb	Riordan
Bates	Esch	Langham	Roberts, Mass.
Bell, Ga.	Fields	Langley	Roberts, Nev.
Berger	Fordney	Lee, Pa.	Rouse
Boehne	Francis	Legare	Rubey
Broussard	Fuller	Lenroot	Rucker, Mo.
Burgess	Gardner, Mass.	Lindsay	Sheppard
Byrnes, S. C.	Garner	Littleton	Sherwood
Callaway	Garrett	McGillicuddy	Simmons
Cantrill	Gillett	McGuire, Okla.	Slemp
Carlin	Gould	McHenry	Small
Cary	Greene, Mass.	McKenzie	Smith, Cal.
Clark, Fla.	Gudger	Macon	Smith, N. Y.
Cline	Guernsey	Madden	Stack
Collier	Hanna	Martin, S. Dak.	Stephens, Cal.
Copley	Hardwick	Mays	Taylor, Ala.
Cox, Ind.	Harris	Moon, Pa.	Taylor, Colo.
Cox, Ohio	Harrison, N. Y.	Moore, Tex.	Thistlewood
Cravens	Hartman	Murdock	Tilson
Cullop	Hayes	Nelson	Tuttle
Currier	Heald	Nye	Volstead
Curry	Henry, Conn.	Palmer	Vreeland
Dalzell	Higgins	Parran	Wilder
Daugherty	Hinds	Peters	Wilson, N. Y.
Davidson	Hobson	Powers	Wood, N. J.
Dickinson	Hughes, Ga.	Pray	Young, Mich.
Dickson, Miss.	Hughes, W. Va.	Prince	Young, Tex.

So the motion to lay on the table the appeal from the decision of the Chair was agreed to.

The Clerk announced the following pairs:

For the session:

Mr. RIORDAN with Mr. ANDRUS.

Mr. MCGILLICUDDY with Mr. GUERNSEY (on all questions except battleships, free tolls, and interstate shipment of intoxicating liquors).

Mr. BELL of Georgia with Mr. LANGHAM.

Mr. BROUSSARD with Mr. YOUNG of Michigan.

Mr. SLAYDEN with Mr. TILSON.

Mr. SHEPPARD with Mr. BATES.

Mr. ROUSE with Mr. HAYES.

Mr. GUDGER with Mr. HUGHES of West Virginia.

Mr. COLLIER with Mr. WOODS of Iowa.

Until further notice:

Mr. DUPRÉ with Mr. MCGUIRE of Oklahoma.

Mr. ELLERBE with Mr. MCKENZIE.

Mr. FRANCIS with Mr. MOON of Pennsylvania.

Mr. GARNER with Mr. NYE.

Mr. GARRETT with Mr. FORDNEY.

Mr. GOULD with Mr. MURDOCK.

Mr. HARDWICK with Mr. PRAY.

Mr. HUGHES of Georgia with Mr. PRINCE.

Mr. HUMPHREYS of Mississippi with Mr. PROUTY.

Mr. KONOP with Mr. REYBURN.

Mr. LEGARE with Mr. ROBERTS of Massachusetts.

Mr. MOORE of Texas with Mr. ROBERTS of Nevada.

Mr. REDFIELD with Mr. VREELAND.

Mr. SHERWOOD with Mr. WILDER.

Mr. SMITH of New York with Mr. WOOD of New Jersey.

Mr. YOUNG of Texas with Mr. SIMMONS.

Mr. LAMB with Mr. STEPHENS of California.

Mr. TUTTLE with Mr. POWERS.

Mr. DIES with Mr. KNOWLAND.

Mr. DONOHOE with Mr. HINDS.

Mr. DICKINSON with Mr. HIGGINS.

Mr. DAUGHERTY with Mr. HEALD.

Mr. TAYLOR of Alabama with Mr. HARTMAN.

Mr. CULLOP with Mr. HARRIS.

Mr. COX of Indiana with Mr. HANNA.

Mr. CLINE with Mr. FULLER.

Mr. CLARK of Florida with Mr. CURRY.

Mr. CANTRILL with Mr. CURRIER.

Mr. CALLAWAY with Mr. COPLEY.

Mr. BURGESS with Mr. CARY.

Mr. BOEHNE with Mr. BARCHFELD.

Mr. BARNHART with Mr. AINEY.

Mr. RICHARDSON with Mr. MARTIN of South Dakota.

Mr. SPARKMAN with Mr. DAVIDSON.

Mr. RUCKER of Missouri with Mr. DYER.

Mr. JOHNSON of South Carolina with Mr. GILLETT.

Mr. RUBEY with Mr. HAWLEY. (Mr. HAWLEY reserves the right to vote on all measures pertaining to his State.)

Mr. TALBOTT of Maryland with Mr. PARRAN.

Mr. CARLIN with Mr. SLEMP.

Mr. MAYS with Mr. THISTLEWOOD.

Mr. BARTLETT with Mr. GREENE of Massachusetts.

Mr. TAYLOR of Colorado with Mr. AMES.

Mr. RANDELL of Texas with Mr. SMITH of California.

Mr. EDWARDS with Mr. DALZELL.

Mr. MARTIN of Colorado with Mr. KOPP.

Mr. LITTLETON with Mr. DWIGHT.

Mr. PALMER with Mr. HENRY of Connecticut.

Mr. FIELDS with Mr. LANGLEY.

Ending August 28:

Mr. BYRNES of South Carolina with Mr. MADDEN.

Mr. MONDELL. Mr. Speaker, not hearing clearly, I think I answered "yea" when the name of Mr. BARCHFELD was called. Later, when my name was called, I failed to hear it.

The SPEAKER. The Clerk will call the gentleman's name.

The Clerk called the name of Mr. MONDELL, and he voted "yea."

The SPEAKER. Is the gentleman from Pennsylvania, Mr. BARCHFELD, here?

Mr. MONDELL. I think so. I heard the last syllable of the name, and, not knowing what stage of the roll call had been reached, I mistook it for my name.

The SPEAKER. The Clerk will strike off Mr. BARCHFELD'S vote.

On this question the yeas are 240, the nays are 10, present 7. The decision of the Chair stands as the judgment of the House, and the question is——

SWEARING IN OF A MEMBER.

Mr. MANN. Mr. Speaker, I desire to present a matter of privilege. On the 30th of July an election was held in the first district of Vermont, to elect a Member of the House to succeed Mr. David J. Foster, deceased.

Mr. UNDERWOOD. Mr. Speaker, I rise to a point of order, that there is a question pending before the House, which the Speaker was about to state, and that it is of the highest privilege.

Mr. MANN. The gentleman can object to this. I am about to make a request for unanimous consent.

Mr. UNDERWOOD. I did not understand that. I thought the gentleman was going to submit a privileged motion.

Mr. MANN. No. At the election held in the first district of Vermont Mr. FRANK L. GREENE was elected. While the cer-

tificate has not been received here, there is no contest over the election, and in accordance with numerous precedents in the House I ask unanimous consent that the Member elect, Mr. GREENE, may now take the oath of office.

The SPEAKER. The gentleman from Illinois [Mr. MANN] states that the late Mr. Foster's successor was elected on a certain day, and that while the certificate has not arrived there is no dispute about the fact, and he asks that the Member elect be sworn in. Is there objection?

There was no objection.

Mr. GREENE of Vermont presented himself at the bar of the House and took the oath of office.

VETO MESSAGE—THE IRON AND STEEL SCHEDULE.

The SPEAKER. The question is, Will the House, upon reconsideration, agree to pass the iron and steel bill, the objections of the President to the contrary notwithstanding?

Mr. UNDERWOOD. I desire to address the House for a short time, and will ask the gentleman from New York [Mr. PAYNE] how much time he desires to occupy in debate on this question?

Mr. PAYNE. I think I am ready for a vote now. How much time does the gentleman propose to use?

Mr. UNDERWOOD. I am prepared to suggest that we divide an hour between us.

Mr. PAYNE. All right.

The SPEAKER. What is the agreement as to time?

Mr. UNDERWOOD. I ask unanimous consent that the debate on this motion be confined to one hour, at the end of which time the previous question shall be considered as ordered, one half the time to be controlled by the gentleman from New York, the other half by myself.

The SPEAKER. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that the debate on this veto be confined to one hour, half of it to be controlled by himself and half by the gentleman from New York [Mr. PAYNE], and that at the end of the hour the previous question be considered as ordered. Is there objection?

There was no objection.

Mr. LEVY. Mr. Speaker, pending this question, I ask to bring up a question of personal privilege.

The SPEAKER. The matter that is up now is a question of the highest privilege.

Mr. LEVY. Pending this, may I ask a question?

The SPEAKER. The question that is up now is a question of the highest privilege, and you can not have two questions of privilege up at once.

Mr. UNDERWOOD. Mr. Speaker, the President of the United States has determined to prevent if possible the Congress from legislating in reference to tariff bills. Again he has returned, with his veto, a bill passed by both Houses of Congress revising downward the duties on metals. There is a remarkable thing about this bill that the country should know. This bill has passed a Democratic House, receiving not only Republican votes in this House, but in the Senate, where a majority of the Members, when elected, held allegiance to the Republican Party. This bill passed with only two slight amendments—one reducing the duty on pig iron and allied products from 8 to 6 per cent, while the other reduces the duty on the ferroalloys from 15 to 10 per cent. I therefore judge that the controlling majorities in the two branches of the Congress, many of them belonging to different political parties, were in unison as to the wisdom of this legislation.

It is unusual that a bill amending an entire tariff schedule can pass the two Houses without material amendments; this bill has been practically approved by both Houses with only two small and unimportant amendments, and those amendments are not cited among the objections the President of the United States brings against this bill.

In both of the veto messages the President has recently sent to the Congress he has said that the reports fail to show that an investigation had been made with reference to particular items.

Mr. Speaker, the President did not direct his Tariff Board to investigate the iron and steel schedule. That was a question for him to determine. No fault rests upon us. But the fact is—although he says nothing about it in this message—he instructed the Bureau of Corporations to make a full and complete investigation of the iron and steel schedule, and in his veto message of the cotton schedule of 1911, to which bill was attached by the Senate a metal-revision amendment, he stated that the Bureau of Corporations was engaged in an investigation of the iron and steel industry, and that the Congress should wait until it had received that report.

Before this bill was passed by this House the report of the Bureau of Corporations on this particular schedule was before the Ways and Means Committee. That report is the rsult of an investigation ordered by the Executive, and an investigation available to the President, if he desired to use it.

He had more. He had the investigation of the Bureau of Corporations, a voluminous report, printed in two volumes, going into details in respect to all these questions. He also had reports from the Immigration Commission in reference to the questions of labor involved, as well as reports from the Bureau of Labor. In addition to all this, when this bill reached his hands he had the thorough and complete report of the committee appointed by this House to investigate the so-called Steel Trust, going largely into the details of this question; an investigation he was willing to accept when he ordered his Attorney General to file proceedings against the United States Steel Corporation. Yet he wishes to repudiate the legislation of this Congress with respect to the metal schedule, because, as he says, there had been no investigation. What of the investigation when he signed the Payne-Aldrich bill? He had all the information before him when this bill was presented to him that he possessed when he signed that bill. [Applause on the Democratic side.] But he is not willing to accept all or any of these investigations when the Congress of the United States asked him to revise the iron and steel schedule downward in the interest of the people of the United States. [Applause on the Democratic side.] He says there were no public hearings; none were asked for on this schedule. There were ample public hearings in connection with the Payne bill in 1909; they were all printed and are of record. The facts brought out at that time apply as well to-day as they did three years ago when he signed the Payne bill.

You can come to but one conclusion in reference to these vetoes, which is that the President has determined that no one shall revise the tariff except the "standpat" element of the Republican Party. [Applause on the Democratic side.] And unless he can get a bill that is O. K'd by the gentleman from New York and the colleagues of his particular faith, the President will not let us legislate on the subject if he can help it.

He says in his message:

> A bill for the complete revision of this schedule was presented to me a year ago in the extra session of this Congress. Many increases and decreases of rates are now made from those in the former measure. Changes are not explained, indicating hasty preparation of both.

Mr. Speaker, a statement of that kind in an important public document is not only lamentable but pitiable. [Applause on the Democratic side.] He vetoes a public measure because in the lapse of a year's time the Congress had made some changes in the rates in a bill, which he said himself ought not to be signed, and because we changed the rates and have not communicated to him our reasons for the change of rates in the two bills it, forsooth, must receive his veto. Certainly, upon due reflection, the President would not send to the Congress of the United States that statement as a reason for defeating the will of the American people as expressed by their representatives in the Congress of the United States. [Applause on the Democratic side.] It seems, though, that he is unable to wander far afield from his home State. On yesterday we had a message before this Congress vetoing a revision of the woolen schedule, and, forsooth, the principal question that was involved and stressed in that message was the amount of duty that should be levied to protect sheep raising in Ohio. In the message which the President sends to-day he names among his objections the fact that certain items are, as he thinks, improperly placed on the free list; among these items are machine tools, which are largely made in the State of Ohio.

The President of the United States should realize that in writing these great legislative measures, these revenue measures, we can not legislate for any one State; the domain of our legislation must reach to the farthest walls of the Republic.

The following table presents an *analysis of important items* of the free list of the metal bill (H. R. 18642), and fully explains the action of the Ways and Means Committee and of the House in recommending the removal of these articles from the dutiable to the free list. The items shown are barbed fence wire, nails, tacks, cash registers, machine tools, printing presses, typewriters, sewing machines, and so forth. This country is as to these goods preeminently an exporting country, and we can not under any circumstances expect to materially increase imports and secure from these articles any considerable amount of duties. Our domestic production of these goods amounts to more than $182,000,000 annually; our exports to nearly $33,000,000; our domestic consumption to about $152,000,000, while our imports are less than $300,000, and the duties in 1911 were less than $85,000.

Production, imports, exports, and consumption for 1910 and duties for 1911 of the leading articles of the free list of the metal bill (H. R. 18642).

Articles.	Production.	Imports.	Exports.	Consumption.	Duties (1911).
Barbed fence wire, etc...	$13,882,000	$605	$4,322,311	$9,560,294	$1.00
Cut nails, etc.....	2,218,000	877	407,904	1,810,973	166.00
Horseshoe and hob nails, etc.....	2,207,000	2,162	.....	2,209,162	221.00
Wire nails, etc.....	29,320,000	209	1,705,026	27,615,183	52.00
Horse and mule shoes, etc.....	7,523,000	105	.....	7,523,106	1,764.00
Cut tacks and brads, etc.	5,255,000	22	613,004	4,642,018	.16
Cash registers[1].....	23,708,000	533	2,920,517	20,788,517	596.00
Machine tools.....	[2]50,000,000	177,000	[3]5,000,000	45,177,000	57,324.00
Printing presses.....	(4)	30,001	2,065,299	(4)	8,503.00
Typewriters and supplies.....	19,719,000	838	8,239,510	11,480,328	180.00
Sewing machines.....	28,262,000	76,964	7,513,852	20,825,112	15,833.00
Total.....	182,094,000	289,316	32,787,423	151,631,693	84,640.66

[1] Census classification for production is: Cash registers and calculating machines.
[2] Variously estimated at from $50,000,000 to $100,000,000.
[3] Classification under which machine tools are exported is: Metal-working machinery (including metal-working machine tools). Under this classification the exports in 1911 were $9,627,000. Hence estimate of $5,000,000 seems conservative.
[4] No data.

The items that are on the free list in this bill which the President complains of consist of articles like barbed fence wire, which we are exporting, not importing. Under the present act in 1911 the amount of barbed wire imported into the United States amounted to 160 pounds, valued at $4, producing the munificent revenue to the Government of $1. And yet the President is fearful that this industry may be overslaughed and that the protection to prevent 160 pounds of barbed wire being imported into the United States may be jeopardized by this bill, notwithstanding the fact that he has recently fined the same makers of barbed wire for entering into a trust combination for the violation of the Sherman antitrust law. [Laughter and applause on the Democratic side.]

In the case of cash registers, of which we have a monopoly under the patent laws, there are no importations. Printing presses we ship to the farthermost parts of the world. Typewriters we furnish to the people of all the countries of the world. Sewing machines we sell in the Orient for a third of the amount they are sold to the American consumer. Machine tools, made in Cincinnati, Ohio, we are selling in competition with the greatest maker of machine tools in the world.

As shown in the above table, there were about $50,000,000 of machine tools made in the United States in 1910, and the imports of machine tools for 1910 amounted to $177,000. Fifty million dollars worth manufactured and $177,000 worth imported, not one-half of 1 per cent. In the fiscal year of 1912 we exported $12,000,000 worth of machine tools, or $1,000,000 worth a month, and imported less than $200,000 worth.

Of the $12,000,000 worth of machine tools exported last year to the markets of the world, a large proportion of them went into the markets of Germany in competition with the principal manufacturers of machine tools outside of the United States. More than that, I understand that these same manufacturers of machine tools give to the purchasers of such tools in Germany a discount of 5 per cent more than they give the American consumer.

The freight rate and the insurance rate to get into that market must amount to at least 5 per cent, so as a matter of fact we ship machine tools from the United States to Germany, discount and pay tariff taxes to the amount of not less than 10 per cent of the value of the product, and compete with them in their home market. Is there any reason why we should maintain a prohibitive duty for that industry, which brings to the Government of the United States practically no revenue?

Mr. STANLEY. Mr. Speaker, will the gentleman yield?

Mr. UNDERWOOD. Certainly.

Mr. STANLEY. I desire to suggest to the gentleman at this point that the Clariton Steel Co., one of the greatest makers of tool steel in the world, is in a combination with the United States Steel Corporation by which they agree not to compete with each other, and that the whole transaction is set up in the petition filed by the Department of Justice.

Mr. UNDERWOOD. Mr. Speaker, I desire gentlemen to mark this before they vote to give the relief the people demand. The Government of the United States some years ago sent experts abroad to investigate the iron and steel business and the machine industry. The gentleman from New York [Mr. PAYNE] is familiar with the report of Mr. Pepper and other experts on this subject. The President says that he is not informed. He ignores the information that his own experts brought to the Ways and Means Committee. He does not say one word about that in his veto message, but the gentleman from New York will not deny that the report of these experts showed that machine tools made by American manufacturers were being exported in large quantities and sold in every country of Europe. They were found to be sold not only in every European country, but in equal competition with foreign manufacturers, where in countries like Germany the American machine tool had to pay an adverse tariff rate before it was introduced in the competitive market. The same thing is true of many other items in this bill.

The American manufacturer of iron and steel commodities to-day is exporting in large quantities his products into the Canadian market and paying an adverse tariff of a third more than his British competitors, and yet the President says that we will jeopardize this industry and that we will injure American labor if this bill be passed. Does it lie in his mouth to say that we will jeopardize the interests of American labor when this Congress has passed more legislation in the interest of that labor than any other Congress in the history of this Government? [Applause on the Democratic side.] Does it lie in his mouth to say that the American laborer engaged in the iron and steel industry has ever received a dollar's advance in his wage by reason of this protective tariff? You know and I know that the iron and steel industry in many of its branches pays a remunerative wage, but we all know that this is largely due to the compact labor organizations which maintain these rates of wages. In those branches of the iron and steel industry where there is no labor organization, but little better wages are paid to the laborers here than in the markets of Europe.

Mr. JACKSON. Mr. Speaker, will the gentleman yield?

Mr. UNDERWOOD. Yes.

Mr. JACKSON. In this connection I would like to have the gentleman's judgment, because I know it is good, both as to details of iron manufacture and the question of tariff. Will the gentleman now give us his judgment as to whether this bill carries sufficient duties to equal the difference in the cost of labor at home and abroad? I have not heard all that the gentleman has said and perhaps he has already answered that question.

Mr. UNDERWOOD. Mr. Speaker, I will answer the gentleman's question. The average duties that are levied in this bill amount to 22.40 per cent. The average cost of labor in the entire iron and steel industry is 19 per cent of its cost. Nobody will contend that the price paid for labor in this country is more than double the price paid for labor in Germany and England, our two real competitors. There is no use going into other countries, because they are not competitors. If that be the case, then one-half of the labor cost equals the difference between labor here and abroad. Ten per cent would equal the difference in labor cost at home and abroad. This bill gives on an average a tariff rate of 22 per cent.

I reserve the balance of my time.

Mr. PAYNE. Mr. Speaker, the gentleman from Alabama was asked a question as to whether the rates in this bill would equal the difference in the cost of labor here and abroad and he said he would answer the question. What did he say? That the average rates in the bill are 22 per cent, and that the average labor cost is 19 per cent, and that half of that would be less than 22 per cent. He does not say that it is a protective measure. He will not say that. It is made simply for revenue. The average cost of labor in making a ton of pig iron may be 9 per cent. The average cost of labor in making machine tools may be 40 per cent. Nine per cent may equal the difference between the cost of conversion in making pig iron, but an average of that kind would not do a man any good who was engaged as a skilled laborer in making machine tools.

Mr. UNDERWOOD. Mr. Speaker, will the gentleman yield for a question?

Mr. PAYNE. Yes; I will yield for a question now.

Mr. UNDERWOOD. When the machine-tool trade sell a large portion of their product in the country of their principal competitor, does not that of itself demonstrate that there is no difference in the cost?

Mr. PAYNE. Mr. Speaker, the gentleman knows that machine tools sold abroad are sold because of their peculiar adaptability to certain lines of work, and because we make better machine tools in that line. In other lines we meet their competition, and we have to have the difference in the cost of production here and abroad to maintain our own factories. Right there I desire to say that I was surprised at the insinuation of the gentleman from Alabama that because some of these machine tools were made in Ohio that therefore the President might be inclined to look after them and to veto the bill. He knows that they are made all over the United States as well as in Ohio. Even my genial friend from Brooklyn [Mr. REDFIELD] tells about machine tools that he makes down in our State; and at

the same time he tells about being over at the Pyramids and talking about the price of sewing machines in the Orient, when he meets a man over there and asks him what they sell sewing machines there for and is told so much. Of course he did not give us a history of the man or his name or anything like that, as he failed to do in similar illustrations, but nevertheless that enabled the chairman of the Committee on Ways and Means to come in here and say that they are selling sewing machines abroad for a third of what they are selling them here.

The gentleman says that the laborers get higher wages because of the labor organizations. The gentleman talks about labor organizations securing good wages. Why, gentlemen seem to think all they have to do is to organize and then, no matter whether the manufacturer gets his money back or not, that wages are bound to go up. A man can not pay higher wages here than his competitor pays unless he can get more out of his goods, unless that labor is protected. He has to have the money to pay the wages with; if he does not, his business will go down and he will fail and he will stop his factory. Well, that is a simple matter of economics that never seems to have entered the brain of my friend from Alabama. Suppose his people strike down there for higher wages and they are selling his staple made abroad for less than he can produce it. What will he say to the people who strike? He will say, "Well, I can not get the money to pay higher wages with." We do not pretend these things work automatically, but that you make up the difference in cost, and that is bound of itself and without any action it insures, on the part of the workman, an increase of his wages. A man has got to demand good wages, and not only that but often to have an organization behind him to get the higher wages. I believe in labor organizations, but they can not get the higher wages unless the man who employs him gets the money with which to pay the higher wages. The gentleman talks about the immense amount of information he got from the Stanley committee. Well, it might help him to make a tariff-for-revenue-only bill; it might help him.

What difference does it make about "the average per cent of duty"? The average per cent of duty in the present law is much less than that under the Wilson law, and yet the Wilson law was not constructed on the line of protection, on the line of making up the difference in cost on the article, except as it was amended in the Senate, and on many articles the duty was too low and factories were closed. It is a matter of history. The average rate of duty in the present law is lower than that of any law in the history of the country, except for a period of five years only; lower than any average duty in the last 50 years—18.83 per cent for the year 1912—and yet it has not resulted in closing a factory, or injured any farmer, or prevented any man from working in a factory or on the farm. Why? Because we went to work to make up the difference in cost here and abroad in making up the duty and we worked out that according to the information we had then, which we studied and which seems to be all the information the gentleman has accumulated since, except that from the Stanley committee. According to the members of that committee, they did not go into this question as to the difference in wages and cost of goods. He speaks about the census work. Well, the census work was more in the line of social conditions.

It was not the getting of piece prices or piece cost of labor with any of these people, but the weekly wage and what they had to pay out in order to live—the social conditions. It did not relate at all to the cost of goods; simply the daily wage, and you can not tell anything about the difference in the cost of labor until you get the cost per piece as we got it as far as we were able in the Ways and Means Committee in the limited time we had. We made a revision of the metal schedule that was according to the evidence and the difference of cost of wages. The Senate mutilated it in some particulars, some of which we had to accede to, but when the bill came from the committee to the House the metal schedule was as low as it could be made according to the information we had, simply making up the difference in the cost of wage.

Now, Mr. Speaker, the gentleman yesterday, as an illustration of his fairness, called up an old table on my wool bill, which I presented as a substitute here, and said that an expert had figured it out and the percentage was way up in the 60's or 70 per cent. The gentleman has not told the whole truth. The table he published in his former speech, and the expert said he could not get at a percentage of the duty on these women's and children's goods. Why? Because he did not know the amount of wool or the proportion of wool in those goods. That schedule was carefully drawn, and it allowed compensation equal to the value of the wool in those goods. Some of them had 50 per cent of wool, some of them less than that, and the gentleman had an expert figure it up as the average per cent of duty, figuring the duty on wool equal to the whole weight of the article, cotton and all, and comes in here and talks about fairness! When you take out the cotton and assess the compensatory only on the weight of wool, it is lower than his schedule on that very item of cheaper goods, as I demonstrated when the bill was before the House. And that was his alleged reason for not accepting that bill. The gentleman is mistaken. It was lower on other items than his bill, and the reason he could not accept it was because when the expert figured it out he figured all the cotton in the goods as wool and allowed a compensatory duty of 25 cents a pound on the wool and on the cotton, both contrary to the provisions of the bill and contrary to the practice under the bill if it became a law.

Mr. Speaker, how much time have I consumed?

The SPEAKER pro tempore (Mr. THAYER). The gentleman has consumed 12 minutes.

Mr. PAYNE. I yield five minutes to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Speaker, the gentleman Alabama [Mr. UNDERWOOD] a little while ago in referring to the motives of the President in vetoing this bill did not, I think, make as fair a statement as he almost invariably does. The gentleman in so many words said that one of the principal reasons that led the President to veto this bill was because by it machine tools are placed on the free list and because machine tools are principally made in Cincinnati. Now, this statement is entirely unfair or else it illustrates the absolute lack of information which the chairman of the Ways and Means Committee has upon that subject.

As a matter of fact, there is scarcely a more diversified industry in this country than the machine-tool industry. They are made—I would not like to say positively for fear of exaggerating, not having looked up the question for some time—but I think in nearly half of the States in this country. I know that they are largely made in New York, Massachusetts, New Hampshire, Connecticut, Illinois, and Pennsylvania. A full hearing was given to gentlemen engaged in manufacturing machine tools before the Finance Committee of the Senate, they having been unable to secure a hearing before a committee of this House, and anyone who will take the pains to read those hearings will become convinced that there has been no more unjust, unreasonable, and absolutely foolish thing done in any of the tariff bills that have passed this House than the placing of machine tools upon the free list. Now, in the first place, why was it done? What theory is involved in placing this, one of the most highly finished products of American industry, upon the free list and leaving a considerable duty upon every single article that goes into their manufacture? It is not free trade, because a free trader would take the duties off of the raw material. It is not a tariff for revenue, because by putting the article on the free list you have destroyed the revenue. It is not protection, because the result would be to utterly destroy the industry in this country. It can not be justified by any known theory of tariff making. It is neither flesh, fowl, nor good red herring.

Mr. UNDERWOOD. Will the gentleman allow me to ask him a question?

Mr. LONGWORTH. With pleasure.

Mr. UNDERWOOD. It was anticipated in writing the present law. We put gun barrels on the free list and left quite a duty on pig iron.

Mr. LONGWORTH. Gun barrels is a good argument to use in this instance. It is about as good an argument as the gentleman from Kentucky [Mr. STANLEY] awhile ago used, when he said that the tool steel was now in a combination. The gentleman would never have made that remark if he had known that tool steel and machine tools are as absolutely different one from the other as any two things can be.

Mr. STANLEY. The gentleman did not say tool steel. He said the Crucible Steel Co., a large maker of tool steel.

Mr. LONGWORTH. The gentleman said tool steel.

Mr. STANLEY. Can not the gentleman distinguish between the statement that a large maker of tool steel is in a combination and that steel tools are in it?

Mr. LONGWORTH. Does the gentleman know what machine tools are?

Mr. STANLEY. Certainly.

Mr. LONGWORTH. What are machine tools?

Mr. STANLEY. A tool used in a machine, of course.

Mr. LONGWORTH. Absolutely not. It is nothing like it. Machine tools, I will say to the gentleman, because if he has not got the information it is time that he had it——

Mr. STANLEY. A tool used in making a machine is also a machine tool.

Mr. LONGWORTH. I will tell the gentleman, so that he may have no further misapprehension about the subject. The gentleman says it is a machine that is used in making tools. Of course, it is no such thing, but it is not altogether remarkable that the gentleman from Kentucky should be wrong, considering the fact that the majority of the Ways and Means Committee have but a vague and hazy idea of what machine tools really are. I do not blame the gentleman from Kentucky [Mr. STANLEY] for not being able to get an accurate definition.

I blame him for being able to give no definition at all. Even the Treasury Department officials have not yet fully decided what machine tools are. Generally speaking, they are ordinarily considered to be machinery for working metals, but they have also been held to include machines for woodworking, and machines for polishing stone, and for other purposes. Under these definitions it may be that you are going a good deal further by this proposition than you intended. If future decisions are going to hold that woodworking machinery is to come in free, for instance, you are going to damage other great industries that you have perhaps not contemplated.

There is no theory in the world under which this proposition can be justified. The gentleman from Alabama [Mr. UNDERWOOD] has enunciated two theories under which it is proper to put a highly manufactured article on the free list and leave a duty on all the intermediate products. One is where it is a monopoly or protected by patents. How is it with the machine-tool industry, Mr. Speaker? There is no industry in this country in which there is sharper competition—competition in a very large number of the States in the Union. There has never been a suggestion of any combination. Out of the many millions invested in machine-tool concerns, I do not believe that there is one which has a capitalization of over a million dollars, and they run down to a very modest capitalization amounting in a very large number of concerns to not more than $25,000. It is perhaps the furthest away from a monopoly or a possible monopoly of any important industry in this country.

The other is where the article is largely exported, and the gentleman from Alabama says that machine tools have been and are now being exported in large quantities. Now, that is true to an extent, Mr. Speaker, but it is not true when you insinuate, as the gentleman from Alabama does, that its export is a very large proportion of its annual product. At the most, and under any figures, it is not much over 10 per cent, and the majority can not prove it to be otherwise.

Mr. UNDERWOOD. I will state to the gentleman that I have the figures here since I started to make my speech showing the export of the machine-tool business. Last year there was sold to the domestic trade $40,000,000 worth. They exported $12,000,000 worth of machine tools, or an average of $1,000,000 worth a month, and their total importations were less than $200,000. That is the report of the Treasury Department.

Mr. LONGWORTH. I dislike very much to disagree with the gentleman, but the annual domestic production is very far in excess of $40,000,000. I disagree absolutely with the gentleman, but I do not want to dispute with him here. But leaving out that phase of the question, the fact is that machine tools were originally a purely American industry, and it is true that up to recent years the simpler kinds of machine tools, like shapers and drills and things of that sort, were largely exported. But it is also true that to-day not a single one of these simple machine tools is exported from this country, and, on the contrary, a very large number come in annually from Germany and other countries. The only exports to-day of the machine-tool industry are products of the very highest quality, the most difficult of machine tools to manufacture; and anyone who will take the trouble to examine closely into the matter in the hearings will find——

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. LONGWORTH. Will the gentleman from New York [Mr. PAYNE] give me two minutes more?

Mr. PAYNE. How much time have I left, Mr. Speaker?

The SPEAKER pro tempore. The gentleman has eight minutes remaining.

Mr. PAYNE. I will give the gentleman two minutes.

The SPEAKER pro tempore. The gentleman from Ohio [Mr. LONGWORTH] is recognized for two minutes more.

Mr. LONGWORTH. Anyone who will take the trouble to examine the hearings before the Finance Committee of the Senate will see by actual demonstration that to-day the Germans are in actual competition with us even in the very high qualities of machine tools. They are importing into this country, and with a duty of 30 per cent, precisely the same machine that is made in this country. What would happen if that duty were removed entirely?

It all comes down, gentlemen, to this proposition, that you are, by putting machine tools on the free list, absolutely coming down to the question of the wages of labor. You need not consider here the question of a reasonable profit to the manufacturer. You are getting down now to the difference between the wages here and abroad, and the result, and the only result, of free machine tools must be to utterly destroy the machine-tool industry of this country, or, at the very best, to reduce by 50 per cent the wages of the men employed in making them by those concerns which may perchance survive.

If it is to be the policy of the Democracy to penalize great American industries because, by American energy and enterprise, they have been able in the past, before other nations could find out their methods of manufacture, to export a reasonable amount of their annual product; if it is to be Democratic policy that those people, those Americans, are to be penalized for being successful, we must look forward with dismay to the time when this House shall have with it a sympathetic Senate and a sympathetic President, and shall be able to enact into law such measures as this, for then inevitably will our factories be transferred abroad and our workingmen relieved from further employment in this country. [Applause on the Republican side.]

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. PAYNE. Mr. Speaker, I want to ask the gentleman from Alabama [Mr. UNDERWOOD] if he has more than one speech?

Mr. UNDERWOOD. I yield to the gentleman from New York [Mr. REDFIELD].

Mr. REDFIELD. Mr. Speaker, about two weeks ago my office received an inquiry from the city of Ghent, in Belgium, for certain machinery, upon which a price was asked. Belgium has its own supplies of coal and iron, and the cheapest-paid labor in Europe.

It did not occur to me that that was a serious obstacle against selling there. A price was quoted, and on last Monday the order was received and is now in process of execution. Since the order was received, I asked my officers if they had given to that man their lowest figure? They said no, because upon the first transaction it was not thought best to go to the extreme. Consequently, we have to-day quoted him 10 per cent lower than the price at which we sold him, and the present reduced price is as high or higher than the price in the American market. [Applause on the Democratic side.]

Mr. UNDERWOOD. Will the gentleman from New York [Mr. PAYNE] consume the balance of his time?

Mr. PAYNE. I yield the balance of my time to the gentleman from Illinois [Mr. CANNON].

Mr. CANNON. How much time is there remaining?

The SPEAKER pro tempore. Six minutes.

Mr. PAYNE. I had 10 minutes and yielded 2 minutes. That left 8 minutes.

The SPEAKER pro tempore. The gentleman yielded two minutes more. He has six minutes remaining.

[Mr. CANNON addressed the House. See Appendix.]

The SPEAKER The time of the gentleman has expired. The gentleman from Alabama has three minutes.

Mr. UNDERWOOD. Mr. Speaker, gentlemen on that side of the House are not willing to take our statement in reference to the condition of American labor. I wish to call attention to a statement in reference to the condition of American labor in the iron and steel industry, published in the minority report on the investigation of the United States Steel Corporation, signed by Hon. AUGUSTUS P. GARDNER and Hon. HENRY G. DANFORTH. (H. Rpt. 1127, pt. 2, 62d Cong., 2d sess.)

The labor situation in certain manufacturing departments of the steel industry has always been bad, and to-day is bad. As a rule in the plants of the corporation conditions are better than in the plants of the independents. In rolling mills and the blast furnaces men are often required to work or at all events remain on more or less exacting duty for 12 hours a day for 7 days in the week. Incredible as this may seem, the fact is indisputable.

[Applause on the Democratic side.]

This is the statement published in the records of this House within the last month from the gentlemen on that side of the House, and yet your President and you gentlemen who stand by the old time, standpat Republican principles are insisting that you must maintain this tariff, not for protection to the American manufacturer, but that you must uphold labor conditions in the iron and steel business; labor conditions that you have been protecting by a Republican tariff since the Civil War, and gentlemen on your own side of the House state that these conditions are indefensible. [Applause on the Democratic side.]

The gentleman from Illinois has stated on this floor to-day that I am not in favor of passing this bill. The gentleman from Illinois is not sincere in that statement. He makes it in the heat of debate. He would not challenge the fact that I am not fairly representing my constituency when I vote to reduce the duties in the iron and steel schedule. [Applause on the Democratic side.]

Mr. CANNON. Will the gentleman yield?

Mr. UNDERWOOD. I have only two minutes.

Mr. MANN. The gentleman from Alabama took up half of the time of the gentleman from Illinois.

Mr. UNDERWOOD. Well, I will yield to the gentleman.

Mr. CANNON. While the gentleman desires the passage of this bill, if he will be honest with himself he must confess that he never expected that it would be vitalized into law, and never would have introduced it if he supposed that it would be vitalized into law.

Mr. UNDERWOOD. Mr. Speaker, it was my duty as chairman of this committee to endeavor to get honest legislation for the American people written on the statute books of this country. Until yesterday I admit that I had a doubt as to whether we could pass through the Senate of the United States bills overriding the veto messages, but a new light has broken on Congress, a light that has been reflected from the sentiment of the great masses of the American people, and yesterday we saw it exemplified and voiced by gentlemen on that side of the House through the passage over the President's veto of the bill revising the duties on wool and wool manufactures. [Applause on the Democratic side.]

I wish to call attention to another feature of the high protective policy and to the demand of consumers for consideration in connection therewith. Under the cover of high duties combinations in the industries covered by the metal schedule of the tariff act have grown up and taken control of our home markets. Exorbitant prices are being exacted of domestic consumers. Many American goods are sold cheaper abroad than at home. Thus, our citizens who have generously taxed themselves for the benefit of these industries are by them seriously oppressed. Many domestic industries because of prevailing conditions are weakened and discouraged. Unprotected exporters, whether manufacturers or farmers, are compelled to pay higher prices for materials, machinery, and supplies than are paid by their foreign competitors. Hence, instead of encouraging our home industries, the protective policy is encouraging foreign industries. Largely for this reason many important manufacturing establishments founded and carried on by American capital have in recent years been located abroad instead of in the United States. In a recent English publication entitled "Sixty Years of Progress and Fiscal Policy," by Brassey, I find the following suggestive statement:

> The Singer Sewing Machine Co. has established itself at Kilbowie, near Glasgow, the Babcock & Wilcox Co. at Renfrew. The Westinghouse Co. has erected enormous works in the Manchester district. The Chicago Tool Co. has built a plant at Fraserburgh, near Aberdeen. The Western Electric Co., of Chicago, is interested in extensive factories in London, Paris, Antwerp, and Berlin. The General Electric Co. has recently constructed a large new factory at Rugby, in England. The Hoe Co. is making printing presses in London, where also the American Linotype Co. is making machinery. The Draper Co. has built a textile-machinery works in Lancashire.

It is the conviction of those who have carefully investigated this matter that not less than $50,000,000 of American money is now invested in European plants devoted to the manufacture of American goods, including sewing machines, machine tools, boilers, engines, mining machinery, and so forth. Says a high Republican authority in commenting upon this condition:

> This will necessarily result in a large diminution of an export trade in American manufactures. Instead of making American electrical apparatus, cotton looms, all kinds of machine tools, etc., to ship abroad for sale, our manufacturers will increasingly produce these wares abroad for their foreign trade, and the statistics of our exports will be correspondingly reduced.

Mr. MANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

Mr. CANNON. I ask unanimous consent to extend my remarks in the RECORD, as I was cut off for want of time.

Mr. UNDERWOOD. Mr. Speaker, I ask unanimous consent that gentlemen who have spoken on the bill may have leave to extend their remarks in the RECORD.

The SPEAKER. The gentleman from Alabama asks unanimous consent that all those who have spoken on the bill may have leave to extend their remarks in the RECORD.

Mr. UNDERWOOD. Mr. Speaker, as there seems to be other gentlemen here who want to express themselves on the bill, I ask unanimous consent that all gentlemen in the House may have five legislative days in which to extend remarks on the subject of the bill.

The SPEAKER. The gentleman from Alabama asks unanimous consent that all Members may have five legislative days to extend remarks on the subject of the bill. Is there objection? [After a pause.] The Chair hears none.

Mr. MANN. Mr. Speaker, I ask unanimous consent that I may have leave to extend my remarks in the RECORD.

The SPEAKER. Is not the gentleman included in the blanket permission?

Mr. MANN. Yes; but that is limited to five days, and I do not know whether I can do it within that time or not.

Mr. CANNON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD for the same reason.

The SPEAKER. The gentleman from Illinois, Mr. MANN, and the gentleman from Illinois, Mr. CANNON, ask unanimous consent to extend their remarks in the RECORD without being confined to the five legislative days. Is there objection?

Mr. BURKE of Pennsylvania. Mr. Speaker, reserving the right to object, I want to ask if this includes the discussion of the rule for Calendar Wednesday?

The SPEAKER. The Chair thinks that it does. Is there objection to the request of the gentlemen from Illinois?

There was no objection.

The SPEAKER. The question is, Will the House, on reconsideration agree to pass this bill the objection of the President to the contrary notwithstanding? The Clerk will call the roll.

The question was taken; and there were—yeas 174, nays 83, answered "present" 2, not voting 132, as follows:

YEAS—174.

Adair	Fergusson	Kinkaid, Nebr.	Reilly
Adamson	Ferris	Kinkead, N. J.	Robinson
Aiken, S. C.	Finley	Kitchin	Roddenbery
Akin, N. Y.	Fitzgerald	Konig	Rothermel
Alexander	Flood, Va.	Korbly	Russell
Allen	Floyd, Ark.	Lafferty.	Sabath
Ansberry	Fornes	La Follette	Saunders
Ashbrook	Foster	Lee, Ga.	Scully
Ayres	Gallagher	Lee, Pa.	Shackleford
Bathrick	George	Lever	Sharp
Beall, Tex.	Gill	Levy	Sherley
Blackmon	Glass	Lewis	Sims
Booher	Godwin, N. C.	Lindbergh	Sisson
Borland	Goeke	Linthicum	Sloan
Brantley	Goldfogle	Littlepage	Smith, Tex.
Brown	Goodwin, Ark.	Lloyd	Stanley
Buchanan	Graham	Lobeck	Stedman
Bulkley	Gray	McCoy	Steenerson
Burke, Wis.	Gregg, Pa.	McDermott	Stephens, Nebr.
Burleson	Gregg, Tex.	McKellar	Stephens, Miss.
Burnett	Hamill	Maguire, Nebr.	Stephens, Tex.
Byrns, Tenn.	Hamilton, W. Va.	Maher	Stone
Candler	Hamlin	Moon, Tenn.	Sulzer
Carter	Hammond	Morrison	Sweet
Claypool	Hardy	Morse, Wis.	Taggart
Clayton	Harrison, Miss.	Moss, Ind.	Talcott, N. Y.
Cline	Haugen	Murray	Thayer
Connell	Hay	Neeley	Thomas
Conry	Hayden	Norris	Townsend
Covington	Heflin	Oldfield	Tribble
Curley	Helm	O'Shaunessy	Turnbull
Davenport	Henry, Tex.	Padgett	Underhill
Davis, Minn.	Hensley	Page	Underwood
Davis, W. Va.	Holland	Patten, N. Y.	Watkins
Dent	Houston	Pepper	Webb
Denver	Howard	Peters	Whitacre
Difenderfer	Hughes, N. J.	Post	White
Dixon, Ind.	Hull	Pou	Wilson, Pa.
Donohoe	Jackson	Rainey	Witherspoon
Doremus	Jacoway	Raker	Woods, Iowa.
Doughton	James	Ransdell, La.	Young, Kans.
Driscoll, D. A.	Johnson, Ky.	Rauch	The Speaker
Evans	Jones	Redfield	
Faison	Kent	Rees	

NAYS—83.

Anthony	Fairchild	Lafean	Pickett
Austin	Farr	Lawrence	Plumley
Barchfeld	Focht	Longworth	Porter
Bartholdt	Foss	Loud	Rodenberg
Bowman	French	McCall	Sells
Bradley	Gardner, Mass.	McCreary	Smith, J. M. C.
Browning	Gardner, N. J.	McKinley	Smith, Saml. W.
Burke, Pa.	Good	McKinney	Speer
Burke, S. Dak.	Green, Iowa	McLaughlin	Sterling
Butler	Greene, Vt.	McMorran	Stevens, Minn.
Calder	Griest	Mann	Sulloway
Campbell	Hamilton, Mich.	Matthews	Switzer
Cannon	Harris	Miller	Taylor, Ohio
Cooper	Hawley	Mondell	Towner
Crago	Heald	Moore, Pa.	Utter
Crumpacker	Howell	Morgan	Vare
Danforth	Howland	Mott	Wedemeyer
De Forest	Humphrey, Wash.	Needham	Weeks
Dodds	Kahn	Olmsted	Willis
Draper	Kendall	Patton, Pa.	Wilson, Ill.
Driscoll, M. E.	Kennedy	Payne	

ANSWERED "PRESENT"—2.

	Martin, Colo.	Talbott, Md.	

NOT VOTING—132.

Ainey	Bell, Ga.	Carlin	Cullop
Ames	Berger	Cary	Currier
Anderson, Minn.	Boehne	Clark, Fla.	Curry
Anderson, Ohio	Broussard	Collier	Dalzell
Andrus	Burgess	Copley	Daugherty
Barnhart	Byrnes, S. C.	Cox, Ind.	Davidson
Bartlett	Callaway	Cox, Ohio	Dickinson
Bates	Cantril	Cravens	Dickson, Miss.

Dies	Helgesen	Macon	Rucker, Mo.
Dupré	Henry, Conn.	Madden	Sheppard
Dwight	Higgins	Martin, S. Dak.	Sherwood
Dyer	Hill	Mays	Simmons
Edwards	Hinds	Moon, Pa.	Slayden
Ellerbe	Hobson	Moore, Tex.	Slemp
Esch	Hughes, Ga.	Murdock	Small
Estopinal	Hughes, W. Va.	Nelson	Smith, Cal.
Fields	Humphreys, Miss.	Nye	Smith, N. Y.
Fordney	Johnson, S. C.	Palmer	Sparkman
Fowler	Kindred	Parran	Stack
Francis	Knowland	Powers	Stephens, Cal.
Fuller	Konop	Pray	Taylor, Ala.
Garner	Kopp	Prince	Taylor, Colo.
Garrett	Lamb	Prouty	Thistlewood
Gillett	Langham	Pujo	Tilson
Gould	Langley	Randell, Tex.	Tuttle
Greene, Mass.	Legare	Reyburn	Volstead
Gudger	Lenroot	Richardson	Vreeland
Guernsey	Lindsay	Riordan	Warburton
Hanna	Littleton	Roberts, Mass.	Wilder
Hardwick	McGillicuddy	Roberts, Nev.	Wilson, N. Y.
Harrison, N. Y.	McGuire, Okla.	Rouse	Wood, N. J.
Hartman	McHenry	Rubey	Young, Mich.
Hayes	McKenzie	Rucker, Colo.	Young, Tex.

So (two-thirds having voted in favor thereof) the bill was passed.

The Clerk announced the following additional pairs:

On the metal schedule (affecting veto by the President):

Mr. HILL (to sustain veto) with Mr. WARBURTON and Mr. HELGESEN (against) on the veto by the President of the metal schedule.

Mr. CARLIN and Mr. LENROOT (in favor) with Mr. ANDERSON of Minnesota (against) on veto by the President of steel bill.

Mr. COLLIER and Mr. RUCKER of Colorado (in favor) with Mr. PROUTY (against) on veto by the President of the metal schedule.

Mr. MOORE of Texas and Mr. RANDELL of Texas with Mr. SMITH of California.

Mr. CALLAWAY and Mr. HARDWICK with Mr. MOON of Pennsylvania.

Mr. FRANCIS and Mr. SLAYDEN with Mr. TILSON.

Mr. SMALL and Mr. GOULD with Mr. GREENE of Massachusetts.

Mr. MCHENRY and Mr. BYRNES of South Carolina with Mr. MADDEN.

Mr. DAUGHERTY and Mr. ELLERBE with Mr. CURRIER.

Mr. CANTRILL and Mr. MCGILLICUDDY with Mr. GUERNSEY.

Mr. BROUSSARD and Mr. BURGESS with Mr. YOUNG of Michigan.

Mr. WILSON of New York and Mr. RICHARDSON with Mr. MARTIN of South Dakota.

Mr. DUPRÉ and Mr. SHEPPARD with Mr. BATES.

Mr. BOEHNE and Mr. CLARK of Florida with Mr. AINEY.

Mr. HUGHES of Georgia and Mr. GARRETT with Mr. FORDNEY.

Mr. TAYLOR of Alabama and Mr. BARTLETT with Mr. HARTMAN.

Mr. LINDSAY and Mr. BARNHART with Mr. PRAY.

Mr. TUTTLE and Mr. COX of Ohio with Mr. NYE.

Mr. ANDERSON of Ohio and Mr. GARNER with Mr. HINDS.

Mr. KONOP and Mr. FIELDS with Mr. LANGLEY.

Mr. YOUNG of Texas and Mr. EDWARDS with Mr. DALZELL.

Mr. LAMB and Mr. KINDRED with Mr. MCGUIRE of Oklahoma.

Mr. ROUSE and Mr. CRAVENS with Mr. HAYES.

Mr. HARRISON of New York and Mr. BELL of Georgia with Mr. LANGHAM.

Mr. HOBSON and Mr. GUDGER with Mr. HUGHES of West Virginia.

Mr. ESTOPINAL (against) with Mr. ROBERTS of Massachusetts (to sustain veto). (On all vetoes.)

Mr. SHERWOOD and Mr. PALMER with Mr. HENRY of Connecticut.

Mr. COX of Indiana and Mr. LITTLETON with Mr. DWIGHT.

Mr. CULLOP and Mr. DICKINSON with Mr. HIGGINS.

Mr. DICKSON of Mississippi and Mr. FOWLER with Mr. SLEMP.

Mr. MACON and Mr. LEGARE with Mr. STEPHENS of California.

Mr. DIES and Mr. TAYLOR of Colorado with Mr. AMES.

Mr. RUBEY and Mr. SMITH of New York with Mr. WOOD of New Jersey.

Mr. HUMPHREYS of Mississippi and Mr. PUJO with Mr. ROBERTS of Nevada.

The SPEAKER. Mr. Clerk, call my name.

The Clerk called the name of Mr. CLARK of Missouri, and he answered "Yea."

Mr. BROWN. Mr. Speaker, I desire to have my vote recorded.

The SPEAKER. Did the gentleman vote when his name was called?

Mr. BROWN. Mr. Speaker, I voted on the first roll call, but they did not get my name.

The SPEAKER. The gentleman's name has been recorded.

Mr. HAUGEN. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman in his seat and listening when his name should have been called?

Mr. HAUGEN. Mr. Speaker, I was in my seat and listening.

The SPEAKER. Call the gentleman's name.

The Clerk called the name of Mr. HAUGEN, and he answered "Yea."

Mr. FOWLER. Mr. Speaker, I desire to know how I am recorded.

The SPEAKER. The gentleman is not recorded.

Mr. FOWLER. Mr. Speaker, I desire to cast my vote in the affirmative.

The SPEAKER. Was the gentleman in the Hall and listening when his name should have been called?

Mr. FOWLER. I had just stepped out on a call, Mr. Speaker.

The SPEAKER. The gentleman does not bring himself within the rule.

Mr. TALBOTT of Maryland rose.

The SPEAKER. For what purpose does the gentleman from Maryland rise?

Mr. TALBOTT of Maryland. Mr. Speaker, I am paired with my colleague, Mr. PARRAN. If he were present, I would vote "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Speaker is not certain whether he should ask unanimous consent to read a carefully prepared opinion on a parliamentary question, on a day subsequent to rendering a brief opinion on that question, but to be on the safe side he will do so. Is there objection?

There was no objection.

The SPEAKER. The Chair has a precedent for that. Mr. Speaker CANNON did it once.

The Chair thinks that the question which was decided yesterday is of such far-reaching importance that he owes it to himself, as well as to the House and to future Speakers, to restate his opinion after an examination of the authorities. The parliamentary question in issue was this: On a roll call on passing a bill over the President's veto, in determining whether two-thirds have voted for it, should those answering "present" be taken into consideration or excluded therefrom?

The Chair has accepted the suggestion of the gentleman from Massachusetts [Mr. GARDNER], for whose knowledge of parliamentary law the Chair has very great respect, and that is to give a more elaborate opinion than just simply announcing a decision one way or the other. The importance of the question demanded and has received closest examination. The situation about it is this: Touching the passage of a bill over the President's veto, or the attempt to pass it, the constitutional provision is as follows:

> Every bill which shall have passed the House of Representatives and the Senate shall, before it becomes a law, be presented to the President of the United States; if he approves, he shall sign it; but if not, he shall return it with his objections to that House in which it shall have originated—

In this case the House of Representatives—

> who shall enter the objections at large on their Journal and proceed to reconsider it. If, after such reconsideration, two-thirds of that House shall agree to pass the bill, it shall be sent, together with the objections, to the other House, by which it shall likewise be reconsidered, and if approved by two-thirds of that House it shall become a law. But in all such cases the votes of both Houses shall be determined by yeas and nays, and the names of the persons voting for and against the bill shall be entered on the Journal of each House respectively.

The Chair could very well adopt the remarks of the gentleman from Illinois [Mr. MANN] as his opinion. The Chair takes it that no Speaker is ever going to render an opinion for partisan political effect which he can not stand by whenever the same kind of a question arises again, whether it goes against his political friends or foes.

The first point in the excerpt from the Constitution which attracts attention in this case is "if after reconsideration two-thirds of that House," and so forth. There have been all sorts of contentions about what constitutes "the House." Some gentlemen of eminent ability have contended it means all the Members elect and qualified; others have contended it means simply a quorum, and several decisions, not on this particular question of passing bills over the President's vetoes, but on questions practically involving the same question as to the count, have been rendered, but finally it has come to be accepted that "the House" does not mean all the Members elected and qualified, but only a quorum. The full membership of the present House is 394, a quorum of which is 198; but there are four vacancies, reducing the membership to 390, of which 196 constitute a quorum. That is proposition No. 1.

The second constitutional proposition is stated in these words:

> But in all such cases the votes of both Houses shall be determined by the yeas and nays—

That is, in veto cases—

> And the names of the persons voting for and against the bill shall to be entered on the Journal of each House respectively.

The Chair answered the inquiry of the gentleman from Illinois [Mr. CANNON] inadvisedly, that the names of those present ought to be in the Journal. The Constitution does not require

any such thing. The Chair has investigated that matter since, and it is entirely immaterial whether the names of the 10 gentlemen who answered "present" go in the Journal or not. The Constitution does not provide for a Member voting "present," but the rules of the House, in order to eke out a quorum, have provided that they can vote "present." They have to answer "aye" or "nay" on the roll call in order to be counted on passing a bill over the President's veto. That is the requirement of the Constitution, and if the contention were on a proposition which required only a majority it would be the same way. In fact, that is one unvarying rule of procedure whenever the roll is called on any proposition. The Chair announces: "So many 'ayes,' so many 'nays,' so many 'present'; the 'ayes'—or 'nays,' as the case may be—have it." Those voting "present" are disregarded, except for the sole purpose of making a quorum.

In this case 174 Members voted "aye," 80 voted "no," and 10 answered "present"; 174 plus 80 equal 254, a quorum, without counting the 10 who answered "present." One hundred and seventy-four is more than two-thirds of 254.

These 10 gentlemen were here simply for the purpose of making a quorum. It is clear that to count them on this vote would be to count them in the negative, and the Chair does not believe that any such contention as that is tenable. The Chair holds that, if there is a quorum present on a roll call to determine whether the House will agree to pass a bill over the President's veto, and two-thirds of those voting vote "yea," that is sufficient and is a compliance with the constitutional requirement.

To show that the view expressed by the Chair is correct, there is a fact dehors the record which tends to clarify the situation. Of the 10 Members who answered "present," 7 were Democrats and 3 Republicans. Of course every one of the 7 Democrats, if not paired, would have voted "aye"; so that to have counted in the 7 Democrats who answered "present" in determining the two-thirds would have put them down as voting "no," precisely opposite to the way they would have voted, which amounts to a reductio ad absurdum.

The Chair has hunted up the authorities. There are several of them, but there is no use in citing but one. I take it that political friend and foe alike will admit that when the Hon. Thomas B. Reed expressed an opinion he expressed it so one could understand what it meant, and therefore I will read section 7027, volume 5, Hinds' Precedents, and this is the headline or syllabus:

The vote required on a joint resolution proposing an amendment to the Constitution is two-thirds of those voting, a quorum being present, and not two-thirds of the entire membership. On May 11, 1898, Mr. John B. Corliss, of Michigan, called up the joint resolution (H. Res. 5) proposing an amendment to the Constitution providing for the election of Senators of the United States.

The question being taken on the passage of the resolution, there were—yeas 184, nays 11, and the Speaker announced that the joint resolution was passed, two-thirds having voted in favor thereof.

Mr. EBENEZER J. HILL, of Connecticut, called attention to this clause of the Constitution:

"The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or on the application of the legislatures of two-thirds of the several States shall call a convention for proposing amendments"; and made the point of order that the vote required was two-thirds of the entire membership, not two-thirds of a quorum.

Mr. Speaker Reed said:

"The question is one that has been so often decided that it seems hardly necessary to dwell upon it. The provision of the Constitution says 'two-thirds of both Houses.' What constitutes a House? A quorum of the membership, a majority, one-half and one more. That is all that is necessary to constitute a House to do all the business that comes before the House. Among the business that comes before the House is the reconsideration of a bill which has been vetoed by the President; another is a proposed amendment to the Constitution; and the practice is uniform in both cases that, if a quorum of the House is present, the House is constituted, and two-thirds of those voting are sufficient in order to accomplish the object. It has nothing to do with the question of what States are present and represented, or what States are present and vote for it. It is the House of Representatives in this instance that votes and performs its part of the function. If the Senate does the same thing, then the matter is submitted to the States directly, and they pass upon it.

"The First Congress, I think, had about 65 Members, and the first amendment that was proposed to the Constitution was voted for by 37 Members, obviously not two-thirds of the entire House. So the question seems to have been met right on the very threshold of our Government and disposed of in that way."

It turned out in the evolution of things that when Mr. Speaker Reed made his ruling that he had the right to count the Members who were present and who would not vote, it created a great deal of bitterness, the question finally got into the Supreme Court of the United States, and in the case of the United States *v.* Ballin, in One hundred and forty-fourth United States Supreme Court Reports, this question is gone into, Mr. Justice Brewer rendering the opinion of the Supreme Court. He gives a statement of the matters in controversy:

That the Journal of the House of Representatives shows the facts attending the passage of the act of May 9, 1890, thus:

"The Speaker laid before the House the bill of the House (H. R. 9548) providing for the classification of worsted cloths as woolens, coming over from last night as unfinished business, with the previous question, and the yeas and nays ordered.

"The House having proceeded to the consideration and the question being put,

"Shall the bill pass?

"There appeared: Yeas 138, nays 0, not voting 189.

"The said roll call having been recapitulated, the Speaker announced, from a list noted and furnished by the Clerk, at the suggestion of the Speaker, the following-named Members as present in the Hall when their names were called and not voting, viz:

(Here follows an aphabetical list of the names of 74 Members.)

"The Speaker thereupon stated that the said Members present and refusing to vote—74 in number—together with those recorded as voting—138 in number—showed a total of 212 Members present, constituting a quorum present to do business; and, that the yeas being 138 and the nays none, the said bill was passed."

Mr. Justice Brewer delivered the opinion of the court. He said inter alia:

Two questions only are presented: First, was the act of May 9, 1890, legally passed; and, second, what is its meaning? The first is the important question. The enrolled bill is found in the proper office, that of the Secretary of State, authenticated and approved in the customary and legal form. There is nothing on the face of it to suggest any invalidity. Is there anything in the facts disclosed by the Journal of the House, as found by the general appraisers, which vitiates it? We are not unmindful of the general observations found in Gardner *v.* The Collector (6 Wall., pp. 499, 511), "that whenever a question arises in a court of law of the existence of a statute, or of the time when a statute took effect, or of the precise terms of a statute, the judges who are called upon to decide it have a right to resort to any source of information which in its nature is capable of conveying to the judicial mind a clear and satisfactory answer to such question; always seeking first for that which in its nature is most appropriate, unless the positive law has enacted a different rule." And we have at the present term, in the case of Field *v.* Clark (143 U. S., p. 649), had occasion to consider the subject of an appeal to the Journal in a disputed matter of this nature. It is unnecessary to add anything here to that general discussion. The Constitution (Art. I, sec. 5) provides that "each House shall keep a Journal of its proceedings"; and that "the yeas and nays of the Members of either House on any question shall, at the desire of one-fifth of those present, be entered on the Journal." Assuming that by reason of this latter clause reference may be had to the Journal, to see whether the yeas and nays were ordered; and if so, what was the vote disclosed thereby; and assuming, though without deciding, that the facts which the Constitution requires to be placed on the Journal may be appealed to on the question whether a law has been legally enacted; yet, if reference may be had to such Journal, it must be assumed to speak the truth. It can not be that we can refer to the Journal for the purpose of impeaching a statute properly authenticated and approved, and then supplement and strengthen that impeachment by parol evidence that the facts stated on the Journal are not true, or that other facts existed which, if stated on the Journal, would give force to the impeachment. If it be suggested that the Speaker might have made a mistake as to some one or more of these 74 Members, or that the Clerk may have falsified the Journal in entering therein a record of their presence, it is equally possible that in reference to a roll call and the yeas and nays there should be a like mistake or falsification. The possibility of such inaccuracy or falsehood only suggests the unreliability of the evidence and the danger of appealing to it to overthrow that furnished by the bill enrolled and authenticated by the signatures of the presiding officers of the two Houses and the President of the United States. The facts, then, as appearing from this Journal, are that at the time of the roll call there were present 212 Members of the House, more than a quorum; and that 138 voted in favor of the bill, which was a majority of those present. The Constitution, in the same section, provides that "each House may determine the rules of its proceedings." It appears that in pursuance of this authority the House had, prior to that day, passed this as one of its rules:

"RULE XV.

"3. On the demand of any Member, or at the suggestion of the Speaker, the names of Members sufficient to make a quorum in the Hall of the House who do not vote shall be noted by the Clerk and recorded in the Journal, and reported to the Speaker with the names of the Members voting, and be counted and announced in determining the presence of a quorum to do business." (H. Jour., p. 230, Feb. 14, 1890.)

The action taken was in direct compliance with this rule. The question, therefore, is as to the validity of this rule, and not what methods the Speaker may of his own motion resort to for determining the presence of a quorum, nor what matters the Speaker or Clerk may of their own volition place upon the Journal. Neither do the advantages or disadvantages, the wisdom or folly, of such a rule present any matters for judicial consideration. With the courts the question is only one of power. The Constitution empowers each House to determine its rules of proceedings. It may not by its rules ignore constitutional restraints or violate fundamental rights, and there should be a reasonable relation between the mode or method of proceeding established by the rule and the result which is sought to be atttained. But within these limitations all matters of method are open to the determination of the House, and it is no impeachment of the rule to say that some other way would be better, more accurate, or even more just. It is no objection to the validity of a rule that a different one has been prescribed and in force for a length of time. The power to make rules is not one which once exercised is exhausted. It is a continuous power, always subject to be exercised by the House, and within the limitations suggested, absolute and beyond the challenge of any other body or tribunal.

The Constitution provides that "a majority of each (House) shall constitute a quorum to do business." In other words, when a majority are present the House is in a position to do business. Its capacity to transact business is then established, created by the mere presence of a majority, and does not depend upon the disposition or assent or action of any single Member or fraction of the majority present. All that the Constitution requires is the presence of a majority, and when that majority are present the power of the House arises.

But how shall the presence of a majority be determined? The Constitution has prescribed no method of making this determination, and it is therefore within the competency of the House to prescribe any method which shall be reasonably certain to ascertain the fact. It may prescribe answer to roll call as the only method of determination, or require the passage of Members between tellers and their count as the sole test, or the count of the Speaker or the Clerk and an announcement

from the desk of the names of those who are present. Any one of these methods, it must be conceded, is reasonably certain of ascertaining the fact, and as there is no constitutional method prescribed and no constitutional inhibition of any of those and no violation of fundamental rights in any, it follows that the House may adopt either or all, or it may provide for a combination of any two of the methods. That was done by the rule in question, and all that rule attempts to do is to prescribe a method for ascertaining the presence of a majority and thus establishing the fact that the House is in a condition to transact business.

As appears from the Journal, at the time this bill passed the House there was present a majority, a quorum, and the House was authorized to transact any and all business. It was in a position to act on the bill if it desired. The other branch of the question is whether, a quorum being present, the bill received a sufficient number of votes; and here the general rule of all parliamentary bodies is that when a quorum is present the act of a majority of the quorum is the act of the body. This has been the rule for all time, except so far as in any given case the terms of the organic act under which the body is assembled have prescribed specific limitations, as, for instance, in those States where the constitution provides that a majority of all the members elected to either house shall be necessary for the passage of any bill. No such limitation is found in the Federal Constitution, and therefore the general law of such bodies obtains.

* * * * * * *

Summing up this matter, this law is found in the Secretary of State's office, properly authenticated. If we appeal to the Journal of the House, we find that a majority of its Members were present when the bill passed, a majority creating by the Constitution a quorum, with authority to act upon any measure; that the presence of that quorum was determined in accordance with a valid rule theretofore adopted by the House; and that of that quorum a majority voted in favor of the bill. It therefore legally passed the House, and the law as found in the office of the Secretary of State is beyond challenge.

LEAVE TO PRINT.

Mr. GREGG of Pennsylvania. Mr. Speaker, I ask unanimous consent to have printed in the RECORD the speech of Gov. Woodrow Wilson delivered at the meeting of the Federation of the Democratic Clubs, at Harrisburg, June 15, 1911, together with the introductory remarks made by the Hon. A. MITCHELL PALMER, a Member of this House.

The SPEAKER. The gentleman from Pennsylvania [Mr. GREGG] asks unanimous consent to have the speech made by the Hon. Woodrow Wilson on June 15, 1911, at Harrisburg, Pa., with prefatory remarks by the Hon. A. MITCHELL PALMER, printed in the RECORD.

Mr. MANN. Reserving the right to object, I would like to know if that speech was omitted from the book printed in the RECORD yesterday by the gentleman from Texas [Mr. BURLESON] including a whole lot of speeches?

Mr. GREGG of Pennsylvania. I am not familiar with that fact.

Mr. MANN. It contained a half dozen or more speeches.

Mr. GREGG of Pennsylvania. If it is already printed I will not ask to have it reprinted.

The SPEAKER. Is there objection?

There was no objection.

QUESTION OF PERSONAL PRIVILEGE.

Mr. LEVY. Mr. Speaker, I rise to a question of personal privilege, and ask that the Clerk read the article which I send to the Clerk's desk.

The SPEAKER. How long is it liable to take?

Mr. LEVY. Only a few minutes.

Mr. MANN. What is it, Mr. Speaker?

The SPEAKER. The gentleman from New York [Mr. LEVY] rises to a question of personal privilege, and says it will take only a minute or two to read the clipping which he has sent to the Clerk's desk. The Clerk will read.

The Clerk read as follows:

"COME OUTSIDE," SAYS LONGWORTH TO LEVY—BITTER DISPUTE ON FLOOR OF HOUSE OVER WOOL BILL LEADS TO CHALLENGE BEING HURLED AT NEW YORKER.

WASHINGTON, *August 13.*

NICHOLAS LONGWORTH and Representative JEFFERSON LEVY, of New York, had an altercation on the floor of the House to-day, during which Mr. LONGWORTH invited Mr. LEVY "to come outside with him," where they would settle their differences.

The trouble arose during the vote on the wool bill overriding the President's veto.

LEVY came into the Chamber late and, insisting on his right to have his vote for the bill recorded, told Speaker CLARK that he had been in the Chamber when his name was called but had not heard it.

"Why," exclaimed LONGWORTH, "I saw you coming in here just a minute ago, and it was after the roll call had been completed!"

"You are mistaken," said LEVY hotly. "I was in the Chamber as I have stated."

Walking toward LEVY, the Ohio Congressman, with flushed face, retorted, "I saw you coming into this Chamber just as I have said. Let us go outside and we can settle this question."

LEVY declined the challenge.

Mr. LEVY. Mr. Speaker, that statement is untrue and unjust to my colleague from Ohio [Mr. LONGWORTH] as well as myself. [Applause.]

Mr. LONGWORTH. Mr. Speaker, while I somewhat regret that the gentleman has seen fit to dignify such an utterly absurd story by rising to a question of privilege, I want to say his statement is absolutely accurate. Whatever the gentleman and I may have conversed about yesterday, it was a conversation absolutely private. The gentleman made a statement to me which I was not aware of before, and, of course, his word is not to be doubted. If I had issued an invitation for the gentleman from New York to "come outside" yesterday, it would have been for an entirely different purpose. [Laughter and applause.]

PRINTING OF REMARKS.

Mr. LEE of Georgia. Mr. Speaker, I ask unanimous consent to print in the RECORD an address delivered by my colleague, Mr. BRANTLEY, at Marietta, Ga., on the 12th day of August, 1912, at the unveiling of a monument to the late Senator Clay.

Mr. MOORE of Pennsylvania. Mr. Speaker, reserving the right to object, I have a request of the same kind and will not object——

The SPEAKER. What is the request?

Mr. MOORE of Pennsylvania. My request is to print in the RECORD the official statement as to the contest for seats in the Republican national convention of 1912, showing the disposition of them by the national committee, by the committee on credentials, and by the convention itself.

The SPEAKER. Is there objection?

Mr. CLAYTON. Will this settle the title of President Taft to the nomination? [Laughter on the Democratic side.]

Mr. MANN. No. We will settle that at the polls. [Applause on the Republican side.]

CHANGE OF REFERENCE.

Mr. DANIEL A. DRISCOLL. Mr. Speaker, I ask unanimous consent for a change of reference of Senate bill 3132, granting a pension to Deborah B. Roman, from the Committee on Pensions to the Committee on Invalid Pensions.

Mr. MANN. Is that a private bill?

Mr. DANIEL A. DRISCOLL. Yes.

The SPEAKER. It is a Senate bill, but it is a private bill also. Without objection, it will be so ordered.

There was no objection.

THE COMMERCE COURT.

Mr. OLMSTED. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter printed in the Philadelphia Ledger from the pen of Henry S. Drinker, jr., a brilliant young member of the Philadelphia bar, on the value of the Commerce Court. Mr. Drinker has already achieved an enviable reputation, both as a practitioner and publicist, and whatever he writes is well worthy of serious consideration.

The SPEAKER. The gentleman from Pennsylvania [Mr. OLMSTED] asks unanimous consent to print in the RECORD an article in a newspaper by a Philadelphia lawyer on the Commerce Court. Is there objection?

There was no objection.

Following is the letter referred to:

[From the Philadelphia Public Ledger, Tuesday, Aug. 13, 1912.]

COMMERCE COURT OF GREAT VALUE—PHILADELPHIA LAWYER SHOWS PREJUDICE AGAINST IT TO BE UNWARRANTED, AND HOPES FOR SALVATORY ACTION OF THE PRESIDENT.

To the Editor of the Public Ledger:

SIR: During the past few years it has been the fashion to criticize the courts; the yellow newspapers, the muckraking magazines, and the office-seeking demagogues have vied with one another in denouncing judges and decisions. The public clamors for more.

The many haphazard laws that are continually being thrown into our statute books, filled with emasculating amendments and with ambiguous compromise provisions, are all blamed, not on the legislators who frame them and whose duty it is to put them in unassailable form, but on the judges whose duty it is to interpret them as they are written and not as the court thinks they should have been written.

The most popular outcry of all those directed against certain of the courts is that they favor the special interests against the common people.

No court has come in for more of this adverse criticism than the Commerce Court. Entirely aside from the proceedings against Judge Archbald—which every fair-minded person must admit form no argument against the existence of the court in which he happens to be a member—the public seems to regard the Commerce Court as having consistently opposed and hampered the Interstate Commerce Commission in its effort to secure justice for the public from the railroads. The general impression seems to be that the public would now be better off if the Commerce Court were abolished and we were to go back to the old system under which appeals—or proceedings in the nature thereof, which for convenience I will call appeals—were taken from the commission's decisions to the various district and circuit judges all over the country.

Influenced by public opinion, and with a desire to humiliate the present administration, Congress has practically agreed to abolish the Commerce Court. This it proposes to do not directly by repealing the act creating it, but indirectly by withdrawing from the general appropriation bill the funds with which to keep the court going. As the Constitution requires the continuance of all Federal judges in office during good behavior, the Commerce Court judges are to be retained as circuit judges. It is only the expense of the clerks, offices, etc.—less than $40,000 a year—that is to be done away with.

One way to judge whether the decisions of the Commerce Court have unduly favored the railroads is to read them and to compare them with the decisions in similar cases rendered by the circuit courts before the Commerce Court was created.

From 1887 until 1910 58 orders of the commission came before the circuit courts for review. Twenty-five of the 58 cases ended in the lower courts. In these the commission's order was sustained in 6 and reversed in 19. The other 33 were appealed to the Supreme Court, the lower court having decided 12 of them in favor of the commission and 21 against it. The Supreme Court decided the 33 cases appealed to it, 9 in favor of the commission and 24 against it. In the lower courts the decisions against the commission prior to 1910 were therefore 39 out of 58, or 67 per cent. Those of the Supreme Court 24 out of 33, or 73 per cent, and the ultimate decisions by both courts 43 out of 58, or 74 per cent.

The act provided expressly no appeal by a shipper who had been denied relief by the commission, and all the above decisions against the commission were therefore decisions in favor of the railroads and against the shippers.

Twenty-four final decisions by the Commerce Court have so far been officially reported. Of these 2 concerned merely the jurisdiction of the court, the validity of the commission's order not being passed on. Of the 22 remaining the commission's order was sustained in 12 and reversed in 9, the order in the other cases being sustained in part and reversed in part.

These 9 reversals by the Commerce Court, however, were by no means all cases in which the order of the commission had been in favor of a shipper and against a railroad. In 3 of the 9 the commission had decided in favor of the railroad, and it was the shipper who appealed to the Commerce Court to set the order aside. The latter court for the first time construed the act as providing for appeals by shippers as well as by railroads and annulled the 3 orders of the commission as unduly favoring the carriers.

Two more of the 9 reversals were cases in which the Commerce Court merely continued decrees previously issued by the circuit courts. These should not be charged against the Commerce Court in contrasting its decisions with the previous circuit court cases.

Out of 24 final decisions by the Commerce Court we therefore have but 4 cases, original with it, in which an order of the commission in favor of a shipper was held to be invalid.

The Supreme Court has recently passed on 5 of the decisions by the Commerce Court and has defined its jurisdiction fully and conclusively. Two of these were cases in which the Commerce Court had assumed jurisdiction to hear appeals by shippers to whom the commission had refused relief. The Supreme Court denied this power to the Commerce Court. This is doubtless a defect in the act, but certainly should not be blamed on the Commerce Court.

In 2 other cases the Supreme Court reversed the Commerce Court and in 1 sustained it.

Every new lower court expects to have the majority of appeals from its decisions reversed at first. The only way for a new court to determine whether or not it possesses a doubtful power is to exercise it, so that the question may be determined by the Supreme Court at once and conclusively. The Interstate Commerce Commission was reversed in all but 2 of the first 23 cases in which it sought the aid of the courts to enforce its order.

The Commerce Court has cut down the time from the filing of the suit with it to the final decision in the Supreme Court from two years and one month (the average of 16 cases) to less than a year. The most elaborate case decided by it—the Intermountain rate case—was begun in October, decided in November, and argued in the Supreme Court in February. It is not possible so to expedite these cases through the circuit courts under the old system, as the law has already provided 12 other classes of favored cases in these courts equally important to interstate commerce cases.

The railroad problems presented in these cases are usually novel, intricate, and technical. It is most essential to have them passed on by judges who are experts in this branch of the law and who, by experience, are already familiar with the practical aspect of the question presented. This is especially important in applications for temporary injunctions to restrain the commission's orders, in which there is usually no time for extensive study, evidence, or investigation.

The Commerce Court will soon develop into a body of trained experts, competent and able to decide quickly, and at the same time thoroughly, our most involved railroad questions. It will also prevent the great diversity of opinion possible by leaving these questions to the 126 different district and circuit judges scattered all over the land.

The original interstate commerce act and each of its nine successive amendments have presented new and difficult problems of law and procedure, which any cracker-box philosopher could doubtless solve offhand, but which will probably puzzle our best lawyers and judges for some time to come. The creation of the Commerce Court was a wise and helpful step in the solution of these problems. Its jurisdiction has been accurately defined, its period of apprenticeship is over, and it is prepared to do efficiently the useful work for which it is so well fitted and so necessary. To abolish it thus underhandedly, in the spirit of spite which Congress has adopted toward it, would be most unwise.

It is hoped that the President will stand firm and by his veto preserve a court which, if only allowed to continue until the present unreasoning agitation subsides, is sure to prove of the greatest value to the country.

HENRY S. DRINKER, Jr.

PHILADELPHIA, *August 8, 1912.*

Mr. KINKEAD of New Jersey. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a statement which appears in the New York Times of last Sunday regarding the illegal sale of poisoned meats in the States of New Jersey and New York.

The SPEAKER. The gentleman from New Jersey [Mr. KINKEAD] asks unanimous consent to print in the RECORD an article from the New York Times on the illegal sale of poisoned meats in the States of New Jersey and New York. Is there objection?

Mr. MANN. Mr. Speaker, I do not object, but I want to know if the gentleman desires to print in the RECORD that article from last Sunday's New York Times in connection with the speech which the gentleman made a few weeks ago?

Mr. KINKEAD of New Jersey. No.

The SPEAKER. Is there objection?

There was no objection.

Mr. EVANS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an analysis of the Roosevelt speech in accepting the Progressive nomination for the Presidency. It will take about half of one column of the RECORD.

The SPEAKER. The gentleman from Illinois [Mr. EVANS] asks unanimous consent to extend his remarks in the RECORD by printing an analysis of Col. Roosevelt's speech. Is there objection?

Mr. MANN. Reserving the right to object, Mr. Speaker, by whom is the analysis made? Are we to commence now having printed in the RECORD or as documents the speeches of the various candidates for the Presidency, and insert also in the RECORD everybody's analyses and criticisms of those speeches?

The SPEAKER. Anybody can shut out any of these publications by objecting.

Mr. MANN. I do not know what the request is.

The SPEAKER. The gentleman from Illinois will please restate his request.

Mr. EVANS. The request I made is to insert in the RECORD one-half of a column of editorial from the Chicago Daily Journal.

The SPEAKER. The gentleman from Illinois [Mr. EVANS] asks unanimous consent to extend his remarks in the RECORD by printing a certain article from the Chicago Daily Journal. Is there objection?

There was no objection.

Mr. CONNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, in order that I may include a speech delivered in Congress in 1848 by Andrew Johnson on the veto power.

The SPEAKER. The gentleman from New York [Mr. CONNELL] asks unanimous consent to extend his remarks in the RECORD, to include a speech made in 1848 by Andrew Johnson on the veto power.

Mr. OLMSTED. Mr. Speaker, reserving the right to object, I would like to ask the gentleman if it was ever published before?

Mr. CONNELL. I have seen only one copy of it, Mr. Speaker, and that is in the Library over here, and by itself. I never saw it in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech delivered by Attorney General Wickersham to-day.

The SPEAKER. The gentleman from Illinois [Mr. MANN] asks unanimous consent to extend his remarks in the RECORD by inserting a speech delivered by the Attorney General. Is there objection?

Mr. EVANS. Mr. Speaker, reserving the right to object, I would like to know how long that speech is. [Laughter.]

Mr. MANN. It is longer than the editorial that the gentleman will insert, and a great deal more valuable. [Laughter.]

The SPEAKER. Is there objection?

There was no objection.

Mr. GARDNER of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing the so-called Hepburn bill on Federal incorporation, no copies being available; also the Hearst bill on Federal incorporation, and also to extend my remarks in any other way that I may see fit. [Laughter.]

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to extend his remarks in the RECORD by printing the Hepburn bill and the Hearst bill, and also in any other way that he sees fit. [Laughter.] Is there objection?

Mr. FOCHT. Mr. Speaker, reserving the right to object, I desire to extend my remarks in the RECORD by adding the Dillingham bill on immigration.

The SPEAKER. Let us take up these things one at a time. Is there objection to the request of the gentleman from Massachusetts [Mr. GARDNER]?

Mr. AKIN of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. GARDNER]?

There was no objection.

Mr. AKIN of New York. I ask unanimous consent, Mr. Speaker, to extend my remarks in the RECORD by printing the farewell address of George Washington. [Laughter.]

The SPEAKER. The gentleman from New York [Mr. AKIN] asks unanimous consent to extend his remarks in the RECORD by printing the farewell address of George Washington. Is there objection?

Mr. SHERLEY. Mr. Speaker, I demand the regular order.

Mr. FOCHT. I would like the gentleman to withhold.

The SPEAKER. The regular order is demanded. The regular order is the reading of the President's message. The Chair will recognize the gentleman from Pennsylvania [Mr. FOCHT] later.

FUR-SEAL REGULATIONS (S. DOC. NO. 921).

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying documents, referred to the Committee on Foreign Affairs and ordered to be printed.

To the Senate and House of Representatives:

Under the fur-seal convention entered into by the United States with Great Britain, Japan, and Russia on the 7th of July, 1911, which was approved by the Senate on July 24, 1911, and ratified on December 12, 1911, this Government agreed to pay the sum of $200,000 to Great Britain and the sum of $200,000 to Japan when the convention went into effect; and in my message to Congress of December 7, 1911, the attention of Congress was especially called to the necessity for legislation on the part of the United States for the purpose of fulfilling the obligations assumed under the convention. In view of the omission of Congress up to the present time to adopt any legislation to carry out the obligations of this Government under this convention, it becomes incumbent upon me again to call the subject to the attention of Congress and to urge the importance of enacting at the earliest possible moment, and at this session of Congress, the legislation necessary to enable this Government to make the payments to Great Britain and Japan as required by this convention, and also to fulfill its other obligations thereunder in so far as legislation is necessary for that purpose.

The international conference at which the convention under consideration was agreed upon was held at the urgent invitation of the United States, and the acceptance of that invitation by the other parties was secured only after protracted negotiations and at the repeated request of the United States, and, notwithstanding these circumstances, the United States is now the only one of the four parties to the convention which has failed to adopt any legislation for the purpose of giving effect to the obligations imposed by the convention.

In this connection I desire also to call briefly to the attention of Congress the question of the policy to be pursued by this Government with reference to the regulation of the fur-seal herds within the jurisdiction of the United States. The convention reserves to the United States the right at any time and from time to time to suspend altogether the taking of sealskins on the islands and shores within its jurisdiction, and to impose such restrictions and regulations upon the total number of skins to be taken in any season and the manner, times, and places of taking them as may seem necessary to protect and preserve the seal herd or to increase its number. This, therefore, is a subject which may properly be dealt with by Congress, and it is essential in dealing with it not only to fulfill the obligations imposed upon the United States by the letter and the spirit of the convention but also to consider the interests of the other parties to the convention, for their cooperation is necessary to make it an effective and permanent settlement of the fur-seal controversy.

Ever since the question of land killing of seals was subjected to scientific investigation, soon after the fur-seal controversy arose, nearly 25 years ago, this Government has invariably insisted throughout the protracted and almost continuous diplomatic negotiations which have ensued for the settlement of this controversy that the progressive diminution of the herd was due to the killing of seals at sea, and that if pelagic sealing was discontinued the polygamous habits of the seals would make it possible to kill annually on land a large number of surplus males without detriment to the reproductive capacity of the herd and without interfering with the normal growth of the size of the herd. The position thus taken by the United States has always been put forward and relied on by the United States in urging that an international agreement should be entered into prohibiting pelagic sealing; and it is obvious that one of the considerations which induced Great Britain and Japan to enter into this convention prohibiting their subjects from pelagic sealing was the expectation that the position thus taken by the United States was well founded, and that the skins falling to the share of those Governments from the land killing of seals, as provided for in this convention, would compensate them for abandoning the taking of sealskins at sea.

With these considerations in mind, I feel called upon to suggest the inadvisability of adopting legislation the effect of which is to require this Government to suspend altogether the killing of seals on land before it has actually been proved by the test of experience and scientific investigation that such suspension of killing "is necessary to protect and preserve the seal herd." The other Governments might justly complain if this Government should deprive them of their expected share of the skins taken on land by prohibiting all land killing unless we can show by satisfactory evidence that this source was adopted as the result of changed conditions which justify a change in our former attitude on the subject. In this connection it should be noted that, since the fur-seal business has been taken over by the Government and no private interests are now concerned in making a profit out of it, there is no urgent necessity for imposing by legislation stringent limitations upon land killing. Legislation on this subject, therefore, may well be postponed until after the enactment of legislation necessary to give effect to our obligations under this convention.

It must also be remembered that this convention runs for a fixed period of only 15 years and can be terminated at the end of that period by any of the parties, so that it is of the utmost importance that this Government should deal with this subject not only in a way which will satisfy the other parties interested that they are receiving their fair share of the increase of the herd resulting from the cessation of pelagic sealing but also in such a way as to enable this Government to demonstrate that the killing of the surplus male seals on land is not detrimental to the welfare of the herd. It is evident, however, that this question can not fairly be tested if land killing and pelagic sealing are both prohibited at the same time, and it would be most unfortunate if we should lose the opportunity, which is now presented for the first time by virtue of this convention, of demonstrating by the test of actual experience the soundness of the position maintained by us throughout the controversy and upon the soundness of which depends the permanent solution of this question in the manner provided for in this convention.

WM. H. TAFT.

THE WHITE HOUSE, *August 14, 1912.*

POST OFFICE APPROPRIATION BILL.

Mr. MOON of Tennessee. Mr. Speaker, I ask unanimous consent that the Post Office appropriation bill (H. R. 21279) be reprinted with the amendments of the Senate numbered.

The SPEAKER. The gentleman from Tennessee [Mr. MOON] asks unanimous consent that the Post Office appropriation bill be reprinted with the Senate amendments numbered. Without objection, it is so ordered.

There was no objection.

DISTRICT COURTS OF THE UNITED STATES.

Mr. CLAYTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 17595) to amend sections 1 and 118 of the act of March 3, 1911, entitled "An act to codify, revise, and amend the laws relating to the judiciary," and to disagree to the Senate amendments and ask for a committee of conference.

Mr. MANN. Mr. Speaker, I do not desire to object, but I do not think we ought to start in to do that on Calendar Wednesday. The gentleman can do it at any other time.

Mr. CLAYTON. I merely ask to disagree to the Senate amendments to the bill, and ask for a committee of conference.

The SPEAKER. Is there objection?

Mr. MANN. It will take time. I hope the gentleman will not insist upon it.

Mr. CLAYTON. I do not think it will take any time on this proposition.

Mr. MANN. I do not know what the bill is. Two gentlemen have given notice of their desire to address the House, and there is a Democratic caucus called to meet at 5 o'clock.

Mr. CLAYTON. Not on this proposition, which is merely to disagree to the amendments of the Senate and ask for a committee of conference.

The SPEAKER. Does the gentleman object?

Mr. MANN. I object to taking up anything from the Speaker's table on Calendar Wednesday.

WIDOWS OF SPANISH WAR SOLDIERS.

The SPEAKER. The gentleman from Illinois objects. The unfinished business coming over from last Calendar Wednesday is the bill (H. R. 17470) to pension widow and minor children of any officer or enlisted man who served in the War with Spain or the Philippine insurrection. The House will resolve itself into the Committee of the Whole House on the state of the Union——

Mr. CRAGO. Mr. Speaker, before going into Committee of the Whole House on the state of the Union for the consideration of this bill, inasmuch as this is a unanimous report and there is no minority report, I should like to know if we can agree with anyone who opposes the bill as to the time for general debate.

Mr. SHERLEY. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. The House automatically resolves itself into the Committee of the Whole House on the state of the Union, and the gentleman from Alabama [Mr. CLAYTON] will take the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union. The unfinished business is the bill (H. R. 17470) to pension widow and minor children of any officer or enlisted man who served in the War with Spain or the Philippine insurrection.

Mr. STANLEY. Mr. Chairman——

The CHAIRMAN. The gentleman from Kentucky [Mr. STANLEY] is recognized for one hour.

Mr. CRAGO. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CRAGO. Does the gentleman propose to talk on the bill under consideration?

Mr. MANN. The Chair can not tell that yet.

The CHAIRMAN. The Chair has no information on the subject, but the Chair assumes that the gentleman from Kentucky will bring himself within the rule. Certainly if he transcends any rule, it is quite competent for the gentleman who propounds the inquiry to raise a parliamentary objection to the gentleman from Kentucky proceeding except in order.

Mr. STANLEY. Mr. Chairman, I propose to take up the thread of the debate on the reports submitted by the committee investigating the affairs of the United States Steel Corporation where I left it at the last session at which this subject was under consideration.

I wish in the beginning to emphasize the fact that the secret of the power of large consolidations producing vast tonnages of heavy freight is to be found in their control of transportation facilities.

There has been much talk about amendments to the Sherman Antitrust Act and to other antitrust legislation, and there is pressing need of amendment of the Sherman Act, but you will never obtain relief from the dominance of such concerns until you have solved the question of their control of common carriers.

The secret of the Standard Oil's power was in its control of freight rates. The secret of the Beef Trust's power was in the operation of private cars. The steel corporation's power over the industry and its inordinate profits is to be traced to its dominance of transportation by land and water. The committee has recommended that no industrial association shall own a common carrier, that the steel corporation shall not own or operate any railroad or other quasi public corporation, and that the business of carrying and the business of producing freight shall be separate and distinct in this country now and forever; and when that is done the power of the steel corporation will be broken, and competition will be restored in the steel industry of the United States. [Applause.]

I call the attention of this House to one of the greatest steamship and railway systems in the world, controlled absolutely, as if it were a common tramway, by a single corporation.

Here is a map of the richest and most celebrated ore range in the world—the Mesabi Range. In this narrow strip, about 80 miles from Lake Superior, is a body of a billion tons of ore lying parallel with the surface of the earth and mined as if it were a great bed of gravel. I simply call your attention to this map in order that you may clearly understand this situation. In the large map the Mesabi Range is reproduced on a smaller scale.

It is in round numbers a thousand miles by the course of traffic from the ore beds to the coal fields of the steel corporation. The coke comes from the Connellsville region and the greater portion of the ore from the Mesabi Range. This ore is transported 80 miles from the range to Lake Superior, then across Lakes Superior, Huron, and Erie to what are called the lower Lake ports, and from thence transported to the furnaces in Ohio and Pennsylvania.

To give you some idea of the volume of this traffic, if you were to pile near this Mesabi Range all the cotton grown in the South, all the tobacco in Kentucky, Tennessee, Virginia, and the Carolinas; all the corn, over 300,000,000 bushels of it, in Illinois; all the wheat of the Dakotas, it would not amount to 70 per cent of the tonnage transported in six months over the roads that run from the Mesabi Range to Lake Superior. You can take the tonnage of all the freight transported on the Ohio River, which is greater than that of any other stream on earth, and it will not equal more than one-third of the tonnage carried on these two short railroads. All the streams in the United States combined do not transport in a year a greater tonnage than comes from this range over the roads of the steel corporation alone.

All the foreign traffic in and out of New York Harbor is not equal to one-half of it. Thirty million tons of ore pass along the declivity of this muskeg swamp between the Mesabi Range and the head of Lake Superior. Forty-five million tons are transported over this course along the Lakes to the lower Lake ports.

Now, it is a marvel to me that this matter has escaped the attention of lawmakers.

I do not marvel so much that it escaped the attention of the Interstate Commerce Commission, as that the Federal Government should have permitted common carriers over whom it has absolute and plenary jurisdiction, that are dedicated from their very use and their very nature to the best interests of the public, to be operated by these great corporations as if they were private property. Not only that, but the harbors and the passes in these Lakes, at a cost of millions of money, have been dredged year after year, not for the ordinary traffic on the Lakes, but for the sole use and benefit of the steel industry, especially the United States Steel Corporation.

Let us see the effect of the ownership and operation of these roads on the industry generally. The average freight train in the United States every time it travels a mile makes $2.80. These roads travel a gradual incline; that is, the range is 900 feet above the lakes. Start a freight train on the range, it will almost run down of itself. A single locomotive carries on the Great Northern 125 cars of 50 tons burden each. One locomotive on the Duluth, Missabe & Northern, or the Duluth & Iron Range, will carry from 75 to 80 cars, and that means $50 for every mile they travel at 80 cents per ton.

The average earning for a mile of a road in a year for all other roads in this country is from $8,000 to $11,000. The average earnings of these roads is from $40,000 to $50,000. The average rate of profit for all roads in the United States, says Judge Prouty in a recent decision, is about 7 per cent, which is amply sufficient; but these roads earn from 100 to 350 per cent per annum.

I could carry the illustrations further. Take all the railroads in the United States, and their expenses are 66⅔ per cent of the gross receipts, 100 per cent more than the operating expenses of these roads.

Now, let us see the effect of this condition of affairs on the independents.

These roads carry the ore not only for the steel corporation but for their competitors. Until recently they charged 80 cents per ton; it costs less than 30 cents a ton to transport the ore. There is a difference of a dollar on 2 tons of ore, the amount necessary to make 1 ton of pig iron. That dollar is taken from the pockets of the independents and put into the pockets of the steel corporation. That means that it costs every other concern outside of the steel corporation shipping over these roads $2 a ton more to manufacture pig iron on account of the fact that the steel corporation owns them. It costs the United States Steel Corporation $3 a ton less to assemble its material at the blast furnace than it does the independents. I have here a statement of a skilled accountant, Mr. MacRae, who made an able and elaborate report to the committee, and he deserves eternal credit for his courage, capacity, and indefatigable energy and indomitable honesty in working for one long year digging into the truth of this affair. This House and the country are also indebted to Mr. Wooley for invaluable service rendered this committee. Assisted by Mr. Mannington, he has spent months in unraveling the tangled and complicated skein of this corporation's control of transportation lines, and this was only a part of his great service.

Had this committee simply filed the exhaustive and masterly report of F. J. MacRae and the findings of Robert Wickliffe Wooley, including his analysis of the intercorporate relations of the directors of the steel corporation, the total amount appropriated for this investigation would have been well spent.

I take this occasion to acknowledge my sincere sense of obligation to the clerks to this committee. Their duties were necessarily exacting and onerous and were performed by Messrs. Hunter and Bestor, and last, but not least, by Miss Mahler, who succeeded them in that position, with rare energy and capacity.

Mr. SABATH. Will the gentleman yield?

Mr. STANLEY. I will, for a question.

Mr. SABATH. Do I understand the gentleman to state that these railroads are owned by the Steel Trust?

Mr. STANLEY. Absolutely. I am going into this very briefly before I come to the question of legislation proposed by this committee by which it shall be unlawful for the steel corporation or any other industrial organization to own or operate a common carrier. There is nothing in the report of Mr. MacRae or in the investigation of this committee to indicate that the United States Steel Corporation manufactures any more cheaply than its competitors. In other words, if you assemble at a

blast furnace the ore and the coke and the limestone, the steel corporation can not convert it into the multifarious forms in which the iron and steel are used by the ultimate consumer a cent cheaper than can the Bethlehem, Lackawanna, Jones & Laughlin, or any other large steel company. And yet the profits of the steel corporation exceed its competitors 100 per cent.

As stated in MacRae's report:

"For the last 10 years the net profits per ton of steel produced by the steel corporation have ranged between $10 and $16 per ton, the latter figure having been reached in the first few years of the company's existence. For the last year the net profit per ton has not been much over $12. On the basis of present prices the net is close to $11.

"While the net earnings per ton of steel produced by the steel corporation has ranged between $10 and $16 per ton, the independent steel companies have not fared so well. Several of the independents have not been able to show much over $4 per ton. The highest was approximately $7 per ton, by a small western independent company, whose properties represent actual cash paid in."

Charles Schwab claims that one-third of the cost of producing iron and steel is in the transportation. The Steel Corporation is, on the average, receiving in this country from its manipulations of common carriers $50,000,000 a year in rebates. It is amazing that this House should for 16 years have remained indifferent to this appalling condition. In it is vested the absolute and unquestioned power to regulate interstate commerce and to prevent these abuses, and yet the party in power during all that time has never proposed or enacted a law designed to prevent this flagrant misuse of public highways.

Mr. AUSTIN. Will the gentleman yield?

Mr. STANLEY. I will yield for a question.

Mr. AUSTIN. I would like to ask the gentleman in reference to the cost of producing iron and steel. Was any proof taken by the committee on that point?

Mr. STANLEY. Worlds of it.

Mr. AUSTIN. Does the Steel Corporation admit the statement?

Mr. STANLEY. It does not admit or deny anything. There is no question about that statement. There is a world of information on that subject. There is no more difference between the cost of operating two blast furnaces than there is between two self-binders in a field. One's machine is like another. They are not covered by patents, and all the large concerns employ similar processes in smelting ore.

I wish now very briefly to show this committee the operation of a road that earns over 600 per cent of the Steel Corporation; and yet we talk about the Interstate Commerce Commission controlling freight rates. Here is a map of the Pittsburgh, Bessemer & Lake Erie Railroad, starting from Conneaut and Erie. Fifty-one per cent of its stock is owned by the Steel Corporation. One of its terminals is at the docks at Conneaut. Into Conneaut Harbor no ore vessels come except those owned by the corporation. The docks are the private property of that corporation for all practical purposes. The Government spends millions in dredging such harbors. This road had $10,000,000 of common stock and $2,000,000 of preferred stock. The Steel Corporation bought 51 per cent of that stock at from 10 to 15 cents on the dollar. When that was done the corporation constructed a short "cut-off," this road running from O. K. Junction to Cremis, a distance of 8 miles, and capitalized it at $500,000, and that road leased the entire system. Then the corporation entered into an arrangement with the Union Railroad by which that line was given a division of rates, 20 cents a ton, on all traffic originating on the Bessemer & Lake Erie, although this line is a pure plant facility, intended only to reach the steel company's plants. According to Senator Oliver's estimate it costs only 26 cents a ton to transport the whole distance from Conneaut to Pittsburgh. That was for the purpose of taking as much as possible from the earnings of the road with stockholders outside of the Steel Corporation, and as a result of this 99-year lease of the 334 per cent per annum earned in dividends in 1910 the 49 per cent of stock held on the outside received $224,994, and 51 per cent, or the corporation, received $3,728,357.

Coal transported from the Connellsville coal region passes through Pittsburgh and Youngstown, where the independents and competitors of the corporation have blast furnaces and steel mills; and from that point it is also transported to Chicago for the Gary and other corporation plants. The rate from the Connellsville region to the independents is 100 per cent higher than it is on the same coke carried on the same lines the rest of the way to Chicago. When it gets to Chicago the coke is delivered to two railroads, one the Indiana Belt and the other the Chicago, Lake Shore & Eastern. Both roads perform identically the same service, go from the same points to the same points, and carry the same material. The Indiana Belt receives 10 cents a ton for that haul, and the railroads pay to the Elgin, Joliet & Eastern, owned by the Steel Corporation, 40 cents a ton for identically the same service. On all shipments out of Chicago the corporation exacts from the railroads running into that city from 15 to 25 per cent of the through rate on all shipments, with the result that the Steel Corporation can sell its finished products $5 or $6 a ton less than any of its competitors, although the cost of manufacture is the same. This is the sword of Damocles held over all competitors, forcing them to meet at Gary's dinners, like industrial vassals, and sell at just the price that corporation dictates.

This is practically admitted by Judge Gary, and so capable a judge as Julian Kennedy expresses the opinion that the ownership of common carriers gives to the steel corporation the power of life and death over all its competitors.

"The CHAIRMAN. Mr. Kennedy, have you anything further to say?

"Mr. KENNEDY. There was one statement I wanted to make as bearing on this matter of transportation, that occurs to me in looking over the history of the case. There is a statement here of Mr. Gary having testified December 18, 1908, and in answer to the question as to whether he could put the price down and put other people out of business, Mr. Gary said:

"'Quite likely; that may be true. I will not say that it is not true. I will not say that in the competition we could not drive a good many of our competitors out of the business.

"'Mr. CLARK. Now, another thing.

"'Mr. GARY. It is not because of a hold on the market.

"'Mr. CLARK. What is it, then?

"'Mr. GARY. It is because of our ability to produce cheaper and because of our ownership in the independent concerns, such as the railroads, the steamship lines, etc., which gives a large credit from the United States Steel Corporation's standpoint.'

"Showing that transportation lines, in Mr. Gary's opinion, are important factors.

"Mr. BARTLETT. That is from the tariff hearings in 1908?

"Mr. KENNEDY. Yes, sir.

"The CHAIRMAN. As I understand it, you are of the opinion, if by any method we could force the common carriers of the country to treat all industrials exactly alike, the advantage of the steel corporation over its competitors would be practically eliminated?

"Mr. KENNEDY. To a great extent. I think Mr. Gary has always been very reasonable and very honest to his competitors, but some other man in the future, some other king might rise who knew not Joseph, and it would really be better that no one company has as large an inside hold on the others.

"The CHAIRMAN. If the steel corporation chose to do it, with its present weapons, could it destroy its competitors?

"Mr. KENNEDY. I think it could; yes."

Why, my colleagues, I have had men worth millions, in Chicago and elsewhere, come to me, like Nicodemus, by night, and say, "You are doing a great work—we are in fact the industrial slaves of this gigantic concern, and I will tell you all I know about it. This use of our railroad systems ought to be stopped, but for God's sake do not say I told you—my doors will be closed and my business will be ruined."

Can we remedy it? Why, these are our roads, not theirs. If there is anything settled beyond doubt or controversy it is that the Federal Government has absolute, exclusive, unquestioned, plenary power over interstate commerce. We can take charge of all the railroads and steamship lines in the United States if we care to. We can exclude whomsoever we will. We may include whomsoever we will. We can prescribe what terms we will. The control of highways not only in this country but among all English-speaking people has always been a governmental function, and when a private concern operates a highway there is no difference in its legal status, there is no difference between its responsibility to the public and that of a stock company operating a turnpike—one collects tolls and the other makes tariffs. And we can determine the tolls and fix the tariffs and prescribe all other conditions upon which and under which any individual or corporation shall enter interstate commerce, much less own it.

I will not take the time of this patient committee at this late hour in reading law books. I intended to quote you quite a number of precedents, but I will cite only a few from innumerable decisions. In the case of Gibbons against Ogden, familiar to you all. Chief Justice Marshall held:

"We are now arrived at the inquiry, What is this power? It is the power to regulate; that is, to prescribe the rule by which commerce is to be governed. The power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations other than are prescribed in the Constitution. If, as has always been understood,

the sovereignty of Congress, though limited to specified objects, is plenary as to those objects, the power over commerce with foreign nations and among the several States is vested in Congress as absolutely as it would be in a single Government, having in its constitution the same restrictions upon the exercise of the power as are found in the Constitution of the United States."

Mr. Justice Bradley, in the case of Stockton against Baltimore, declared:

"We think that the power of Congress is supreme over the whole subject [interstate commerce], unimpeded and unembarrassed by State lines or State laws; that in this matter the country is one and the work to be accomplished is national; and that State interests, State jealousies, and State prejudices do not require to be consulted. In matters of foreign and interstate commerce there are no States."

No corporation has the moral or legal right to dominate the public highways, burdening the consumer and shackling competitors by exorbitant rates on its own lines, or unfair and inordinate allowances and divisions from other roads.

Jeremiah Black, 20 years ago, in the greatest effort of his life, completely exploded the time-worn sophistry that a corporation can exercise an absolute and unrestricted control over a public highway simply because it may own the means by which that highway is operated. He declared in an address, delivered before the judiciary committee of the Pennsylvania Legislature in 1883, that—

"On the other hand, the corporations deny that they owe any responsibility to the State more than individuals engaged in private business. They assert that the management of the railroads being a mere speculation of their own, these thoroughfares of trade and travel must be run for their interests, without regard to public right. If they take advantage of the power to oppress the labor and overtax the land of the State; if they crush the industry of one man or place to build up the prosperity of another; if they plunder the rich by extortion or deepen the distress of the poor by discriminating against them, they justify themselves by showing that all this was in the way of business; that their interest required them to do it; that if they had done otherwise their fortunes would not have been so great as they are; that it was the prudent, proper, and successful method of managing their own affairs. This is their universal answer to all complaints. Their protests against legislative intervention to protect the public always take this shape, with more or less distinctness of outline. In whatever language they clothe their argument, it is the same in substance as that with which Demetrius, the silversmith, defended the sanctity of the temple for which he made shrines: 'Sirs, ye know that by this craft we have our wealth.'"

* * * * * * *

"I aver that a man or corporation appointed to do a public duty must perform it with an eye single to the public interest. If he perverts his authority to purposes of private gain, he is guilty of corruption, and all who aid and abet him are his accomplices in crime. He defiles himself if he mingles his own business with that intrusted to him by the Government, and uses one to promote the other. If a judge excuse himself for a false decision by saying that he sold his judgment for the highest price he could get, you cover his character with infamy. A ministerial officer, like a sheriff, for instance, who extorts from a defendant, or even from a convict in his custody, what the law does not allow him to collect, and puts the surplus in his pocket, is a knave upon whom you have no mercy. You send county commissioners to the penitentiary for consulting their own financial advantage to the injury of the general weal. When the officers of a city corporation make a business of running it to enrich themselves at the expense of the public, you can see at a glance that they are the basest of criminals. Why, then, can you not see that the officers of a railway corporation are equally guilty when they pervert the authority with which they are clothed to purposes purely selfish? A railroad corporation is a part of the civil government as much as a city corporation. The officers of the former, as much as the latter, are agents and trustees of the public, and the public has an interest precisely similar in the fidelity of both. Why, then, should partiality or extortion be condemned as criminal in one if it be tolerated as fair business when practiced by the other?"

No man is a greater stickler for State rights than am I, but by taking jurisdiction of this matter, through the power vested by the interstate clause of the Constitution in the Federal Government we preserve the rights of the States. With all due deference to the eminent lawyers who have addressed themselves to this subject, they have totally failed to distinguish between an interstate corporation and interstate commerce. There is no such thing as an interstate corporation. An individual engaged in interstate commerce is just as subject to the laws governing interstate commerce as an interstate corporation. The traveling man does not become an interstate individual. He remains a citizen of a State, but the conduct of his business, in so far as it affects interstate commerce, is subject to any regulation of that commerce by the United States. A stock company is liable in the same way. A private corporation doing business entirely within, is subject only to the jurisdiction of that State. Congress has absolutely no authority to take any control over it whatever. It is absurd to claim that the Federal Congress can lay its hand upon a corporation engaged strictly in intrastate business. So long as it does not enter the channels of the interstate commerce it is beyond the jurisdiction of the Federal Government. Whenever the Federal Government has incorporated an institution it has always because it discharges some national and public function. As long as it is in private business, the Government can take no jurisdiction over it and the Supreme Court never will permit Congress, if it so desired, to override State laws and take jurisdiction of a private business because that private business may at some time engage in interstate commerce. The jurisdiction of the Federal Government ceases when the business ceases to be interstate, and it may be invoked only when it again enters interstate commerce. There is a difference as wide as the ocean between the business of a strictly intrastate concern and the commerce which is incident to that business. As stated by Mr. Farrar—

"Manufacture and production end before commerce begins, and form no part of it. They are completely under the control of the State when manufacture and production take place and are therefore beyond the commercial power of the Federal Government, as the court said, speaking through Justice Leman in Kidd *v.* Pearson (126 U. S., 22):

"'No distinction is more popular to the common mind or more clearly expressed in economic and political literature than that between manufacture and commerce. Manufacture is transformation—the fashioning of raw materials into a change of form for use. The functions of commerce are different. The buying and selling and transportation incident thereto constitute commerce.'"

"The demand of the people is for that degree of industrial peace which is not incompatible with fair and healthy commercial competition, not a peace of Warsaw made by desolating legislation; nor yet the Pax Romana of the all-conquering imperial trust. Nor do they intend to heed the plaintive voice of the spokesman for the modern Cyclops, 'monstrum horrendum informe, ingens,' asking the Federal Government to take it in its arms and coddle it, tell it what to do, and 'to fix prices.'"

Verily, extremes meet, and the monopolist and the socialist reach a common ground. For government to fix the prices of merchandise bought and sold in commerce is utterly beyond the power of any legislative body in America; and our free, democratic society, based on the independence of the individual and the development and protection of individual rights, would have to be shattered to its foundations and a new social order built up before any such proposition could be maintained.

Such a power necessarily implies the right to fix the price of human labor, not only because the price of the products of labor can not be fixed without indirectly fixing the proportion of the price that labor shall receive, but also because, as the liberty of the merchant, the producer, and the manufacturer is as great as the liberty of the laborer, a power great enough directly to shackle their liberty is great enough directly to shackle his liberty. No free people will ever submit to any such doctrine. It is the socialism of Marx and Engel, pure and simple, and may find its justification in their celebrated manifesto, but not in any of the records or documents that consecrate the rights and the political beliefs of the American citizen, undefiled by the social leprosy engendered in the ghettos of an oppressed race and in the hovels of a peasantry whose ancestors were adstricti glebis for a thousand years and who themselves are still the hewers of wood and drawers of water for an overbearing class of oligarchic land monopolists.

May not we now add to the description of the modern Cyclops from which has come this cry for the Government "to fix prices," the balance of the Virgilian bexameter just quoted, and say of it "cui lumen ademptum"? For surely the light of American liberty does not shine for it.

If under the commercial power the Congress could charter corporations to mine, manufacture, and produce, then we should have Federal mines and Federal factories, Federal wheat farms, Federal cotton plantations, Federal truck gardens, and Federal poultry yards. These corporations could enter the States with-

out their consent and acquire and hold their soil against their public policy and even against their prohibitory laws. And this is the reductio ad absurdum of the whole matter, because if there is any question beyond dispute it is that a State has absolute dominion over her own soil, and no part of it can be held or owned without her consent, except by the Federal Government, or its instrumentalities for public purposes, under its sovereign power of eminent domain.

A Federal private business corporation, with the power to manufacture and produce, existing outside of the District of Columbia or a Territory or an insular possession of the United States, is therefore as complete a legal absurdity as the fabled creature, woman above and fish below, is a physiological absurdity. "Risum teneatis amici?"

Mr. Robert R. Reed, of New York, to whom I am forever indebted for his kind and valued assistance in the preparation of bills intended to prevent the misuse and operation of common carriers by industrials, has cogently stated both the unwisdom and unconstitutionality of this scheme of Federal incorporation:

"But apart from all this the proposition is of very doubtful constitutionality. The Federal power to create or, indeed, to license corporations will, I believe, be upheld only upon the assumption that it is necessary to the power of regulating commerce. And, of course, it is not necessary if commerce can be completely regulated without it, if everything that could be effected under the disputed power can be effected under existing powers as to which there is no dispute. The power to regulate commerce does not include the power to regulate all business dependent on commerce. Moreover, Congress can not limit or impair any of its own express constitutional powers, and an irrevocable charter, license, or power given to any corporation would limit pro tanto the power to regulate commerce. Congress has not licensed and should not license any corporation, combination, or monopoly. It should remain free to prohibit and exclude."

Now, I claim that this Congress can absolutely control this character of monopoly by its control of interstate commerce and never touch the jurisdiction of the State over the corporation in enforcing any regulation it sees fit to make.

Mr. LOUD. Is not that railroad of which the gentleman has spoken entirely in one State, that of Minnesota?

Mr. STANLEY. Well, I do not care if it is only in one county; that does not affect this discussion. The commerce is not in one State.

Mr. AUSTIN. And also the Pennsylvania Line, to which the gentleman called attention.

Mr. STANLEY. The courts have held it to be interstate commerce time and time again. The gentleman is making a contention which the steel corporation does not make for itself. This corporation came into court and claimed that these roads were engaged in interstate commerce. This committee has suggested that you can control the corporation, you can control the trust engaged in interstate commerce without giving it a Federal charter. When you do give it such a charter you will have broken down the last barrier existing between the State and the Nation. Your State courts are gone, your State rights are dead. These 48 sovereignties will have nothing left but their police power and have no more dignity than a magisterial district. In a recent and able discussion of this subject—in fact, the first ringing challenge to the President's proposal to solve existing evils by Federal incorporation—that learned and accomplished jurist, the Hon. FINIS GARRETT, of Tennessee, declared:

"Mr. Chairman, the second section of the sixth article of the Constitution of the United States provides;

"'This Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the constitution or laws of any State to the contrary notwithstanding.'

"If, therefore, such Federal corporations as the President advocates can be created, they will, under this section, as it has again and again been interpreted and applied by the courts, be supreme above State regulation and law. They can enter a State without so much as saying 'by your leave' and carry on their business, their agents snapping their fingers contemptuously at State law and rules. The States can have no authority, can exercise no control, can impose no terms save such as the discretion and grace of the Federal Government allow them. 'If it please you, O Federal Government,' the States must say, 'we would do this or that, make this regulation or that for your creatures, your corporations that have been given life by your law; if it please you not, however, why, not our will, nor our wisdom, but yours be exercised.' How vast the sweep of the proposed policy! How tremendous the change which will be wrought if it be consummated!"

Then will we have turned our backs upon the magnificent edifice erected by Jefferson for the preservation intact of the sovereignty of these sister States, the perpetuation of our liberties and our institutions. This sacred temple erected by his genius, and preserved by the wisdom of sages and the blood of heroes, shall not be defaced by any boisterous iconoclast from Sagamore Hill, or undermined by the federalistic heresies of a complacent reactionary in the White House. We will never surrender the sacred and sovereign powers of our State courts and legislatures to some select bureau here in Washington. What are the evils incident to this condition of affairs?

Senator WILLIAMS, in a letter addressed to Mr. Robert R. Reed and published September 27, 1910, said:

"I can imagine nothing more dangerous to the American Republic than control of great corporations by a Federal bureau subject in its turn to a political administration of either party, excluding or admitting participation in business substantially at the whim and caprice and by the favoritism or enmity of the head of the bureau, influenced by Senators, Speakers, and Presidents, whose 'pull' would be in favor of 'good trusts' and whose frowns would be for 'bad trusts.' In such a case 'good' would come to mean subservient. The remedy is to exclude trusts from interstate commerce, but to exclude them not by the fiat of a bureau (which in the last analysis is a man influenced by other men and acting secretly, with subordinates forbidden to give out information), but to exclude them by fiat of law, providing that corporations having charters conferring powers broad enough to establish monopoly or near monopoly and unlimited in the interest of the public shall be excluded. * * * Your remedy seems to be the right one—efficient, sufficient, operating in the open and by force of prescribed law."

Exclude industrials from the ownership and operation of the public highways—there is your remedy, and your only remedy.

Eighteen billions are now invested in railways in the United States, and one or more of the directors of the Steel Corporation sit at the head of the table upon the directorates of carriers capitalized at $10,000,000,000.

This corporation holds the railroads in the hollow of its hand and they dare not complain under this domination. Interlocking directorates gave the steel corporation absolute mastery over your railroads. Make it mandatory that no industrial concern shall engage in interstate commerce unless it writes into its own charter the plain and unequivocable statement that its directors are not directors in any railroad or transportation company; that no stockholder in any such company shall vote his stock if he is directly or indirectly interested in any mining or manufacturing enterprise shipping over the railroad in question. Force the president or some other responsible officer of the corporation to swear to this statement before permitting it to engage in interstate commerce. You can without making such a provision exclude whom you please from interstate commerce. Who will deny your right to exclude a manufacturing corporation which refuses to comply with so reasonable a condition? These huge consolidations can be compelled to write their own charter restrictions controlling their conduct in such matters. They are now governed in 99 cases out of 100 by laws written by themselves, not by the laws which you enact. We now say to all corporations "within a certain limit you may write your own laws." Have these great corporations, doing an interstate business, write into their charters certain prohibitions beyond which they can not go.

First, you should prohibit any corporation from engaging in interstate commerce having directors in common with any competing concern; second, that such corporation shall not own the stock of another corporation, and that no other corporation shall own its stock; third, that it is not overcapitalized; fourth, that it does not buy and sell its own stock; and, finally, a provision to which this committee has given its consent, which compels the filing of a statement in some bureau of this Government, duly verified by the oath of some responsible officer, that the foregoing statements are true.

Then you can not corrupt the bureau. It is merely the custodian, as a county clerk is the custodian of a record; and if a false affidavit is filed you can easily punish the maker of such affidavit for perjury. You can provide here pains and penalties, fine and imprisonment for the corporation or its officers who engage in interstate commerce in violation of any of the enumerated prohibitions.

If this Democratic House had done no better work than organize the committee which has recommended this legislation

it would have deserved the gratitude and confidence of the country. The time is coming shortly when a Congress shall correct these abuses, a Congress which has never been the beneficiary of these guilty interests. [Applause on the Democratic side.] The time is coming shortly when we shall sit in judgment on, not an old friend but a public enemy, from whose dirty hands we have never been fed.

It has never given us campaign contributions. It has never been cheek by jowl with our candidate for President or with our Representatives in Congress. Our candidate for the Presidency in 1912 can well meet this corporation's smile, he "ne'er was ruled by thee." He will be elected untrammeled, with a sincere desire to serve the plain people. I tell you that without Federal incorporation, without breaking down the barriers erected by the States, and without infringing on their authority and jurisdiction, we can and we shall solve this problem.

And when the legislation suggested by this committee is enacted into law, these unearned and illegitimate profits of the United States Steel Corporation will be impossible. That corporation will dissolve itself. It will not be necessary to invoke the Sherman Antitrust Act. [Applause on the Democratic side.]

Now, I wish to call the attention of the committee to another matter. We have recommended that the Bureau of Corporations shall report to Congress as well as to the President. Do you know that when we shall have revealed the whole story of the relations between the Bureau of Corporations and other departments of this Government it will make the most interesting, and yet the most salacious, narrative that has been printed in many a year? For years and years—and I speak advisedly—Mr. Herbert Knox Smith has come before Congress, before the House, before the Senate, before select committees, with his finger on his lips, and has stubbornly refused to tell those bodies, clothed with inquisitorial powers, any of the terrible secrets reposed in him. We have spent thousands and tens of thousands of dollars. This investigating committee expended $39,000, when it could have done with $29,000—yes; with half of that—if only Herbert Knox Smith had turned over to us the information he had. When he was asked about the Tennessee Coal & Iron deal he stood mute before that Senate committee, and during all that time he was giving full and complete information to the emissaries of the United States Steel Corporation, and I have the proof of it in black and white. [Applause on the Democratic side.] I have it here, and I will read it if any member of the committee demands it.

Let us see what actually happened. Several years ago Senator Hansbrough introduced a resolution in the Senate to investigate the Harvester Trust. The Department of Justice employed Mr. Burdette T. Townsend to look into that affair. He filed the most comprehensive and conclusive indictment I have ever seen drawn against one of these interstate corporations, as you call them, and I think I have some experience. He charged that the Harvester Co. was receiving rebates from the Steel Corporation; the existence of interlocking directors serving the Harvester Trust and the United States Steel Corporation at the same time; that the Harvester Trust was robbing the farmers of this country of millions of dollars every year; that the corporation was organized by J. Pierpont Morgan & Co., at a profit of over $5,000,000; that it was conceived in sin and born in iniquity.

If the Harvester Trust had not sold a single reaper or binder or mower, it would have been proceeding in violation of law. He explained how the Harvester Co. had practically the same finance committee as the United States Steel Corporation; how the Steel Corporation sold steel for the manufacture of wagons and parts of harvester machines and twine binders so much lower to the Harvester Trust than to any other manufacturing concern that the agricultural-implement people came to the Steel Corporation and remonstrated with them, but in vain; how this conspiracy had put the small makers of wagons and agricultural implements out of business.

When that whole matter was about to be investigated, these twin trusts sent a man down here from New York who had earned the deathless gratitude of the Republican Party by his princely contributions to its corruption funds.

The minority report of Messrs. GARDNER and DANFORTH forbears "to express an opinion until we have had an opportunity to hear the question adequately discussed." A short review of the operations of the Bureau of Corporations and the transactions of the heads of that department with captains of high finance and industry will probably leave them no longer in doubt as to the advisability of making it incumbent on the Commissioner of Corporations to take the Senate and House of Representatives into his confidence to the same extent at least as his councils have previously been shared by "malefactors of great wealth." Government by commission as now conducted by the Bureau of Corporations is more than pleasing to the interests, and they are to-day more enthusiastic than ever in their advocacy of an extension of the same.

For several years the chief intermediary between big business and those who were invested by the executive department with the duty of investigating it was this same Mr. George W. Perkins. To pry into the secrets of a bureau clothed with plenary inquisitorial powers and directed to reveal the results of its investigations only upon the order of the President of the United States and to keep the interests most concerned advised as to the progress of a presumably secret inspection of their affairs and the probable results and attitude of the officers of the law, who were supposed to report its violations to the President only, was at best an invidious task for which Mr. Perkins had previously demonstrated his perculiar fitness.

For years this fanatically ardent partisan had broken through all the restraints which deter better men and had unhesitatingly sacrificed every other obligation to society and to himself in the secret service of his party. In 1904 Mr. Perkins, in his eagerness to aid his party and his hero, Mr. Roosevelt, actually donated $50,000 of other people's money to the good cause, and for this eminent service he was arrested under a warrant charging him with grand larceny. I do not wish to say anything disparaging about Mr. Perkins, but I will read what Chief Justice Cullen, of the court of appeals of New York, said about him.

Judge Cullen, in People ex rel. Perkins and Moss (187 N. Y. Repts., 434), said:

"The crime, if there was any in this case, commenced when the original agreement was made between the relator and the President, by which the money of the company was to be appropriated to the use of Bliss," the campaign treasurer, "and the method was adopted for the purpose of concealing such appropriation."

In discussing this affair, the court said:

"With the immense business carried on by the corporation, policies issued in every part of the country and to persons of every political party, both the relator and the President must have well known that the universal assent of the policy holders, the only thing which could have justified, even morally (not legally), the payment to Bliss could never be obtained, and that at all times a substantial minority would be opposed to such payment. * * * In the present case no one will doubt that had a clerk taken from the company's till a sum of money to give to the Republican club of his ward it would have been larceny. * * * If he knew the illegality of his act, and his intention was solely to benefit either Mr. Bliss personally or the political organization which he represented, he was guilty of larceny."

That is the thing that recommended this man to the especial favor and the high consideration of the President of the United States, and Mr. Herbert Knox Smith when he presented his credentials as minister plenipotentiary and envoy extraordinary of the Harvester Trust, the Steel Trust, and the firm of J. P. Morgan & Co. [Applause on the Democratic side.]

Mr. SABATH. Will the gentleman yield?

Mr. STANLEY. I can not yield now. For weeks here in Washington he oscillated between the Bureau of Corporations and the White House with the familiarity of a friend and the insolence of an ally. At the same time I have here the records showing that same man was keeping the Steel Corporation posted and closely in touch, and that he had the assurance from the Commissioner of Corporations that, whether Congress recommended it or not, he would not move a peg; that he would not proceed with that investigation; and Judge Gary reported to his own board of directors that "quite likely in some respects we may be traveling very near the line between propriety and impropriety." "Still," says Judge Gary, "you may be more or less disturbed without reason. At the last session of Congress a resolution was passed by both Houses asking the commissioner to investigate the United States Steel Corporation; the commissioner did not pay any attention to that resolution, etc. The finance committee [of which Mr. Perkins was chairman] has been in close touch with the matter all the time; we have been in frequent and almost constant communication with Commissioner Garfield and more or less with the President." [Applause on the Democratic side.]

At the same time the Commissioner of Corporations, Mr. Smith, writes the President that—

"he (Perkins) concluded with great emphasis with the remark that if after all the endeavors of this company and the other Morgan interests to uphold the policy of the administration and to adopt their methods of modern publicity this company was

now to be attacked in a purely technical case, the interests he represented were going to fight.

* * * * * * *

"It is, says the Commissioner of Corporations, a very practical question whether it is well to throw away now the great influence of the so-called Morgan interests, which, up to this time, have supported the advancel policy of the administration, etc."

In other words, a bureau chief dares to advise the President of the United States that he must not prosecute the harvester company and the steel corporation because the harvester company, the Steel Corporation, and J. P. Morgan & Co. are very useful to this administration and he can not afford to antagonize them by enforcing the laws he took a solemn oath to impartially execute.

Mr. TOWNSEND. Has the gentleman heard that the same Mr. Perkins is now financing Mr. Roosevelt's present campaign?

Mr. STANLEY. The very same person. Who were these policy holders to whom Judge Cullen referred? The most pathetic and helpless figures in all this vale of tears, the young mother, clad in the black habiliments of woe, prostrate upon the new-made grave of her once loving lord, orphans wailing the name of father above the silent dead. He robbed the widow of her slender patrimony; he tore from the pinched fingers of childhood its last morsel of bread. They who did it—

"They are not man; they are not woman;
They are not brute; they are not human;
They are ghouls."

[Applause on the the Democratic side.]

Perkins to-day has escaped the penitentiary by the skin of his teeth for having picked the pockets of a shroud for the use and benefit of the Republican Party. [Applause on the Democratic side.]

Mr. MANN. Will the gentleman yield?

Mr. STANLEY. I will yield to the gentleman from Illinois.

Mr. MANN. Was it in this fine judicial temper that the gentleman acted on the special committee?

Mr. STANLEY. Exactly. I admit an abhorrence for larceny that is instinctive. It abides while assuming the dignity of a judge. I would not barter an inherent detestation for perfidy and theft for any honor on earth, and God pity the man who can contemplate that kind of pilfering without an honest and unutterable indignation. [Applause on the Democratic side.]

They say that this party of progressive capitalism is about to tour the country singing psalms, between the tirades of Roosevelt and the platitudes of Perkins. Good Lord deliver us! Imagine Theodore Roosevelt and George W. Perkins leading in a revival. [Applause on the Democratic side.] There is nothing like it in all the history of the church since the days of Annanias and the unrepentant thief on the cross. [Applause on the Democratic side.] It is a fact, LA FOLLETTE has charged it and they have not denied it, that a million dollars was contributed by the steel corporation officials to start this political Punch and Judy performance, lately pulled off at Chicago, in which these fantastic figures Roosevelt, Perkins, McCormick, and the rest of them, play their little parts, find their exits and their entrances, and take their cues from an insolent combination of political and financial highbinders, one of whom did not hesitate to rob a grave for the Republican campaign fund of 1904, and is now intrusted with the duty of providing provender for the bull moose. I would suggest as a battle hymn for this political camp meeting a modification of the war cry of the Turkish janizaries: "Allah! Allah! Mammon is Allah; there is no God but Mammon and Morgan is his prophet!" [Applause on the Democratic side.]

Do you believe that had the Commissioner of Corporations advised the President of the United States that in the absorption of the Tennessee Coal & Iron Co. he was not eliminating a competitor but was eliminating competition; had he told him what he knew, and I have extracts from the records showing what he knew or ought to have known.

In the North you have the Bessemer process. From the Mesabi Range come the Bessemer ores. The time had come for the passing of Bessemer steel and for the upbuilding of the basic process, when the open-hearth furnace would in a great measure supersede for all practical purposes the Bessemer converter. The Tennessee Coal & Iron Co., that young, rapidly growing, and prosperous concern, headed by Gates, Hanna, Ogilby, and Topping, and the rest of them, had already forced the steel corporation to write into its books that "it was up against it good and strong." Knowing these things would he have consented to have the last chance of competition in the steel business in the United States destroyed forever? Would he have consented to have the South and all her industries, as far as the steel is concerned, laid prostrate under the iron heel of this industrial bandit, had he known the truth? It is almost unbelievable.

You talk of the dangers that confront this Republic. Why, a few days ago I read the story of where a band of murderers invaded a court room in Virginia, and where they shot down the judge on the bench, and we recall it with horror; and yet, what did it amount to after all? It was but the death of a man. There lay a butchered hero prone upon the bench he had adorned, like a victim upon the altar. But above that piece of mangled earth, wrapped in its gory cerements, arose like a transfiguration the dread and immortal chancellor, his ermine purified by the blood that dappled it. Before the outraged majesty of the law these crude criminals fled in terror, hiding in the passes of the mountains or cowering in a felon's cell awaiting an ignominious death. [Applause.]

Suppose that instead of this wild resort to insane and futile violence they had approached this judge with fair promises of wealth and power. Suppose they had said, "Judge, if you will permit us to make counterfeit money, if you will permit us to make moonshine whisky, riches and honor and place and power shall be yours; we will support your administration; it will be strengthened, our friends will stand by you and make you all-powerful in politics. If you attempt to enforce the law against these friendly and puissant influences, we will fight—possibly start 'a panic' "—and the judge had been seduced by this secret attempt to debauch the clean and fearless execution of the law. Ah, then would that court have been stained and defiled indeed. There would have been no violence, but it is the silent prostitution of high officials, without noise or notice, that is most deadly, more to be feared and abhorred than all the tumult and brutal murders of a hundred bands of mountain marauders. Then would the sacred temple of justice itself have been polluted, and he who wore the dishonored ermine held in unspeakable contempt.

I do not know what honeyed words Frick and Gary poured into the ear of an attentive President in that 20-minute conference. If they had chosen to play the tempter, as did Lucifer to our crucified Redeemer, if they pictured to his wondering gaze their vast and unknown dominion over railway systems—mines and mills, banks and bankers, jurists and legislators, and an army of 200,000,000 men—they could have revealed a vista of wealth and power more vast than met the Savior's gaze from the mountain top. All they said we do not, probably will never, know. One thing only is certain—Roosevelt took the same relative position that the Savior assumed toward the devil, except that the Savior said, "Go, get thee behind me, Satan," and Roosevelt said, "I will stand in front of you, oh Steel Trust. [Laughter and applause on the Democratic side.] I will silence popular clamor, I will paralyze the strong arm of the law, I will make justice a pariah. If you, with your multiplied millions will follow and finance a blatant truculent, capricious demagogue in his lust for office and for autocratic and ruthless power." [Applause on the Democratic side.]

I anticipate as a result of the legislation suggested by this committee a new era in our industrial life. I firmly believe that there is nothing in all the history of the past quite so shameful as the confession that we are so degenerate or the law so impotent that monopoly and extortion can no longer be curbed or controlled.

Read from the hearings. Read from the statement of Carnegie that this corporation is so strong that it can successfully fix prices and defy the law. Gary suggests legislation by which he proposes to regulate himself. We are advised that the day of competition is passed, and we must recognize the existence of a lawless oligarchy we can no longer hope to control. Years ago Carnegie wrote:

"Such is the law, such has been the law, and such promises to be the law for the future; for, so far, no device has yet been devised that has permanently thwarted its operation, given freedom of competition, and all combinations or trusts that attempt to exact from the consumer more than a legitimate return upon capital and services write the charter of their own defeat. We have many proofs that this great law does not sleep, and that it will not be suppressed. * * * It is not in the power of man to exact for more than a brief season, and a very brief season, indeed, unusual profit upon actual capital invested, either in transportation or manufacture, so long as all are free to compete, and this freedom, it may safely be asserted, the American people are not likely to restrict."

When he was before the committee I asked him:

"Do you hold those views now?

"Mr. CARNEGIE. Yes; and don't you think those are pretty good views?

"The CHAIRMAN. I think those views ought to be written on tablets and placed in every library that you erect as a memorial

of your good judgment at the time you wrote them, and your better judgment now, if you still hold those views.

"Mr. BEALL. And as a memento of what used to be."

"The CHAIRMAN. A tribute to a dead age.

"Mr. GARDNER. Does that situation still continue in the steel business?

"Mr. CARNEGIE. Oh, you know it does not. I believed that competition would continue. I discovered that it had ceased.

* * * * * * *

"Mr. BEALL. Do you believe the age of competition has passed?

"Mr. CARNEGIE. I believe there is no competition and has not been.

"Mr. BEALL. Why? In your judgment why is there no competition?

"Mr. CARNEGIE. Because they have been able to sit down and agree to fix prices and to maintain them. That is the reason.

"Mr. BEALL. In your judgment that is the situation to-day that has destroyed the competition and nullified this law that you referred to in this article.

"Mr. CARNEGIE. Certainly.

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"Mr. REED. I do not object to Mr. Carnegie's capacity as an expert to form judgment on the fact; but I simply base my objection on the ground that he has already said he did not know the facts of to-day.

"Mr. CARNEGIE. Some facts I do not know of to-day, and others are patent to the world.

"Mr. BEALL. That is, you do not know when they meet or how they agree, but you can read signs that prove to your mind that they meet somewhere and somewhere agree.

"Mr. CARNEGIE. That is obvious, I think, to the least intelligent reader of the newspapers, and yet I think it is not denied.

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"Mr. BEALL. Is it not a fact that the reason you are now suggesting this appeal to the Government is that in the last 10 or 12 years we have witnessed such a growth in these great corporations that they have now grown so strong and so great that it is the Government, and the Government alone, that is strong enough to face them upon the battle field?

"Mr. CARNEGIE. That is my opinion.

"Mr. BEALL. That the only agency that can control them, that can combat with them, is the power of the Federal Government?

"Mr. CARNEGIE. That is my opinion, and it is not recently formed.

"Mr. BEALL. And that before corporations of this kind and combinations of this kind—both existing, as you think—the consumers of this country are absolutely helpless.

"Mr. CARNEGIE. Yes; they are at the mercy——

"Mr. BEALL (interposing). They are at the mercy of these corporations?

"Mr. CARNEGIE. Certainly. You will find this as strongly stated as I can state it in this statement which I have prepared."

Let us no longer take counsel of the craven or the sycophant, forever canting that we can not eradicate monopoly; that we can not prohibit this character of plunder; that we must forever suffer these industrial corsairs to prey upon the sea of commerce. There was a day when, though kings bowed their titled heads before Algerian pirates, we had not a cent for tribute, and I thank God that on this side of the Chamber, at least, and among those who sent us here the spirit of Decatur is not dead. [Applause.] We will no longer pay tribute to organized plunder. Those who have coerced Presidents and despoiled an empire shall within six short months realize that justice is swift, omnipotent, and blind; and that under a new régime, under the ægis of a new party, the law in its majesty, in its dignity, without passion, without variableness, without the shadow of turning, but with stern and pitiless justice toward the high and the low—the law, it shall be obeyed. [Applause on the Democratic side.]

Mr. CRAGO. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. CLAYTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 17470, and had come to no resolution thereon.

ENROLLED BILL SIGNED.

Mr. CRAVENS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 22199. An act to extend the limits of the port of entry of Galveston, Tex., to include Port Bolivar, in that State.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. CRAVENS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bills:

H. R. 4113. An act for the relief of Robert E. Burke;

H. R. 7672. An act for the relief of Mary J. Manning; and

H. R. 21221. An act making a grant of lands for school purposes in block No. 31, town site of Powell, Shoshone reclamation project, Wyo.

THE SUGAR SCHEDULE.

Mr. UNDERWOOD. Mr. Speaker, I desire to present a privileged report. I bring back to the House the bill (H. R. 21213) to amend an act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," known as the sugar bill, and report therewith a total disagreement on the part of the conferees. There is no written report here, but the House conferees and the Senate conferees were unable to reach an agreement. I do not think it is possible to reach one. We have possession of the papers. I do not care to act on them, but the Senate may desire to act further. I do not want to bring on a vote or any contest this evening, and I ask unanimous consent to make a motion that the House do further insist upon its disagreement to the Senate amendments, so that the papers may go back to the Senate.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the House further disagree to the Senate amendments on the sugar bill.

Mr. MANN. Mr. Speaker, I suggest to the gentleman that he ask unanimous consent to consider the bill and then make that motion.

Mr. UNDERWOOD. It is in order to consider it, because there is no conference report.

Mr. MANN. But it would not be in order to consider it to-day.

Mr. UNDERWOOD. Mr. Speaker, I ask unanimous consent for the present consideration of the Senate amendments to the sugar bill.

The SPEAKER. The gentleman from Alabama asks unanimous consent for the present consideration of the Senate amendments to the sugar bill. Is there objection?

There was no objection.

Mr. UNDERWOOD. Mr. Speaker, I now move that the House do further insist upon its disagreement to the Senate amendments.

The motion was agreed to.

On motion of Mr. UNDERWOOD, a motion to reconsider the last vote was laid on the table.

LAND-GRANT BILL.

Mr. LAFFERTY. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter which I have addressed to Senator CHAMBERLAIN, touching the bill H. R. 22002, the land-grant bill.

The SPEAKER. The gentleman from Oregon asks unanimous consent to insert in the RECORD a letter. Is there objection?

Mr. JAMES. Mr. Speaker, the gentleman says that it is addressed to Senator CHAMBERLAIN. Mr. CHAMBERLAIN is a Member of the Senate. I suppose the letter is not in any violation of any of the rules of the House?

Mr. LAFFERTY. It is a letter in relation to the merits of a bill which passed the House on Saturday last and has now gone to the Senate.

Mr. JAMES. If it is a letter which does not reflect on the Senator I have no objection.

Mr. LAFFERTY. It is a letter bearing on the merits of the bill H. R. 22002—the land-grant bill.

The SPEAKER. Is there objection?

There was no objection and it was so ordered.

ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until to-morrow, Thursday, August 15, 1912, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. FERRIS, from the Committee on Indian Affairs, to which was referred the bill (H. R. 26236) conferring upon the Lawton Railway & Lighting Co. the privileges, rights, and conditions heretofore granted the Lawton & Fort Sill Electric Co.

to construct a railroad across certain lands in Comanche County, Okla., reported the same with amendment, accompanied by a report (No. 1183), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. RAINEY, from the Committee on Ways and Means, to which was referred the bill (H. R. 23112) to extend the limits of the port of entry of New Orleans, La., reported the same without amendment, accompanied by a report (No. 1184), which said bill and report were referred to the House Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

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

By Mr. McKINLEY (by request): A bill (H. R. 26275) changing the name of the office of United States commissioner to that of United States Commissioner's Court, and defining the jurisdiction thereof; to the Committee on the Judiciary.

By Mr. BYRNS of Tennessee: A bill (H. R. 26276) for the study and eradication of pellagra; to the Committee on Appropriations.

By Mr. SULZER: A bill (H. R. 26277) to establish a United States Court of Patent Appeals, and for other purposes; to the Committee on the Judiciary.

By Mr. RUCKER of Missouri: A bill (H. R. 26278) to amend an act entitled "An act to amend an act entitled 'An act providing for publicity of contributions made for the purpose of influencing elections at which Representatives in Congress are elected,' and extending the same to candidates for nomination and election to the offices of Representative and Senator in the Congress of the United States and limiting the amount of campaign expenses," approved August 19, 1911; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. STANLEY: Resolution (H. Res. 688) authorizing the printing of the majority and minority reports of the committee to investigate violations of the antitrust act; to the Committee on Printing.

By Mr. VARE: Joint resolution (H. J. Res. 355) authorizing the Secretary of the Navy to open the Philadelphia Navy Yard for the admission of visitors on Sundays; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. ALLEN: A bill (H R. 26279) granting the Fifth-Third National Bank of Cincinnati, Ohio, the right to use original charter No. 20; to the Committee on Banking and Currency.

By Mr. FAIRCHILD: A bill (H. R. 26280) granting an increase of pension to Maria E. Wilson; to the Committee on Invalid Pensions.

By Mr. HAYDEN: A bill (H. R. 26281) granting a pension to Bert O. Brown; to the Committee on Pensions.

By Mr. McGILLICUDDY: A bill (H. R. 26282) granting an increase of pension to Jean L. Peabody; to the Committee on Pensions.

By Mr. OLMSTED: A bill (H. R. 26283) removing the charge of desertion from the record of the late Jeremiah Albright; to the Committee on Military Affairs.

By Mr. POWERS: A bill (H. R. 26284) for the relief of Thomas J. Smith; to the Committee on War Claims.

Also, a bill (H. R. 26285) for the relief of the heirs of Madison A. Pitman, deceased; to the Committee on War Claims.

Also, a bill (H. R. 26286) to remove the charge of desertion from the military record of James Brake; to the Committee on Military Affairs.

By Mr. RUCKER of Colorado: A bill (H. R 26287) granting a pension to John E. Karns; to the Committee on Pensions.

Also, a bill (H. R. 26288) granting an increase of pension to Jerome B. Greenslate; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

By the SPEAKER: Petitions of Andre Fourchy, San Francisco, Cal.; William W. Latham, Portland, Oreg., both relative to proposed legislation for the reorganization of the United States Life-Saving Service; to the Committee on Interstate and Foreign Commerce.

By Mr. ALLEN: Memorial of Laundrymen's National Association, relative to placing label on manufactured articles; to the Committee on the Judiciary.

Also, memorial of United Commercial Travelers' Association, favoring changing day of election from Tuesday to Monday; to the Committee on Election of President, Vice President, and Representatives in Congress.

Also, memorial of United Commercial Travelers' Association, favoring 1-cent letter postage; to the Committee on the Post Office and Post Roads.

By Mr. ASHBROOK: Evidence to accompany the special bill for the relief of Galon S. Ruston (H. R. 24501); to the Committee on Invalid Pensions.

By Mr. AYRES: Memorial of National Board of Trade, favoring preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. BRANTLEY: Petition of Woman's Auxiliary to the Protestant Episcopal Church in the parish of St. James, Frederica, Ga., relative to improvement in conditions for natives of Alaska; to the Committee on the Territories.

By Mr. BUTLER: Memorial of West Chester Camp, No. 673, Patriotic Sons of America, favoring passage of bills restricting immigration; to the Committee on Immigration and Naturalization.

By Mr. FULLER: Petition of Jacob Haish Co., of De Kalb, Ill., against passage of the Bourne parcel-post bill; to the Committee on the Post Office and Post Roads.

Also, petition of Rockford Wholesale Grocery Co., of Rockford, Ill., favoring uniform weight and measure branding bill; to the Committee on Interstate and Foreign Commerce.

Also, petition of International Association of Machinists, favoring passage of House bill 25305, relative to stop-watch in Government shops; to the Committee on Labor.

By Mr. GOLDFOGLE: Petition of New Seattle Chamber of Commerce, of Seattle, Wash., favoring passage of House bill 357, relative to investigation of foreign and domestic fire insurance companies; to the Committee on Interstate and Foreign Commerce.

Also, memorial of National Board of Trade, favoring preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

Also, petition of committee of wholesale grocers of New York City, favoring reduction of duty on raw and refined sugars; to the Committee on Ways and Means.

By Mr. HARTMAN: Memorial of Workmen's Sick and Death Benefit Fund of the United States of America, against passage of Root amendment to the immigration bill; to the Committee on Immigration and Naturalization.

By Mr. LEVY: Petition of the Shorthand Club of New York (Inc.), against passage of the Slemp bill (H. R. 4036), relative to official reporters for United States district courts; to the Committee on the Judiciary.

Also, petition of committee of wholesale grocers of New York City, favoring reduction of duty on raw and refined sugars; to the Committee on Ways and Means.

Also, petitions of Simpson-Crawford Co. and the Fourteenth Street Store, of New York City, against the passage of the Bourne parcel-post bill; to the Committee on the Post Office and Post Roads.

Also, petition of the Commercial Telegraphers' Union of America, at Chicago, Ill., relative to right of operators to strike, etc.; to the Committee on Interstate and Foreign Commerce.

Also, petition of Allied Printing Trades Council of New York City, against passage of the Bourne parcel-post bill; to the Committee on the Post Office and Post Roads.

Also, petition of 4,000 Spanish War veterans, favoring passage of House bill 17470, for pension for widows and minor children of Spanish War veterans; to the Committee on Pensions.

Also, petition of Sample & Co., of New York City, against passage of the amended Kenyon bill (S. 4043); to the Committee on the Judiciary.

Also, memorial of National Board of Trade, relative to preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. REILLY: Memorial of National Board of Trade, relative to preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. REYBURN: Memorial of State Council of Pennsylvania, Order of Independent Americans, Philadelphia, Pa., favoring passage of bills restricting immigration; to the Committee on Immigration and Naturalization.

By Mr. SULZER: Memorial of National Board of Trade, favoring preferential tolls for American vessels passing through the Panama Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of New York: Petition of Frontier Association of Customs Inspectors of the United States of America, favoring passage of House bill 26212, relative to increase in pay; to the Committee on Ways and Means.