

Also, a bill (H. R. 9383) to authorize the erection of a monument as a memorial to Indians of the Rosebud Reservation who lost their lives in the recent World War; to the Committee on Indian Affairs.

By Mr. GRIEST: A bill (H. R. 9384) to provide a 1-cent postage rate on local letters and expedite the handling of that class of mail matter; to the Committee on the Post Office and Post Roads.

By Mr. CABLE: A bill (H. R. 9385) to amend an act entitled "An act to limit the immigration of aliens into the United States"; to the Committee on Immigration and Naturalization.

By Mr. LYON: A bill (H. R. 9386) to grant the consent of Congress to the Whiteville Lumber Co., of Goldsboro, N. C., to construct a bridge across the Waccamaw River at or near Fireway Ferry, county of Columbus, N. C.; to the Committee on Interstate and Foreign Commerce.

By Mr. FRENCH: Joint resolution (H. J. Res. 228) interpreting section 50 (section 47c as amended), national defense act, approved June 3, 1916; to the Committee on Military Affairs.

By Mr. KAHN: Joint resolution (H. J. Res. 229) for the suppression of the manufacture and transportation of opium and other habit-forming drugs; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BLAND of Indiana: A bill (H. R. 9387) granting a pension to Mary Yancy; to the Committee on Pensions.

By Mr. FROTHINGHAM: A bill (H. R. 9388) granting a pension to Mary B. Thorpe; to the Committee on Invalid Pensions.

By Mr. HARDY of Colorado: A bill (H. R. 9389) granting a pension to Margaret M. Browning; to the Committee on Invalid Pensions.

By Mr. HAWES: A bill (H. R. 9390) granting a pension to Anna Dabel; to the Committee on Invalid Pensions.

By Mr. JONES of Pennsylvania: A bill (H. R. 9391) granting a pension to Celina B. Lyon; to the Committee on Invalid Pensions.

By Mr. McPHERSON: A bill (H. R. 9392) granting a pension to Hannah McReynolds; to the Committee on Invalid Pensions.

By Mr. MOTT: A bill (H. R. 9393) granting a pension to George Warner; to the Committee on Invalid Pensions.

By Mr. PADGETT: A bill (H. R. 9394) granting a pension to Emeline Walker Swanson; to the Committee on Invalid Pensions.

By Mr. RANKIN: A bill (H. R. 9395) granting a patent to Gus McLeod and Mary Pearson McLeod Hambrick; to the Committee on the Public Lands.

PETITIONS, ETC.

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

3224. By Mr. BOND: Petition of employees of the New York Navy Yard, suggesting means of relief for said employees in the event of the success of the Disarmament Conference, which would mean the elimination of the navy yards; to the Committee on Naval Affairs.

3225. By Mr. CONNOLLY of Pennsylvania: Petition of 340 citizens of the fifth congressional district of Pennsylvania, favoring the limitation of armament and urging the adoption by Congress of Senate resolution 173; to the Committee on Foreign Affairs.

3226. Also, petition of 660 citizens of the fifth congressional district of Pennsylvania, urging the recognition of the republic of Ireland; to the Committee on Foreign Affairs.

3227. By Mr. FENN: Petition of Reverend W. A. Harty Branch, Ancient Order of Hibernians, of New Britain, Conn., asking that the representatives of the United States at the Limitation of Armaments Conference make no entangling alliances with any nation, etc.; to the Committee on Foreign Affairs.

3228. By Mr. HUTCHINSON: Resolution submitted on behalf of the Methodist Episcopal Church of Hampton, N. J., urging the adoption of House joint resolution 159; to the Committee on the Judiciary.

3229. By Mr. KISSEL: Petition of Frank J. Brial, James J. McCarthy, John J. Lynch, James J. O'Keefe, Francis W. Stulz, and James Treacy, all of Brooklyn, N. Y.; to the Committee on Reform in the Civil Service.

3230. By Mr. RANSLEY: Petition of thousands of citizens of the third congressional district of Pennsylvania, urging recognition of the republic of Ireland by the United States; to the Committee on Foreign Affairs.

3231. By Mr. WATSON: Resolutions passed by the Elk County Manufacturers' Association, favoring American valuation plan; to the Committee on Ways and Means.

SENATE.

THURSDAY, December 8, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we rejoice before Thee this morning that Thy mercies fail not, and that as we come into Thy presence we are assured of Thy guidance and help. May we so realize that blessedness of trust in Thee that this day shall be memorable in our history in the accomplishment of duties well attended to, and in the right consciousness of duties well preserved to Thy glory. For Thy name's sake. Amen.

GEORGE W. NORRIS, a Senator from the State of Nebraska, and JOHN K. SHIELDS, a Senator from the State of Tennessee, appeared in their seats to-day.

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

REPORT OF THE SURGEON GENERAL, PUBLIC HEALTH SERVICE.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, the report of the Surgeon General of the Public Health Service for the fiscal year ended June 30, 1921, which was referred to the Committee on Finance.

REPORT OF THE ATTORNEY GENERAL.

The VICE PRESIDENT laid before the Senate a communication from the Attorney General, transmitting, pursuant to law, his annual report for the year ended June 30, 1921, which was referred to the Committee on the Judiciary.

DOCUMENTS DISTRIBUTED BY INTERIOR DEPARTMENT.

The VICE PRESIDENT laid before the Senate a communication from the Acting Secretary of the Interior, transmitting, pursuant to law, a statement showing documents received and distributed during the fiscal year 1921, which was referred to the Committee on Printing.

TRAVEL OF OFFICERS, INTERIOR DEPARTMENT.

The VICE PRESIDENT laid before the Senate a communication from the Acting Secretary of the Interior, transmitting, pursuant to law, a detailed statement showing what officers of the department (other than special agents, inspectors, or employees who in discharge of their regular duties are required constantly to travel) have traveled from Washington on official business to points outside of the District of Columbia during the fiscal year ended June 30, 1921, which was referred to the Committee on Appropriations.

PUBLICATIONS OF DEPARTMENT OF AGRICULTURE.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Agriculture, transmitting, pursuant to law, a detailed report of the aggregate number of publications issued by the department during the fiscal year ended June 30, 1921, together with the cost of preparation, paper, printing, etc., which was referred to the Committee on Printing.

REPORT OF THE INTERSTATE COMMERCE COMMISSION.

The VICE PRESIDENT laid before the Senate a communication from the chairman of the Interstate Commerce Commission, transmitting, pursuant to law, the thirty-fifth annual report of the Interstate Commerce Commission, which was referred to the Committee on Interstate Commerce.

TRAVELING EXPENSES, DIRECTOR UNITED STATES BOTANIC GARDEN.

The VICE PRESIDENT laid before the Senate a communication from the Acting Director of the United States Botanic Garden, transmitting, pursuant to law, a report of travel expenditures by the director for the year ended June 30, 1921, which was referred to the Committee on the Library.

MESSAGE FROM THE HOUSE.

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

H. R. 5700. An act authorizing the Secretary of the Treasury to sell the old subtreasury property at San Francisco, Calif.;

H. R. 8401. An act to transfer the custody and control of the United States customhouse wharf at Charleston, S. C., from the Treasury Department to the War Department; and

H. R. 9021. An act to permit the city of Chicago to acquire real estate of the United States of America.

ENROLLED JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the enrolled joint resolution (H. J. Res. 81) authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to the dead of the First Division, American Expeditionary Forces, in the World War, and it was thereupon signed by the Vice President.

PETITIONS AND MEMORIALS.

Mr. MCLEAN presented a resolution adopted at a meeting of citizens of Watertown, Conn., indorsing the Conference on Limitation of Armament and the leadership of the United States in making military and naval sacrifices, etc., which was referred to the Committee on Foreign Relations.

He also presented eight letters and a telegram in the nature of petitions from sundry citizens of New Britain, Bridgeport, and Ansonia, all in the State of Connecticut, praying for the passage of Senate resolution 173, expressing the hope that the differences between Great Britain and Ireland may be speedily composed, which were referred to the Committee on Foreign Relations.

He also presented a petition of 942 employees of the Waterbury Clock Co., of Waterbury, Conn., praying for the enactment of the so-called Fordney tariff bill with the American valuation plan included, so as to enable manufacturers to better meet foreign competition and maintain American living standards for employees, which was referred to the Committee on Finance.

Mr. DILLINGHAM presented resolutions adopted by Division No. 2, Ancient Order of Hibernians, of West Rutland, Vt., indorsing the so-called La Follette resolution relative to Ireland, which were referred to the Committee on Foreign Relations.

Mr. WILLIS presented a resolution adopted by the Cincinnati (Ohio) Clearing House Association, protesting against inclusion in the tax law of the \$300 exemption on dividends or interest from domestic building and loan associations, which was referred to the Committee on Finance.

PRINTING OF TREATIES WITH GERMANY AND AUSTRIA.

Mr. MOSES, from the Committee on Printing, reported a resolution (S. Res. 185), which was considered by unanimous consent and agreed to, as follows:

Resolved, That the treaties between the United States and Germany and Austria 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. NELSON:

A bill (S. 2801) to amend section 21 of an act entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1897, and for other purposes," approved May 28, 1896; to the Committee on the Judiciary.

By Mr. STERLING:

A bill (S. 2802) to amend an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920; to the Committee on Civil Service.

By Mr. HEFLIN:

A bill (S. 2803) to amend an act entitled "An act for making further and more effectual provisions for the national defense, and for other purposes," approved June 4, 1920; to the Committee on Military Affairs.

By Mr. MCNARY (for Mr. JOHNSON):

A bill (S. 2804) to amend section 9 of an act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 6, 1917, as amended; to the Committee on the Judiciary.

By Mr. DILLINGHAM:

A bill (S. 2805) granting an increase of pension to Julia A. Roberts (with accompanying papers); to the Committee on Pensions.

By Mr. CARAWAY:

A bill (S. 2806) for the relief of Paul B. Belding; to the Committee on Claims.

A bill (S. 2807) granting an increase of pension to Mrs. M. E. Jackman; to the Committee on Pensions.

A bill (S. 2808) making eligible for retirement under the same conditions as now provided for officers of the Regular Army, Lieut. Leonard C. Boyd, an officer of the United States Army during the World War, who incurred physical disability in line of duty; to the Committee on Military Affairs.

By Mr. ELKINS:

A bill (S. 2809) granting a pension to John D. Crouch; to the Committee on Pensions.

A bill (S. 2810) to amend and reenact section 113 of chapter 5 of the Judicial Code of the United States, as amended and reenacted by an act approved August 22, 1914; to the Committee on the Judiciary.

By Mr. McNARY:

A bill (S. 2811) to encourage the development of the agricultural resources of the United States through Federal and State cooperation, giving preference in the matter of employment and the establishment of rural homes to those who have served with the military and naval forces of the United States; to the Committee on Irrigation and Reclamation.

By Mr. NORBECK:

A bill (S. 2812) authorizing the Secretary of the Interior to extend the payment of construction charges on reclamation projects for one year, and for other purposes; to the Committee on Irrigation and Reclamation.

AMENDMENT OF DEFICIENCY APPROPRIATION BILL.

Mr. WELLER submitted an amendment proposing that the Comptroller General of the United States be authorized to audit and adjust the claim of the city of Baltimore, Md., for reimbursement for money expended and for obligations incurred and paid to aid the United States in the construction of works of defense in and around the city of Baltimore during the Civil War, intended to be proposed by him to House bill 9237, the deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

HOUSE BILLS REFERRED.

The following bills were severally read twice by title and referred to the Committee on Public Buildings and Grounds:

H. R. 5700. An act authorizing the Secretary of the Treasury to sell the old Subtreasury property at San Francisco, Calif.;

H. R. 8401. An act to transfer the custody and control of the United States customhouse wharf at Charleston, S. C., from the Treasury Department to the War Department; and

H. R. 9021. An act to permit the city of Chicago to acquire real estate of the United States of America.

INVESTIGATION OF LOBBYING ACTIVITIES.

THE VICE PRESIDENT. The morning business is closed.

Mr. KING. Mr. President, I move that the Senate proceed to the consideration of Senate resolution 77.

THE VICE PRESIDENT. The Senator from Utah moves that the Senate proceed to the consideration of Senate resolution 77, proposing to create a special committee to investigate the expenditures made in behalf of various propaganda and in the maintenance of lobbies in Washington.

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

THE VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Fletcher	McKellar	Robinson
Borah	Frelinghuysen	McNary	Sheppard
Bursum	Harris	Moses	Shortridge
Capper	Harrison	Myers	Spencer
Culberson	Heflin	Nelson	Sterling
Curtis	Jones, Wash.	Nicholson	Trammell
Dial	Kendrick	Norbeck	Wadsworth
du Pont	Keyes	Norris	Walsh, Mont.
Edge	King	Page	Warren
Elkins	Ladd	Phipps	Weller
Fernald	Lenroot	Poindexter	

Mr. CURTIS. I was requested to announce that the Senator from Pennsylvania [Mr. PENROSE], the Senator from North Dakota [Mr. McCUMBER], the Senator from Utah [Mr. SMOOT], the Senator from Connecticut [Mr. MCLEAN], the Senator from Vermont [Mr. DILLINGHAM], the Senator from Indiana [Mr. WATSON], the Senator from West Virginia [Mr. SUTHERLAND], and the Senator from New York [Mr. CALDER] are engaged in hearings before the Committee on Finance.

I was also requested to announce that the Senator from Connecticut [Mr. BRANDEGE], the Senator from Kentucky [Mr.

ERNST], the Senator from Ohio [Mr. WILLIS], the Senator from North Carolina [Mr. OVERMAN], and the Senator from Tennessee [Mr. SHIELDS] are engaged on business of the Senate.

I also wish to announce that the Senator from Oklahoma [Mr. HARRELD] is absent on account of illness, and that the Senator from Nevada [Mr. ODDIE] is absent on business of the Senate.

[Mr. HEFLIN. I wish to announce that my colleague [Mr. UNDERWOOD] is absent on account of the death of his mother.

Mr. HARRISON. I desire to announce that the senior Senator from Mississippi [Mr. WILLIAMS] is detained at home on business, and that the junior Senator from Rhode Island [Mr. GERRY] is necessarily detained by illness.

I wish also to announce that the Senator from Georgia [Mr. WATSON] is absent on official business.

The VICE PRESIDENT. Forty-three Senators having answered to their names, a quorum is not present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. CARAWAY, Mr. FRANCE, and Mr. TOWNSEND answered to their names when called.

Mr. DIAL. I desire to state that my colleague [Mr. SMITH] is unavoidably detained from the Senate.

Mr. GLASS, Mr. MCKINLEY, Mr. BALL, Mr. CARAWAY, Mr. CALDER, Mr. PITTMAN, Mr. BROUSSARD, Mr. McLEAN, Mr. SUTHERLAND, Mr. LA FOLLETTE, Mr. KELLOGG, and Mr. WALSH of Massachusetts entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-eight Senators having answered to their names, a quorum of the Senate is present. The question is on the motion of the Senator from Utah [Mr. KING] that the Senate proceed to the consideration of Senate resolution No. 77, being a resolution submitted by him May 12, 1921, proposing to create a special committee to investigate the expenditures made in behalf of various propaganda and in the maintenance of lobbies in Washington.

Mr. STERLING. Mr. President, I should like to ask if a committee of the Senate was not appointed under a similar resolution?

Mr. KING. Replying to the Senator from South Dakota, I desire to say that this resolution when it was originally introduced was referred to the Committee on the Judiciary. The Committee on the Judiciary appointed a subcommittee, of which the Senator from Iowa [Mr. CUMMINS], the Senator from South Dakota [Mr. STERLING], and the Senator from Montana [Mr. WALSH] were named as members for the consideration of the subject embraced in the resolution. That committee had some hearings, and later reported back a resolution, which is now upon the calendar.

Mr. STERLING. The Senator from Utah refers to the resolution relating to the investigation of the dye industry?

Mr. KING. Yes. They modified the resolution as it was introduced, limiting the investigation to the dye lobby and its activities. That resolution was then, as a mere matter of form, as I supposed, referred to the Committee to Audit and Control the Contingent Expenses of the Senate. That committee reported the resolution back with one amendment, eliminating the clause of the resolution as it came from the Committee on the Judiciary which authorized the sending for witnesses, and so forth. That resolution is now on the calendar. The explanation was made by the chairman of the Committee to Audit and Control the Contingent Expenses of the Senate that the committee eliminated that provision of the resolution because they considered it a duplication, the committee already having the power to send for witnesses and to incur the necessary expenses incident to the proposed investigation.

Mr. STERLING. I recall that discussion.

Mr. KING. I insisted that, even if the committee possessed that power, there would be no impropriety, "to make assurance double sure," in permitting the provision to stand.

Mr. STERLING. But, as I understand, the resolution for which the Senator from Utah asks consideration is another resolution providing for the appointment of a special committee?

Mr. KING. No; it is the same resolution, and I am now asking for its consideration. Objections to the consideration of the resolution have been made and its passage has been blocked thereby.

Mr. STERLING. The Senator's request is now confined to the resolution as reported?

The VICE PRESIDENT. The question is on the motion of the Senator from Utah [Mr. KING] to proceed to the consideration of the resolution.

Mr. FRELINGHUYSEN. The motion, I understand, is as to whether we shall or shall not take up the resolution?

The VICE PRESIDENT. The question is on the motion to take up the resolution.

The motion was agreed to.

The VICE PRESIDENT. The Chair lays the resolution before the Senate, and it will be read.

The reading clerk read the resolution (S. Res. 77) which had been reported by the Committee on the Judiciary with an amendment in the nature of a substitute and subsequently reported by the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment to strike out the last paragraph of the substitute resolution in the following words:

Resolved further, That the committee is authorized to subpoena witnesses, send for persons and papers, to administer oaths, and to employ the necessary clerical assistance in the prosecution of such investigation.

So as to make the resolution read:

Whereas it has been charged that the dye industry is controlled by a combination of corporations and that it is in fact a monopoly, and that in order to maintain such monopoly and obtain an embargo against the importation of competing dyes, has employed agents, attorneys, and lobbyists to influence Congress in behalf of special legislation in the interest of such monopoly: Now, therefore, be it

Resolved, That the Committee on the Judiciary, or any subcommittee thereof, is hereby authorized and instructed to investigate the charge that the dye industry is controlled by a combination of corporations which is in fact a monopoly and has employed agents, attorneys, and lobbyists to influence Congress in behalf of special legislation in the interest of such monopoly, and report its findings to the Senate, together with such recommendations as it may deem appropriate.

Mr. FRELINGHUYSEN. I offer the amendment to the resolution which I send to the desk. I ask that it may be read, and I then desire to be heard upon it.

The VICE PRESIDENT. The Secretary will state the amendment proposed by the Senator from New Jersey.

The reading clerk read as follows:

On page 3, after the word "monopoly," in line 18, it is proposed to insert a semicolon and the following: "to investigate the activities and methods of importers of dyes from Germany, and their agents, attorneys, and lobbyists to influence Congress in behalf of special legislation, and to investigate the dye and chemical industries of the United States, and the supply and distribution methods, within the United States and elsewhere, of the German dye and chemical industries, with a view to recommending proper legislation."

Mr. FRELINGHUYSEN. Mr. President, I have no desire to prevent an investigation by the Senate of the United States of any abuses by any combination of capital or any industry in this country. If such abuses exist or there is a belief that they exist, it is the duty of those who suspect such mischief to see to it that an investigation shall be made.

Mr. NORRIS. Mr. President—

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

Mr. FRELINGHUYSEN. I yield.

Mr. NORRIS. Will the Senator state the effect of his amendment on the resolution? I have heard it read, but I could not tell from the reading just what the effect would be on the original resolution.

Mr. FRELINGHUYSEN. I shall be very glad to do so in the course of my remarks, if the Senator is willing to wait until that time.

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

Mr. FRELINGHUYSEN. I yield.

Mr. KING. While I believe that the amendment offered by the Senator from New Jersey is incongruous with the resolution before the Senate and introduces into the proposed investigation a matter which is entirely foreign to the purposes of the resolution, yet if the Senator desires to have the investigation broadened and an incongruous investigation made I have no objection, and I accept the amendment.

Mr. FRELINGHUYSEN. Mr. President, I think I can show that the amendment I have suggested is entirely relevant to the purposes of the proposed inquiry and investigation.

Mr. KING. Mr. President—

Mr. FRELINGHUYSEN. I yield; I wish to be courteous to the Senator.

Mr. KING. I merely wanted to state to the Senator that I accepted his amendment. If he does not desire me to accept it, I withdraw the tender.

Mr. FRELINGHUYSEN. It is perfectly agreeable to me if the Senator is willing to accept the amendment. I thought he was about to object to it.

Mr. POINDEXTER. The Senator has no right to accept it; the Senate has a right to vote on it.

Mr. FRELINGHUYSEN. Mr. President, I simply desire to be heard upon this subject. I intend to oppose the resolution, because I believe at this time it is unnecessary and unwarranted and that it will interfere with the great national defense policy of this country.

I believe that the motive behind the resolution is antagonistic to an industry that is very necessary to the national defense, an industry which at this time is prostrate and practically

paralyzed by reason of the fact that it is uncertain as to what the policy of the Congress will be, and those interested in it are not willing to take the ordinary business chances owing to the antagonism of certain Senators in this body. I believe, further, Mr. President, that the menace of a dye monopoly does not exist, but that the great menace that exists is that Germany will again control the dye business in this country and destroy the American industry which was fostered and built up during the war.

It has been stated that there is a dye monopoly. I am informed that an attack has been made on the du Pont interests, and it is charged that they constitute the monopoly. Mr. President, I know nothing of the du Pont interest; I know nothing of the general dye interests of the country. I have been informed that the du Pont interests are limited to 17 per cent of the dye production of the United States; that the National Aniline Co. controls, perhaps, 25 per cent, and that the remaining 60 per cent is in the hands of from 200 to 300 independent chemical concerns. There are at the present time in my State 204 independent chemical dye plants, and I have in my hand, and desire to insert in the RECORD, a list of those plants. In capital they vary from \$5,000 to a million dollars. They are absolutely independent of any dye monopoly. At the beginning of the war there were a few chemical plants in this country, and when it was found that Germany had prepared herself for the World War and practically had a monopoly of the dyes and a monopoly of war munitions, these plants were employed in making munitions of war. They were augmented by other factories that were built for that purpose; and if it had not been for the genius and energy of these men during the war the Allies across the sea would have had no war munitions, no powder, and no materials with which to confront the attack of the Germans. As a result of the genius and energy manifested not only in my State but all over this country, these plants sprang up, and it was by reason of their efforts that civilization was saved.

I ask that the list of these plants be placed in the RECORD to show that there is a very large independent chemical interest in this country.

The VICE PRESIDENT. Without objection, it will be so ordered.

The matter referred to is as follows:

LIST OF CHEMICAL AND DYESTUFF FACTORIES IN NEW JERSEY.

Acme Chemical Co., 501 Federal Street, Camden.
Acme Chemical & Supply Co., 411 Halsey Street, Newark.
Air Reduction Co., 134 Halladay Street, Jersey City.
Amalgamated Dyestuff & Chemical Co., Plum Point Lane, Newark.
American Agricultural Chemical Co., Carteret.
American Aniline Products (Inc.), 309 Sussex Street, Harrison.
American Bromine Co., Maywood.
American Chemical Co., Hudson Heights.
American Cyanamid Co., Warners and Elizabeth.
American Oil & Supply Co., 52 Lafayette Street, Newark.
American Pharmaceutical Co., post-office box 1718, Paterson.
American Synthetic Dyes Co., Newark.
Ammo-Phos Corporation, post-office box 36, Elizabeth.
Anderson Chemical Co., Wallington.
Antimony & Compounds Co. of America, post-office box 293, New Brunswick.
Atlas Powder Co., Landing.
Ault & Wiborg Co., 312 Washington Street, Jersey City.
Austin Color & Chemical Co., Lester and Brown Streets, Newark.
Avri Chemical Co., Jersey City.
J. T. Baker Chemical Co., Phillipsburg.
Barnes Chemical Works, Paterson.
Barrett Co., Elizabeth.
Battelle & Renwick, 115 Morris Avenue, Jersey City.
Bayway Chemical Co., Elizabeth.
Belleville Metal & Chemical Co., Belleville.
Dr. Bengue, 415 Kerrigan Avenue, West Hoboken.
Block Chemical Works, Berkeley Heights.
Bound Brook Chemical Corporation, Somerville.
Brauer & Co., Elijah, 48 Paterson Street, Jersey City.
British-American Chemical Co., Ridgefield Park.
Bulls Ferry Chemical Co., Hudson Heights.
Bureau of Explosives, South Amboy.
W. J. Bush & Co. (Inc.), Linden.
Butterworth-Judson Corporation, Newark.
Calco Chemical Co., Bound Brook.
Camden Chemical Manufacturing Co., Camden.
John Campbell & Co., Plum Point Lane, Newark.
Capes-Viscose Co., Delawanna.
Carbo-Hydrogen Co., Bayonne.
G. W. Carnick Co., 5 Skillman Avenue, Jersey City.
Celluloid Co., Newark.
Cellulose Products Corporation, 78 Paris Street, Newark.
Central Dyestuff & Chemical Co., Plum Point Lane, Newark.
Chemical Co. of America, Springfield.
Chipman Chemical Eng. Co., Bound Brook.
Antoine Chiris Co., Delawanna.
Chrome Color Works, Matawan.
Citro Chemical Co., Maywood.
Clifton Chemical Laboratory, Passaic.
Coiform Chemical Co., Dundee Lake.
Condensite Co. of America, Bloomfield.
Consolidated Color & Chemical Co., Brown and Lester Avenues, Newark.
Charles Cooper & Co., 346 Van Buren Street, Newark.

Cosmos Chemical Co. (Inc.), 700 Berckman Street, Plainfield.
Crescent Color & Chemical Works, Dunellen.
Crown Color & Chemical Co., Bound Brook.
Dehls & Stein (Inc.), 243 South Street, Newark.
Dooner & Smith Chemical Co., 376 Mulberry Street, Newark.
E. E. du Pont de Nemours & Co., Parlin, Arlington, Lodi.
Dye Products Chemical Co. (Inc.), 202 Vanderpool Street, Newark.
Eastern Products Corporation, Asbury Park.
Eastwood Chemical Co., Belleville.
Edel Laboratories (Inc.), 116 Market Street, Newark.
Edison (Inc.), Thomas A., West Orange.
Essex Laboratories (Inc.), 245 N. J. R. R. Avenue, Newark.
Eureka Flint & Spar Co., Trenton.
L. Feuchtwanger & Co., Little Ferry.
Fine Colors Co., 21 McBride Avenue, Paterson.
Flotation Oil & Chemical Co., Elizabeth.
Fore Chemical Works, 182 Monroe Street, Garfield.
Foster-Heaton Co., 27 Bager Avenue, Newark.
Franco-American Chemical Works, Carlstadt.
Fries Bros., Orange and Hill Streets, Bloomfield.
General Bakelite Co., Perth Amboy.
General Chemical Co., Edgewater.
General Supply Co., 262 Bertrand Avenue, Perth Amboy.
Globe Chemical Co. (Inc.), 168 Broadway, Jersey City.
Goodrich-Lockhart Co., Fords.
Grasselli Chemical Co., Grasselli.
Guarantee Products Co., 709 Berckman Street, Plainfield.
Haack & Co., 800 Broad Street, Newark.
Hanovai Chemical and Manufacturing Co., 233 N. J. R. R. Avenue, Newark.
Harrison Manufacturing Co., 55 Union Street, Rahway.
Heller & Merz Co., Wilson and L Avenues, Newark.
Hercules Powder Co., Kenil.
Morris Herrmann & Co., 878 Monnt Prospect Avenue, Newark.
Heyden Chemical Works, Garfield.
High Products Chemical Co., 37 Rich Street, Irvington.
Himadi, D. A., Lodi.
Johann Hoff Co., 42 Jellif Avenue, Newark.
Hygienic Chemical Co., Elizabeth.
Ideal Disinfectant Co., 9 Orchard Street, Newark.
Import & By-Products Co. (Inc.), Trenton.
Industrial Products Co., Trenton.
International Chemical Co., Camden.
International Coal Products Co., 581 Broad Street, Newark.
International Oxygen Co., 796 Frelinghuysen Avenue, Newark.
Interstate Chemical Co., Bayview and Garfield Avenues, Jersey City.
Jaenecke Printing Ink Co., Newark.
Kalbfleisch Corporation, Third and Baltic Streets, Elizabethport.
Keystone Dyestuff & Chemical Co., 11 Campbell Street, Newark.
Kil-Tone Co., Vineland.
King Chemical Co., Bound Brook.
E. C. Klipstein & Co., Chrome.
H. Kohnstamm & Co., Cleveland and Lois Avenues, Camden.
Lippincott Chemical Co., West Orange.
Lowenstein Radio Co., 50 Spring Street, Newark.
McCastrand, S. D., post-office box 1516, Paterson.
McKesson & Robbins, Perth Amboy.
Maas & Waldstein Co., Riverside Avenue, Newark.
Mallinckrodt Chemical Works, Jersey City.
Maltbie Chemical Co., 250 High Street, Newark.
Mangano Manufacturing Co., 17 Seminary Avenue, Rahway.
Marden, Orth & Hastings Co., 44 Lewis Avenue, Jersey City.
Max Marks Color & Chemical Co., 192 Coit Street, Irvington.
May Chemical Works, 42 Jellif Avenue, Newark.
Maywood Chemical Works, Maywood.
Mechling Bros. Manufacturing Co., Camden.
Mennen Chemical Co., 42 Orange Street, Newark.
Merck & Co., Rahway.
Middlesex Aniline Co., Lincoln.
Migel & Blum, Paterson.
Minalco Chemical Co., 207 Market Street, Newark.
Mounmouth Chemical Co., Keyport.
Morgenstern & Co., Edgewater.
Morris County Chemical Works, Bloomingdale.
Mutual Chemical Co. of America, Jersey City.
National Aniline & Chemical Co., 103 North Nineteenth Street, East Orange.
National Synthetic Co., Perth Amboy.
Neidich Process Co., Burlington.
New Brunswick Chemical Co., New Brunswick.
Newark Chemical Co., 269 Oliver Street, Newark.
Newport Co., Passaic.
Niasco Chemical Co., Newmarket.
Nixon Nitration Works, New Brunswick.
Onyx Oil & Chemical Co., 15 Exchange Place, Jersey City.
Organic Products & Color Co., Elizabeth.
Pacific Coast Borax Co., Bayonne.
Peerless Color Co., Bound Brook.
Perolin Co. of America, Paterson.
Perth Amboy Chemical Works, Perth Amboy.
Pharma-Chemical Corp., 169 West Fifty-second Street, Bayonne.
Philadelphia Quartz Co., Rahway.
Po Ambo Chemical Co., Matawan.
Powers-Weightman-Rosengarten, Summit.
Radium Luminous Material Corp., 166 Alden Street, Orange.
Rahway Chemical Co., Rahway.
Rahway Coal Tar Products Co., Rahway.
Robert Rauh (Inc.), 310 Elizabeth Avenue, Newark.
Reade Manufacturing Co., 1023 Grand Street, Hoboken.
Rector Chemical Corp., Clifton.
Rhodia Chemical Co., New Brunswick.
Roberts-Holt Chemical Co., 207 Market Street, Newark.
Roessler & Hasslacher Chemical Co., Perth Amboy.
Schmidt's American-Made Artists' Colors (Inc.), Montvale.
Scott & Bowne, Bloomfield.
Seaboard Chemical Co., Fort Blanchard Street, Newark.
Secaw Chemical Co., Irvington.
Seydel Manufacturing Co., 86 Forrest Street, Jersey City.
Sinclair & Valentine, Edgewater.
Sizing Specialties Co. (Inc.), 98 Hudson Street, Jersey City.
L. Sonneborn Sons (Inc.), Belleville.
E. R. Squibb & Co., New Brunswick.
Staier Chemical Co., 443 Riverside Avenue, Newark.

Standard Chemical Co., foot of West Fifth Street, Bayonne.
 Stillwell Chemical Co., 525 Chancellor Avenue, Irvington.
 Stuhner Chemical Works (Inc.), 833 Magnolia Avenue, Elizabeth.
 Walter F. Sykes & Co., 141 East Fifth Street, Bayonne.
 T. M. & G. Chemical Co., Belleville.
 Takamine Commercial Corporation, Clifton.
 Taylor-White Extracting Co., Camden.
 T. P. Thomas & Son Co., Mantua Point.
 Tisza Chemical Co., 125 Cator Avenue, Jersey City.
 Transatlantic Chemical Corporation, Linden.
 Tyson Bros. (Inc.), Rahway Avenue, Carteret.
 Union Chemical Products Corporation, York and Colgate Streets, Jersey City.
 United Color & Pigment Co., Newark.
 United Oil & Chemical Corporation, Milford.
 U. S. P. Salicylic Co., Morsemere.
 Utah Potash Co., Trenton.
 Utility Chemical & Color Co., 377 Frelinghuysen Avenue, Newark.
 Van Dyk & Co., 57 Wilkinson Avenue, Jersey City.
 Verona Chemical Co., North Newark.
 Vreeland Chemical Manufacturing Co., Little Falls.
 Vulcan Determing Co., Sewaren.
 Warner Chemical Co., Carteret.
 Welsbach Co., Gloucester.
 White Tar Co. of New Jersey, P. O. Box 28, Five Corners Station, Jersey City.
 Wilkes, Martin, Wilkes Co., Camden.
 Jacques Wolf & Co., 285 Lexington Avenue, Paterson.
 C. A. Woolsey Paint & Color Co., Grand and Golden Streets, Jersey City.

Mr. FRELINGHUYSEN. Mr. President, I am not opposing this resolution for any sordid purpose, to protect or defend any interest in my State. I am opposing it because I believe harassing and interfering with an industry of this character that is so essential for national defense is not only unnecessary but reprehensible, particularly when the agents of the German interests are now here again in this Capitol. Their agents are in this country. Their lawyers are here, trying to gain advantage in order that Germany may again capture this industry. Therefore I believe that the concern of this Congress should be to ascertain, in a fair and impartial way, methods whereby this industry shall be fostered, and methods whereby a return of German domination may be prevented. That is the patriotic duty of the Senators in this body; not by carping criticism, not by unfair attack, not by creating a false public opinion, to try and destroy this industry, because I suspect that back of those attacks are the sinister interests of our late enemy, Germany.

Now, let us see. The German methods prior to this war, from the standpoint of the dye industry and of war munitions, made this country prostrate. The history of our unpreparedness is known to everyone; but as a member of the Military Affairs Committee I made a study of certain phases of American statesmanship, so called, of the attitude of men in and out of Congress toward national preparedness for the past 40 years, and it is a continuous record of neglect, of lack of vision, of indifference toward national safety. I think it was immediately after the Spanish-American War, which showed that this country was unprepared, and caused an excessive loss of life by reason of such unpreparedness that William Jennings Bryan took as his campaign issue antimilitarism, anti-imperialism, basing his theory upon the principle that we should not have colonies in Porto Rico and the Philippines; and he went about this country giving an evangelical discourse entitled "The Prince of Peace." Sincere and well meaning, a lover of peace, is Mr. Bryan; but by reason of that school of thought he created in this country a sentiment against all measures of national defense, against all measures of preparedness. The great heart of America beats for peace at all times; but that propaganda created a blindness in statesmen and in candidates for office, who yielded to that sentiment rather than take the more courageous and nobler course by showing the people of this country that safety lay in proper means of national defense; and down through the years the same policy was pursued. We saw appropriations for the Army and the Navy cut down. We saw an absolute opposition to the creation of a merchant marine and absolutely no attention paid to the development of aircraft as a means of attack.

When Germany invaded Belgium this country, anxious regarding its safety, became aroused. At the same time men like Lord Roberts issued a warning in the House of Parliament; our own Gen. Leonard Wood, with a prophetic vision, stated that a German conflict with this country could not be prevented, and urged that this country prepare. Yet our President, Mr. Wilson, said, "There should be no hysteria; we are amply prepared"; and Mr. Bryan, the Secretary of State, said, "We can raise a million men overnight," expecting them, of course, to fight with their naked fists the next morning; and Mr. Wilson said that "we should be neutral in thought as well as in action," and in opposing the policy of preparedness he said that we would not enter this conflict, "we were too proud to fight." Notwithstanding the

fact that the conflagration was going on in Europe and scorching our faces, we continued to resist all means of national preparedness. Even when the *Lusitania* was sunk statesmen in this body attempted to condone that great offense against civilization and humanity, stating that it was America's fault for allowing its citizens to go on that ship; but the people of America woke up when all over this broad land, in every city and hamlet, was heard the sound of marching feet. They knew better than so-called statesmen that civilization was in danger, and they demanded that our Government officials inaugurate a program of preparedness.

So much for our preparation. When we entered the war, what was the situation? Did we not have to go out in the open market and buy civilian overcoats and blankets in order to protect our troops in the camps; and did we not have to rely upon the Allies for our ordnance and our arms and our merchant ships with which to send the men to the other side? That was the record of this war. There was no lack of bravery or courage. There was preparedness there by the American people; but for 40 years the Government had neglected every means of national defense.

But there was another implement of war that had been disregarded and lost sight of. For 40 years the textile industries in this country had opposed a protective tariff on dyes and chemicals. I have read the record; you can read it yourselves, and see how these textile industries, particularly one great industry in New Hampshire, had opposed the protection of our dye industry in this country; how the head of that industry organized the opposition and appeared before the tariff committees, urging that no tariff protection be given to this great industry. For 40 years that condition had existed, and there was no dye industry in this country when the war broke out.

Col. Wood, who changed the specifications of the Army uniform while in the Quartermaster Department and put shoddy in it, has been the chief high priest and prophet in his opposition to a protective tariff or any protection of the dye industry in this country; and we actually were manufacturing shoddy stuff and putting it on our soldiers over there until Gen. Pershing cabled his protest, and Gen. Goethals ordered that a sufficient quantity of virgin wool be put in the uniform and demanded that it be made of proper weight to protect our soldiers; but these were the interests that prevented the establishment of a dye industry in this country.

What was the result? No one in this country knew of the development of that death-dealing gas. We had no dye organization, no chemical organization. Our scientists and chemists had not been encouraged; and one fatal day, when the Canadians and the English and the French were attacking the Germans at Ypres, a new, hellish device was launched upon them, and those men were stricken down by the thousands. That is the answer to the men who are trying to-day to prevent the establishment of a dye industry in this country. Look at these men in the hospitals, suffering from the gas attacks. Look at the men coughing their lungs out in the hospitals of this country, and then hark back to the 40 years of opposition to the development of this industry.

Now, the same agents who encouraged the textile industries to oppose a proper protective tariff on the dyes of this country all through those 40 years are here again, fighting the same battle, with the same alliances, trying to prevent this dye embargo, which would prevent Germany from restoring herself and gaining domination in this country. The same representatives of the Badische and the great German monopoly are here in this city pleading that something be done which will not prevent their enjoying the same benefits and the same opportunities they had before.

Mr. President, it is not the material interests of my State, or the material interests of any one, that I am thinking about. The issue involved is more momentous than that. When I came here to-day I prayed God that I might be able to present to the Senate the great danger there is in harassing and discouraging this industry in this country. If there are abuses, they can be corrected in another way than by an antagonistic attitude.

There are means of finding out fairly and impartially what the true situation is regarding this great subject. It is a technical subject. It is one that can not be understood in a superficial way. The great Judiciary Committee, with the ablest lawyers in this body upon it, is engaged in other business of the Senate, other activities. Have the members of that committee the time properly to investigate and examine into this question?

Mr. President, it should be an impartial and a fair investigation. Senate investigations are not always fair. The danger that lies in an investigation of this character is that a false

public opinion may be created, because we all have the same failing. When we are on a committee, we like to have our names on the front pages of the newspapers. These investigations are not investigations; they are inquisitions. The rules of evidence are disregarded. Each member of the committee becomes a prosecuting attorney, and I have seen many investigations where there was no opportunity to present any evidence in rebuttal. I say now, after the experience we have had in this war, that it is our duty to see that only the fairest sort of an investigation is made. I believe this great question of commerce should be taken up before the Department of Justice and the Department of Commerce, not by this body.

I spoke of the culmination of our disastrous protective policy on the dye industry. I said it reached its culmination in the gas attack at Ypres. Let me read a description of that attack in a book entitled "The Riddle of the Rhine," by Victor Lelefure, who was an officer of the Crown of Italy, a fellow of the Chemical Society. He writes under the head of "German Surprise, Ypres, April, 1915, to the Somme, August, 1916," as follows:

The critical factor of surprise in war was never nearer decisive success than on April 22, 1915. Of this, the occasion of the first German gas attack at Ypres, Field Marshal Sir J. D. P. French stated:

Following a heavy bombardment, the enemy attacked the French division at about 5 p. m., using asphyxiating gases for the first time. Aircraft reported that at about 5 p. m. thick yellow smoke had been seen issuing from the German trenches between Langemarck and Bixschoe. What follows almost defies description. The effect of these poisonous gases was so virulent as to render the whole of the line held by the French division mentioned above practically incapable of any action at all. It was at first impossible for anyone to realize what had actually happened. The smoke and fumes hid everything from sight, and hundreds of men were thrown into a comatose or dying condition, and within an hour the whole position had to be abandoned, together with about 50 guns. I wish particularly to repudiate any idea of attaching the least blame to the French division for this unfortunate incident."

The enemy just missed colossal success, rendered possible by the use of an entirely new war method, one contrary to engagements entered into by them at The Hague convention.

There were elements in this first gas attack which were absent even from the situation created by our first use of tanks. Unfamiliarity amongst the troops, or the staff, for that matter, created an atmosphere of unparalleled confusion. Men attempted to protect themselves by burying their mouths and nostrils in the loose earth. Those chemists on the spot not immediately struck down made frantic efforts to bring up supplies of any suitable and available chemical or material which might assist resistance and movement in the affected zone. Paying every homage to the heroic sacrifices and brave actions which characterized the allied resistance, we can not ignore the fact that morale must have been very severely shaken locally, and that a general disquiet and uneasiness must have permeated the whole front until measures were known to be effectively in progress, not only for protection but for retaliation. The enemy had but to exploit the attack fully to break through to the channel ports, but failed to do so. The master mind behind this new and deadly attack was not, let us remember, that of a soldier. It was very strongly rumored that this monstrous conception and its execution were due to one, or, at the most, two, renowned German professors. The first hammer blow in the enemy chemical campaign was a two-party conspiracy led by world-famous scientists and the powerful I. G., with the German army, unconvinced but expectant, little more than a willing dupe.

The Interessen Gesellschaft is the "I. G." the great monopoly of Germany. They are here now. Their interests are here. They were the people who conceived the dastardly gas attack at Ypres, when at The Hague convention every civilized nation announced that it would refuse to employ such methods.

The point I make is that Germany was organized and is organized now. In two days she can equip her hundred thousand men with this deadly gas. We were not organized. We were unfamiliar with the formulæ and methods; and yet we are going to place the control of this industry and all of the scientific research back in German hands unless we absolutely refuse, through an embargo, ever to allow Germany again to dominate and control our market.

Mr. President, I stated that the same methods were being employed. I understand that there are agents now for Kuttroff & Pickhardt Co. (Inc.), who represent the great Badische Aniline Co. in this country, who are operating. Their agents are here and their lawyers are here. I can mention their names if anybody wants me to. Who are Kuttroff & Pickhardt Co. (Inc.)? I want this to go in the Record.

The facts show that Mr. Kuttroff organized the business in 1870-71. In 1878 the partnership took in the business of the Badische Anilin & Soda Fabrik of Germany. In 1900 the present firm of Kuttroff & Pickhardt Co. (Inc.) was organized and took over the established business. This corporation did business at the same place in New York until 1906, when it was combined with the Continental Color & Chemical Co. The Continental Co. was consolidated with the business of the Badische Co. of New York and the German Bayer Co. In 1907 the Badische Co. of New York was incorporated and took over the assets and business of the Continental Color & Chemical Co.

Business was conducted between the companies from 1873 until 1917 by various sundry agreements. Money was loaned

by the German company to the American company and they participated in the profits. One accounting of the records shows the German company realized as high as 78 per cent of the earnings of the Kuttroff & Pickhardt Co.

The records show that Kuttroff & Pickhardt Co. asked for and received permission from the German corporation to raise salaries of the people in the American corporation as late as December, 1916. A translation of this letter, dated December 19, 1916, from the American corporation to the German corporation was sent at the time by the submarine *Deutschland*, and a reply was made by radio to the Kuttroff & Pickhardt people in New York.

The firm of Kuttroff & Pickhardt Co. (Inc.) were the consignees of the cargo of dyes brought over by the submarine *Deutschland*, and a remittance was made to the German corporation arbitrarily by Kuttroff without the action of the board of directors.

These few facts as well as the various agreements and arrangements, all contained in the official records of the Government, show that there was a close and existing relation as well as an inseparable interest between the Kuttroff people and the parent company in Germany.

Mr. President, I realize that Germany, in order to be restored, must be allowed to do business in the marts of the world. I have no objection to the descendants of Germans in this country, and people of German parentage who have taken the oath of allegiance to our Government, doing business here. I have no objection to the German firms engaged in industrial pursuits which can not in a moment be turned into implements of war, as the dye industry can, engaging in business in this country. They have the right to do so, and under our peace treaty they should be permitted to do so. But I say, Mr. President, with the record of this war, with 10,000,000 men under the sod, with millions of men suffering on account of the dastardly methods of the German dye industry, as long as I live I shall fight against their ever getting a foothold in this country. That is why I feel that it is unwise and unwarranted to unduly harass by congressional investigation an industry which at the present time is prostrate and which should be encouraged rather than attacked.

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

The PRESIDING OFFICER (Mr. LAND in the chair). Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. FRELINGHUYSEN. I yield, though I have not finished.

Mr. NORRIS. I hope the Senator will let me ask a question. I am doing it entirely for information. I am very much impressed by what the Senator has said. I do not understand why, in view of the amendment proposed to the resolution, there should be an objection to all the truth being known that a fair investigation would bring out. I know that the Senator thinks we would not have a fair investigation by the Judiciary Committee, but the only thing he has suggested in lieu of it is that it ought to be investigated by the Department of Justice.

Mr. FRELINGHUYSEN. No; by the Department of Commerce.

Mr. NORRIS. Does the Senator think that the Department of Commerce would give us the facts any better than the Judiciary Committee would?

Mr. FRELINGHUYSEN. Yes, Mr. President. I do not challenge the fairness of the members of the Judiciary Committee. I think I clearly outlined in a previous part of my speech that I was not criticizing the members of the Judiciary Committee or their fairness and impartiality. But this is a technical question; it involves so largely our national safety; it is one that will require such a length of time to properly investigate that it should be placed in the hands of a body who will have the time and will devote their entire time to an investigation of this character.

I will say further to the Senator from Nebraska that if I did not believe at this time that an investigation of this character would encourage the German interests in Germany and here, and be misunderstood throughout the commercial world, when every one of our allies has created a selective embargo and forbidden, except through permission of their tariff commission, the introduction of German dyes in their country, which we have not done—if I did not believe that an attack of this kind would be misunderstood and that it is antagonistic—I most certainly should not oppose it. I am not opposing, really. I am pointing out the great danger of giving any encouragement to German interests and the great danger in superficially investigating this great subject. I am doing it from a sense of patriotic duty and not merely because there are dye interests in my State.

Mr. NORRIS. Mr. President, I certainly do not question the Senator's patriotic service or intention, and I am not saying that he is at all wrong, but I am one of the Members of the Senate, and I take it that there are a great many others, who care for nothing on this subject except the truth and light. As I understand it, the charges really made by those who favor the original resolution are that there is a lobby using various methods on one side of the controversy, and that the Senator charges that there is a similar lobby representing German interests who are doing something similar on different lines. Now, if that be true, and either one or both of those lobbies are resorting to means that are unfair or propaganda that is untrue, and we are not getting the whole truth, it seems to me that an investigation of the proposition would necessarily have to be undertaken by a committee of either the House or the Senate.

The Department of Commerce would not investigate something that pertained to any scheme to secure legislation. I do not understand that an investigation by the Department of Commerce would under any condition go into the question of whether there is a lobby here trying to control Congress on either side of this proposition. If we are going to investigate that at all it might better come through the House or the Senate, it seems to me.

Personally, I do not accept the very grave charges that I have heard made here from time to time about this lobby. Whether those charges are justified I would like to know. I think the country would like to know, and the Senate and the House would like to know, what the truth is about that.

Mr. FRELINGHUYSEN. I do not know anything about any lobby. I know that a number of manufacturers of my State have come here and have discussed with me the question of their business interests and expressed anxiety over the antagonistic attitude of Congress and some of the misstatements that have been made, and I feel that they have a perfect right to do that.

Mr. NORRIS. I think so, but would not an investigation disclose whether those statements are wrong or not?

Mr. FRELINGHUYSEN. I do not think there has been sufficient evidence presented to warrant an investigation. I do not believe there is a lobby, and I do not believe that the investigation will prove that there is one. I think that the Senate has too much else to do. If there is mischief, if there are evils and abuses properly shown, they can be investigated, but I do not think the charges which have been made warrant any investigation.

Mr. NORRIS. The Senator says that business men in his State who are engaged in the business have seen him.

Mr. FRELINGHUYSEN. Have they not a right to do so?

Mr. NORRIS. Certainly they have a right to do so. The Senator is getting a little too touchy. It seems to me the Senator insinuates that a man who wants to get light on the matter is doing something that is a great sin.

Mr. FRELINGHUYSEN. I beg the Senator's pardon. I had no intention of that.

Mr. NORRIS. It seems to me when the Senator says his own constituents say that the statements which have been made are not warranted that a fair investigation, if that be the truth, would vindicate his constituents.

Mr. FRELINGHUYSEN. But does the Senator believe an investigation should be had of every statement that is made by a constituent?

Mr. NORRIS. No; I do not; but I have heard statements made on the floor of the Senate in discussion of the so-called emergency tariff bill that were very startling. I voted for that tariff bill. I desire to protect this industry if it can be done within reason, but there were a good many things said which, if on investigation I found were true, would cause me to hesitate before I would vote to support or continue indefinitely at least the law that we enacted. If, on the other hand, the Senator is right, if the investigation develops that he is right, I would go just as far as he would to protect it.

Mr. FRELINGHUYSEN. Mr. President, I quite agree with the Senator that it is necessary to provide some means of protection. Of course, that is the whole burden of my speech. I am looking at the broader and larger question of the danger of attacking, in an unfair way and through a superficial investigation, this great industry. What I fear is that the investigation will not be thorough, and that it will be undertaken with prejudice. I feel that personally. I have no evidence of it, and yet I am not seeking to protect any interest or any concern. I have no interest in it beyond the general policy that I believe this Government should pursue of, in a friendly and impartial way, informing itself of the facts regarding this industry. This is an investigation proposed to be made by the Govern-

ment under certain charges, under an indictment, and those who have made those charges will be in control of that investigation.

Mr. NORRIS. Why does the Senator say that?

Mr. FRELINGHUYSEN. The Senator from Utah [Mr. KING] has made the attack and will undoubtedly be on the committee.

Mr. MOSES. Oh, Mr. President, the Senator from Utah is not even a member of the Committee on the Judiciary.

Mr. NORRIS. No; he is not a member of the Judiciary Committee.

Mr. FRELINGHUYSEN. Then I withdraw that statement. I am mistaken as to that. Nevertheless, the Senator, of course, will appear.

Mr. NORRIS. That is his right, and he ought to appear.

Mr. STERLING. Mr. President—

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

Mr. FRELINGHUYSEN. Certainly.

Mr. STERLING. If I may be permitted a word as a member of the Judiciary Committee and as a member of the subcommittee which made the report in favor of a resolution calling for an investigation of the dye industry, I simply wish to say that I have served on a good many subcommittees which have conducted hearings, and I have never yet served on a subcommittee which did not give full opportunity to both sides to be heard.

The Senator from New Jersey awhile ago made the statement that nothing would be heard in rebuttal. I suppose by rebuttal he means nothing could be heard in denial or in explanation of the charges that are made and on which the investigation is founded. I think nothing can be further from the truth than that. Opportunity is always given—that is my experience at least—to the other side to be heard.

So far as the investigation being in control of anybody is concerned, it is not in control of anybody except the committee itself or the subcommittee which has immediate charge of the investigation or the hearing. Of course, the person making the charges has an opportunity to appear before the committee and make his statements and give his testimony, but beyond that he does not control the action or the decision of the committee.

Mr. FRELINGHUYSEN. The Senator knows that I did not state that this would be an unfair hearing, and that those appearing in denial would not be heard. If the Senator will recall my remarks, I said that many of these investigations were inquisitorial, and, by reason of that fact, that time could not be given to a proper hearing of all the evidence, and I still adhere to that statement.

Mr. President, speaking of the situation regarding the attitude of the textile mills of this country I referred to the tariff hearings before the Ways and Means Committee of the House in the Sixtieth Congress 1908-9, vol. 1, schedule A, chemicals, oils, and paints. On page 146 is a memorial and petition in opposition to any advance in duties on coal tars, chemicals, and dyes. The memorial is dated at Washington, December 20, 1908, signed by a number of consumers, headed by the Amoskeag Manufacturing Co. This petition protested against any advance in the rates of duty on coal-tar dyes or colors under section 15 of the then existing tariff on the ground that it would:

(a) Increase the cost of manufacturing colored cotton goods in the United States;

(b) Increase the price to the consumer in the United States;

(c) In the case of export trade an advance in the cost of any of our raw materials adds to our burdens and minimizes our opportunity to compete with foreign cotton manufacturers in foreign markets.

Mr. President, that opposition, as I have previously stated, by these interests existed prior to the war; but during the war the German market which had been open to them was denied to them, and they immediately began to appeal to the chemical and dye industries of this country to provide them with the necessary dyes in order that they might maintain their plants in operation and keep their operatives employed. Now, however, the embargo caused by the war is over and the dyes from Germany are now or are soon to be available at famine prices. Those dyes are produced in a country that recognizes no 8-hour law; they are produced at wages, especially considering rates of exchange, so far below our own that the goods may be brought here at a price that makes it practically prohibitive for the American manufacturers to compete; and now some of these men are suddenly opposing protection through a dye embargo designed to prevent the importation of those dyes and to foster our own industry here. That is the unfairness of the position, although I may say that many of the cotton manufacturers and other manufacturers in the country recognize that the patriotic policy to pursue is to support any proper legisla-

tion which will give the American industry an opportunity to live.

Now, I wish to consider for a moment the relative aspects of the prewar American situation. I read from the book which I hold in my hands, which is entitled "The Riddle of the Rhine," a copy of which I secured the other day. I was very much impressed with the statements which it contains, and I think they are fairly accurate. In regard to the prewar American situation, it states:

According to fairly well-known facts, confirmed by the reports of the two American officials mentioned above, the American prewar organic chemical industry consisted of little more than a series of small assembling plants. Although enormous supplies of coal-tar products were available, yet the dye intermediates derived from them were not made in America, but imported from Germany. After various attempts to establish the dye industry, it seemed at one time, about 1880, to have definitely taken root, but, within the space of five years, there were only four dye-producing establishments remaining.

In every instance the manufacture was almost immediately brought to an end by German price cutting. The same source reveals the direct and indirect methods used by Germany to prevent, at all costs, the development of an independent organic chemical industry. There are many pointed examples of the direct method, and we will glance at the case of salicylic acid. This is a very important chemical, used not only for certain important drugs, but also as an intermediate for dyes and photographic chemicals. In 1903 the United States possessed five manufacturers of this product. In 10 years time three of these had failed, and one of the survivors was a mere branch of a German house.

During this fatal 10 years the product was being sold in that country at a price 25 per cent lower than in Germany. The manipulation of the prices of the other products of the German monopoly enabled them by such methods to maintain it. Many other examples, including such important products as bromine, oxalic acid, and aniline, could be quoted to show the results of the German price-cutting policy. The direct significance of bromine for chemical warfare must be borne in mind.

Mr. President, I have spoken of the German methods employed after the war. It has been repeatedly said that Germany is prostrate, that she has not the ships, that she has not the financial credit necessary to establish her foreign trade and commerce. I want to read into the RECORD a letter upon commercial questions purporting to have been written by Strohacker. I say "purporting to have been written," for it purports to be a copy appearing in the *Idea Nationale*. I have cabled to Italy, to our ambassador, to verify this publication. I think, however, it is fairly authentic and accurate.

I am informed that shortly after the appearance of this publication Italy passed a dye-licensing act. It seems as though it was good national policy for her to do so, after she procured the information contained in this communication from the German counselor to the minister for foreign affairs at Berlin, which is a report from the commercial attaché at Rome to his Government.

GERMAN EMBASSY AT ROME,
No. 1784, GENERAL PRIVATE,
Rome, 25th May, 1921.

To the MINISTER FOR FOREIGN AFFAIRS,
Berlin:

I reply to the invitation contained in circular of 13th May to all commercial attachés to report to your ministry as to the situation and our activity and our commercial development abroad, and I have the honor to report as follows:

The figures of German commerce in Italy show that after the armistice our traders were not inactive in reconquering the Italian market compared with France, England, and the United States and maintaining our supremacy, but that does not mean that we have reached the state of your circulars of 20.8.1920 and 29.8.1920.

In order that we may create for ourselves a favorable political situation, taking advantage of the malcontent of the Italian people, and especially of the Nationalist and Nittian Parties against the powers of the Entente, a political situation which might in due course be favorable to us when Germany should be faced by fresh complications, it is necessary to strengthen this discontent in order to consolidate our situation through economic action.

To this end the point at which we have arrived is only a quarter of the way. We must create such economic interests and bonds with Italy that whatever happens Italy will have to follow our political lead.

First of all, it is necessary that a systematic supply of German goods be sent here, even below cost price to a considerable extent. Inundating the Italian market with German goods, we will not only have a place sympathetic to Germany, because, as many of our agents and commercial representatives have verified, Italian consumers gladly accept cheap articles, but we will also create a situation for Italian industry which will render any continuation of activity impossible. This without doubt will cause such a crisis that, besides keeping Italy in constant agitation, will enable us to become the sole masters of the peninsular trade, the more so as, from our information as to French activity in Italy, it appears that the French fear the outbreak of a revolution here which might cause them similar losses to those suffered in Russia.

The inclosed copy of a report by Sir Capel Cure, British commercial attaché, proves that the British, too, fear the unstable nature of the social situation in Italy.

Further, such situation would enable us to purchase the Italian industries at a very low rate, which would be the key of the situation, since it would also allow us to control trade between Italy and the Balkans in such a way that Italy would not compete with us for those markets. (See circular Oct. 30, 1920, regarding Italo-Jugo-Slav treaty.) This, of course, will happen as soon as Italy is forced to close down.

We have before us a varied field of development in Italian industry, viz., trade in rubber, Fiat, Spa, besides all the tire factories and motor-car engine factories which are already in a state of acute crisis on account of the huge German stocks of these lines sent to Italy.

The Siemens Schuckert already approached the Turin companies last September when the factories were occupied by the workmen, but without result. On my advice, the Siemens has already arranged for the absorption of the Fiat through a combination, Stinnes-Fiat, in the Alpinen and through the purchase by the Deutsch Bank, which has an interest in the Siemens, of the shares which are in the hands of the Banca Commerciale Italiana, amounting to 90,000 Alpinen shares and 100,000 Fiat shares, owned by said bank.

I shall only read portions of the letter, but ask that it may be printed in the RECORD in its entirety.

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

Mr. FREILINGHUYSEN. Passing on, the writer of the letter states:

I have had a promise from the Italian cotton spinners of the possibility of action on their part against possible provisions of the Italian Government. As authorized by you, for my part, I have promised that any such action will be compensated by the dispatch of textile machines from Germany at very low prices.

It must not be forgotten, however, that the Italian textile industry, too, offers a field for economic development for Germany in Italy, whether because they are at present going through a period of crisis or because they obstruct our path toward the East. I understand that in the economic treaties which Italy is on the point of concluding with Yugoslavia she demands that the Jugo-Slavs shall acquire 200,000 quintals (2,000 tons) of textiles per annum in Italy; and it seems that this proposal has been received with pleasure by the Jugo-Slavs, since as a matter of fact the Italian cotton spinners have known how to penetrate that market.

Then we have at our disposal the Italian wealth of lignite. The Italians do not know how to get the most out of this and almost treat it as a thing of little value. On the contrary, it is a matter of 300,000,000 tons of which, as I have already reported, sub. n. 178 ND, only 3,000,000 tons per annum are used, whilst 115,000,000 tons per year could be got, as the deposits are estimated to be more than 35 meters deep.

Add that by distillation, thousand tons of mineral oil could be obtained, since lignite has a percentage of 25 per cent of the components of such oil. The deposits of bituminous schist, valued at 115,000,000 tons, with 12 and up to 18 per cent of naphtha, are worthy of notice, and these two are in a very slightly developed state, which may be attributed to lack of means on the part of the owners.

The Consortium of Chemical Products of Berlin, the Deutsche Bank, and the Discount Gesellschaft are already in treaty with various Italian groups.

As will be seen from this explanation, there is much to do in Italy, but action must be guided by the following rules in order to avoid clashing with Italian susceptibility:

(1) The Deutsche Italienische Vereinig should be able to continue to bring its influence to bear.

Instructions must be given to the Deutsch Italienische Vereinig so that its bulletins shall be inspired to draw attention to the lack of Italian products in Italy, the damage resulting from such lack, and the attempts at economic penetration on the part of foreign countries. Such criterion must also inspire the newspaper campaign of said organization.

(2) The setting up in Milan, too, of an information office at the consulte general for Germany with the aim of following the labor movements in north Italy and to report to Germany in relation to these movements the necessity to send German material and products in order to increase the crisis.

(3) As to fuel it is necessary that after the refusal of the Italians of our offer to collaborate in the development of the lignite mines and for the supply of the market with fuel against facilities of German property which has been so sequestered, our action shall be turned toward private individuals.

Mr. President, I have never read any letter relating to trade conditions which showed more careful design in an effort to capture commercial advantage than this letter. It shows the attitude of German business efficiency. It indicates that in every country on the face of the globe there are German agents and a German system fighting to get back this trade. It is perfectly right for a country to desire to have prosperous commercial conditions. It is right that any country should wish that her industries should be fostered and built up. No one has any complaint about that; but when we, by any act of ours here in this Congress, or by any policy, encourage the building up of an industry in another country which means ultimately the domination of our industry here or its destruction, I say that the patriotic policy for us to pursue is to fight every effort that is made to discourage the industry in this country.

I hate any methods that are dishonest—I think my colleagues know that—and I try to pursue in my public life an independent attitude. It is true that I represent a great industrial State. It is true that these chemical industries have been planted there to the extent of over 200, many of them created during the war. It is true that the financial interests of my State are large. I want to guard them fairly and jealously. I believe that is my duty. I do not hesitate to oppose any policy of those interests that I believe is contrary to the public welfare or any dishonest methods that they may have. My conscience is perfectly clear. If there have been lobby methods employed here that are to be criticized, if evils have crept in that should be eliminated from this Capitol, no one is more heartily in favor of kicking them out than I am; and if any corporation, the dye industry included, is guilty of trade abuses or trade agreements that are against the public welfare, I believe they should be eliminated, but through the proper instrumentality, the Department of Justice, which is even now prosecuting some corporations in my State for such

alleged abuses. But, Mr. President, I feel that unless those who are back of this resolution are absolutely sure that the mischief exists—and I know nothing of it—they are taking a great chance in discouraging these business men who to-day are refusing to invest more capital, whose plants to-day are idle, because of the existing uncertainty as to the protection which will be accorded them.

It is charged that some of these concerns made money. Yes; they paid part of it out in excess-profits taxes; but, anticipating a longer duration of the war, those profits beyond what they paid the Government did not go into the pockets of the stockholders, in many instances, in these small independent plants. They went back into the expansion of the plants to equip them for a longer duration of the war, to equip them for peace pursuits after the war, and the enlargement of this industry which had been fostered and recaptured from Germany, and in which these corporations had the right to expect that they might continue under the protection of their Government. To-day these plants are idle. They will not take the chance with the antagonistic attitude of Congress, and the general attack that has been made upon this industry, and the feeling that this great, powerful German combine will again come over here and undersell, will come over here and capture this industry again, unless they have the protection of the Government, and unless only those dyes are admitted which they can not manufacture at the present time.

Mr. NORRIS. Mr. President—

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

Mr. FRELINGHUYSEN. I yield to the Senator.

Mr. NORRIS. The Senator is speaking of plants being idle. Would he mind explaining, if he understands, why they are idle? Is it not true that at the present time there is a complete embargo, and that no dyes can be imported under existing law at all except by a license?

Mr. FRELINGHUYSEN. That is perfectly true; and I did not refer to that condition as being due to the present situation, because the policy at this time is an embargo. I said that these plants were idle because they would not take the chance of expanding their plants, buying more raw materials, and going on manufacturing, unless they were assured that that policy was permanent.

Mr. NORRIS. If they are waiting now, with a complete embargo, and not doing anything, what would they demand? Would it be a guaranty on the part of Congress that the embargo should continue indefinitely? What do they demand?

Mr. FRELINGHUYSEN. Mr. President, of course, the House in the tariff bill has defeated the permanent embargo, but if the Senator will recall, immediately after the war there was introduced the Longworth selective embargo bill, which was before this body; and it died, was talked to death here. That was the policy that the dye industries of this country hoped might be established—the selective license policy, which prohibited any importations from Germany except those dyes that could not be manufactured in this country, and opened the door only wide enough to permit the entrance from Germany of the dyes which our manufacturers could not produce.

I may say, in passing, that recognizing the great danger to national safety, England and France and Italy, I am informed, have passed similar acts. I have no general information regarding this subject. I only see these manufacturers in my State from time to time. I have studied the matter and have discussed it with them and have been given general information regarding the dye industry throughout the world; but I know nothing of their particular business, except in one instance. I know of one factory which was started during the war by a chemist, a neighbor and friend. He had accumulated a little money, and he built a little plant, a frame building not any larger than the area of the Senate Chamber, and he made one color. It was one color that was extremely difficult to make, and by continued experimentation he found a method of making a fast color of this shade. He made considerable money, \$25,000 or \$30,000, I should guess, beyond what he put in. He put in about \$25,000. We came to the end of the war, and he was there with his plant and a certain amount of raw material. He was perfectly willing to meet the competition of the other plants in the State who had begun to manufacture the same thing that he had accomplished; but he said to me: "I am unwilling to go on unless the Government of the United States will say that Germany shall not import this color of mine. I can not compete with Germany." He said: "I am afraid to go on and put in more money because I would have to borrow the money to do it." That was just one illustration, and I think it quite completely reflects the situation all over the country.

Mr. President, as a means of national preparedness, this question has been before Congress. President Wilson, I think, twice has appeared and in messages called the attention of Congress to the necessity of protecting this industry. Secretary Weeks has publicly written, so have Secretary Denby and Gen. Pershing; and the President, Mr. Harding, has written to Mr. Longworth, calling attention to the necessity through this embargo of protecting ourselves against German competition.

Mr. President, as I stated before, my position is that I believe it is entirely essential to the national defense, and I believe that we should not at this time in any way harass these interests.

President Wilson, coming back with the experience of the war, coming to Congress and urging Congress to adopt this policy, not to foster these industries or create monopolies but from the standpoint of national defense, said in his message of May 20, 1919:

There are parts of our tariff system which need prompt attention. The experiences of the war have made it plain that in some cases too great reliance on foreign supply is dangerous, and that in determining certain parts of our tariff policy domestic considerations must be borne in mind which are political as well as economic. Among the industries to which special consideration should be given is that of the manufacture of dyestuffs and related chemicals. Our complete dependence upon German supplies before the war made the interruption of trade a cause of exceptional economic disturbance. The close relation between the manufacturer of dyestuffs, on the one hand, and of explosives and poisonous gases, on the other, moreover, has given the industry an exceptional significance and value.

Although the United States will gladly and unhesitatingly join in the program of international disarmament, it will, nevertheless, be a policy of obvious prudence to make certain of the successful maintenance of many strong and well-equipped chemical plants. The German chemical industry, with which we will be brought into competition, was and may well be again a thoroughly knit monopoly capable of exercising a competition of a peculiarly insidious and dangerous kind.

The United States should, moreover, have the means of properly protecting itself whenever our trade is discriminated against by foreign nations, in order that we may be assured of that equality of treatment which we hope to accord and to promote the world over.

Note this:

Our tariff laws as they now stand provide no weapon of retaliation in case other Governments should enact legislation unequal in its bearing on our products as compared with the products of other countries.

Mr. President, to-day France, England, and Italy do not allow the importation of German dyes except through the selective-license system, as I understand. The industry in this country is not protected, and has not been protected, in a similar manner, and with all the experiences of the war, with the experience of the deadly gas attack, which we knew nothing of and which our chemists knew nothing of and with which we are not organized to compete, having to build plants and create the facilities, to-day we are simply slipping right back in the old groove, and I venture to predict that unless this body legislates against this German monopoly and ceases to harass and interfere with the American manufacture of dyes, inside of a year or a year and a half Germany will completely control this market.

I believe that, Mr. President, and that is the reason I believe it is unwise at this time, although I am not opposing this resolution, to go into an extended investigation, which I may go so far as to say I think may be somewhat unfriendly, as the result of which a false public opinion and sentiment may be created against this industry, which is so essential not only for commercial prosperity but also for national defense.

Mr. NORRIS. Mr. President, before the Senator closes his argument, as far as I am able to see, at least, the Senator has no reason to say that this investigation is going to be unfriendly. He must admit that the remedy is a remarkable one. I am not disputing that it may be necessary, because I do not know, but if we are to deviate from our ordinary tariff policy, and go beyond any protective principle, and levy an embargo to keep out entirely the competing article, there must be some good and sufficient reason for it. If it is necessary as a matter of defense; then we ought to do it; but in order to ascertain whether that radical step is necessary we ought to know all the facts, and I anticipate that is what this investigation will bring out.

If there were any reason to believe that it is going to be unfriendly, or that the Judiciary Committee would undertake to have a prejudicial or unbiased investigation of it, I would not want to vote for the resolution, of course. Nobody, I think, wants an unfair investigation. But we ought to know the facts.

Mr. FRELINGHUYSEN. Mr. President, the resolution itself is an indictment. Undoubtedly during the war there may have been cases where people were of the opinion that there were trade abuses; I do not know about that. I have been told that the Chemical Foundation, by reason of its control of patents,

should be investigated. It was created to provide for the turning over to a private corporation of the various German patents in this country, to license them to the dye industry, the chemical factories, practically without controlling them, making them free to everyone, as I believe, in order that we might have, for the benefit of American industry, the secrets and formulae which Germany formerly employed.

I have always believed that was a good policy. It has been criticized by some. I know nothing of any lobby which it is claimed exists. Information regarding it will not be detrimental, but when the textile industries want to buy at the lowest market and yet have protection themselves, and then bitterly oppose the protection of the dye industry, and we have a resolution which is an indictment and an open charge that a monopoly exists—taking all of this circumstantial evidence, with the efforts of the textile interests to encourage German imports against the interest of our own industry, I think I am warranted in saying that the resolution is unfriendly. That is my position.

Mr. WADSWORTH. Certainly its source is unfriendly and has been proclaimed so over and over again.

Mr. NORRIS. That is always true in an ordinary lawsuit, when it starts out. Anybody who starts it may be unfriendly, may be unreasonable, or he may be fair and reasonable; but when it comes to the court and the jury, they are not influenced by that, and in my judgment it is not right to say that the tribunal which is to make this investigation, the Judiciary Committee, presided over by the Senator from Minnesota [Mr. NELSON], will be moved one way or the other because some one happens to be prejudiced who makes a charge. Charges are usually made by men who are prejudiced, and that is the way we get the truth many times. If we have a fair tribunal to pass on the facts, then those who want the truth will be able to get it from that tribunal.

Mr. FRELINGHUYSEN. Mr. President, I simply want to say that I do not question in any way the members of the Judiciary Committee or their ability to conduct the investigation. The only point I raised was this, that a committee of Congress, with its members employed on other committees, and with the great business of this Congress, would not have the time to investigate a technical subject of this character.

Mr. NORRIS. Whether or not there have been unfair methods used on either side of this controversy, whether or not an embargo is too great a protection, and whether by means of that embargo there ought to be a continuance of that kind of protection, or a change of legislation, is entirely a legislative proposition, and nobody would investigate it except a legislative body. You would never get the Department of Justice, the Department of Commerce, or any other department to make an investigation unless, indeed, they were instructed to do so by law. You would not get them to go into the question as to the methods adopted by any concerns or any combination of men regarding legislation in Congress. That is something peculiarly within the jurisdiction of the legislative body, and that is the reason it ought to be done, if done at all, by a legislative committee.

APPENDIX.

REPORT OF THE GERMAN COMMERCIAL ATTACHE AT ROME TO HIS GOVERNMENT.

[We reproduce the document in its entirety.]

GERMAN EMBASSY AT ROME,
NO. 1784, GENERAL PRIVATE,
Rome, May 27, 1921.

To the MINISTER FOR FOREIGN AFFAIRS,
Berlin:

I reply to the invitation contained in circular of May 13 to all commercial attachés, to report to your ministry as to the situation, and our activity and our commercial development abroad, and I have the honor to report as follows:

The figures of German commerce in Italy show that after the armistice our traders were not inactive in reconquering the Italian market compared with France, England, and the United States and maintaining our supremacy, but that does not mean that we have reached the state of your circulars of August 20, 1920, and August 29, 1920.

In order that we may create for ourselves a favorable political situation, taking advantage of the malcontent of the Italian people, and especially of the Nationalist and Nittian Parties against the powers of the Entente, a political situation which might in due course be favorable to us when Germany should be faced by fresh complications, it is necessary to strengthen this discontent in order to consolidate our situation through economic action.

To this end the point at which we have arrived is only a quarter of the way. We must create such economic interests and bonds with Italy that whatever happens Italy will have to follow our political lead.

First of all, it is necessary that a systematic supply of German goods be sent here, even below cost price to a considerable extent. Invading the Italian market with German goods, we will not only have a place sympathetic to Germany, because, as many of our agents and commercial representatives have verified, Italian consumers gladly accept cheap articles, but we will also create a situation for Italian industry which will render any continuation of activity impossible. This

without doubt will cause such a crisis that, besides keeping Italy in constant agitation, will enable us to become the sole masters of the peninsula trade, the more so as, from our information as to French activity in Italy, it appears that the French fear the outbreak of a revolution here which might cause them similar losses to those suffered in Russia.

The inclosed copy of a report by Sir Capel Cure, British commercial attaché, proves that the British, too, fear the unstable nature of the social situation in Italy.

Further, such situation would enable us to purchase the Italian industries at a very low rate, which would be the key of the situation, since it would also allow us to control trade between Italy and the Balkans in such a way that Italy would not compete with us for those markets. (See circular Oct. 30, 1920, regarding Italo-Jugo-Slav treaty.) This, of course, will happen as soon as Italy is forced to close down.

We have before us a varied field of development in Italian industry, viz., trade in rubber, Fiat, SpA, besides all the tire factories and motor-car engine factories which are already in a state of acute crisis on account of the huge German stocks of these lines sent to Italy.

The Siemens Schuckert already approached the Turin companies last September, when the factories were occupied by the workmen, but without result. On my advice the Siemens has already arranged for the absorption of the Fiat through a combination Stinnes-Fiat in the Alpinen and through the purchase by the Deutsch Bank, which has an interest in the Siemens, of the shares which are in the hands of the Banca Commerciale Italiana, amounting to 90,000 Alpinen shares and 100,000 Fiat shares, owned by said bank.

The transaction is on the way to completion and Messrs. Cavallini, Brunicardi, Trombetti, and Dante are backing it, to whom the Siemens will pay a percentage of 4½ per cent, as was decided at the meeting held in this embassy in September last. Then we have the dyeing trade in Italy, which, though in a precarious state of development, holds the promise of an assured future. It is, however, necessary that, in order to follow out in this branch, too, the method of peaceful destruction advised by me, the Italian Government should not take precautions to prevent the import of coloring matters from abroad, as otherwise it is certain that the Italian industry which, it appears to me, are seeking American capital to support them might assume a more solid position in the peninsula, a position which it would be more difficult to destroy.

I have had a promise from the Italian cotton spinners of the possibility of action on their part against possible provisions of the Italian Government. As authorized by you, for my part I have promised that any such action will be compensated by the dispatch of textile machines from Germany at very low prices.

It must not be forgotten, however, that the Italian textile industry, too, offers a field for economic development for Germany in Italy, whether because they are at present going through a period of crisis, or because they obstruct our path toward the east. I understand that in the economic treaties which Italy is on the point of concluding with Jugoslavia she demands that the Jugo-Slavs shall acquire 200,000 quintals (2,000 tons) of textiles per annum in Italy, and it seems that this proposal has been received with pleasure by the Jugo-Slavs, since, as a matter of fact, the Italian cotton spinners have known how to penetrate that market. Therefore, if we succeed in absorbing part of the Italian cotton industry—I have already made tentative proposals for the Rossi cotton mill and for the Prato factory, but up to the present I have had no result, and the negotiations have been passed on to the Schimmeleff Agency and to the office of Consul Oster—we could reduce Italian competition in the Balkans, where we could present our product as being Italian.

Then we have the metallurgical industry in Italy, and this is the most important of all, since the development which took place during the war is such that the matter must be taken into serious consideration.

In this connection I will refer to the matter again, pointing out that our participation in the Piombino establishments is assured. Messrs. Cavallini and Brunicardi are taking charge of the question of the Alti Forni (smelting furnaces) of Ports Ferroia in the interests of the firm of Krupp. They say that at the present moment the owners could ask 210,000,000 lire, but that if the present crisis continues even half that sum might be sufficient.

Then we have made an offer for the electric-railway workshops of Milan, a combination between the Pirelli and Eradania, and with the Cotton Transport Consorzio, which could be absorbed, and offers regarding the fleet of Deutsche-Llevant Linie, which could become an Italian navigation company.

The most important question is in fact that of the control of Italian fuel, which constitutes the integral part of Italian economic life.

The infiltration of the products of the A. E. G. into Italy has destroyed the industry in electrical materials which it will be easy to absorb, the more so as several members of that industry, indicated in my telegram No. 10578, assured me that in view of the business crisis those companies seek to obtain foreign capital.

If we assure a supply of electric material on the Italian market, we could obtain contracts for furnishing electric material for several hydroelectric works in constructions and for the State railways. But it is necessary for the German companies to understand the necessity of their branches in Italy remaining under the Italian name.

I have entered into agreement for the conclusion of contracts between the A. E. G. Siemens and the Società Adriatica of electricity of the group Velpi-Negri for furnishing of the necessary material into the Veneto—that is to say turbo-alternators, turbines, pipes for the waterfall, and all the material—and the furnishing of the material as capital participation of said company, since these supplies are calculated at a value of over 8,000,000 lire.

This regarding white fuel.

Then, we have at our disposal the Italian wealth of lignite. The Italians do not know how to get the most out of this, and almost treat it as a thing of little value. On the contrary, it is a matter of 300,000,000 tons, of which, as I have already reported (sub. n. 178 ND), only 3,000,000 tons per annum are used, whilst 115,000,000 tons per year could be got, as the deposits are estimated to be more than 35 meters deep.

Add that by distillation a thousand tons of mineral oil could be obtained, since lignite has a percentage of 25 per cent of the components of such oil. The deposits of bituminous schist, valued at 115,000,000 tons, with 12 and up to 18 per cent of naphtha, are worthy of notice; and these two are in a very slightly developed state, which may be attributed to lack of means on the part of the owners.

The Consortium of Chemical Products of Berlin, the Deutsche Bank, and the Discount Gesellschaft are already in treaty with various Italian groups.

As will be seen from this explanation, there is much to do in Italy, but action must be guided by the following rules, in order to avoid clashing with Italian susceptibility:

1. The Deutsche Italienische Vereinig should be able to continue to bring its influence to bear.

Instructions must be given to the Deutsche Italienische Vereinig so that its bulletins shall be inspired to draw attention to the lack of Italian products in Italy, the damage resulting from such lack, and the attempts at economic penetration on the part of foreign countries. Such criterion must also inspire the newspaper campaign of said organization.

2. The setting up in Milan, too, of an information office at the consulate general for Germany, with the aim of following the labor movements in north Italy and to report to Germany in relation to these movements the necessity to send German material and products in order to increase the crisis.

3. As to fuel, it is necessary that after the refusal of the Italians of our offer to collaborate in the development of the lignite mines and for the supply of the market with fuel against facilities of German property, which has been so sequestered, our action shall be turned toward private individuals.

With respectful regards,

STROHEKER,
The Commercial Councillor.

[Idea Nazionale, Sunday, August 28, 1921.]

Mr. MOSES. Mr. President, through the adoption of the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN], which I think is certain, those of us who have advocated this investigation are now assured of the powerful aid of the Senator, and we welcome it. His remarks will be welcomed in another quarter also, Mr. President, for I am sure, when the news reaches S Street that he has quoted with such approval on the floor of the Senate the words of Woodrow Wilson, that distinguished citizen of New Jersey will be highly elated.

The statements which the Senator from New Jersey has made with reference to those who preached the gospel of gush throughout this country, and who, to that extent, hampered the preparedness of this Nation for war, into which, as every sane man knew, it was inevitable we should go, can not apply to me. I have advocated, whether as an editor, a public speaker, or a Senator, a big Navy and an adequate Army. I have voted here for a big Navy, for an adequate Army, and for enlarged appropriations for both.

But we are not living in the days of 1917. There sits in this city to-day a conference looking to the limitation of armament, a conference seeking to wipe out the viper of the sea and the poison gas of the land, and I have heard no suggestion from that conference, or from anyone connected with it, that the defense of this country should be turned over to the dye makers of America.

I wish to say that no one can be more anxious than I to protect any industry which exists in this country. I have stated over and over again, in such debate as has taken place upon this subject and in which I have participated, that I am an all-round protectionist.

Mr. President, I believe in a protective policy, and I say frankly to the Senate that if the dictum of the Senator from New Jersey should be accepted here, if an embargo must be placed upon dyestuffs because the manufacturers of dyestuffs say they must have it, it would be proper for every knitting mill in the country, on the ground that soldiers wear socks, to come here and demand an embargo, and we would have to grant it.

Mr. President, no adequate protection has yet been tried under a tariff law for the dyestuffs industry. In 1916, when the dye people came here and asked for protection, they were readily granted by Congress the full protection which they asked, and which they said at that time was all they would ever need; but before that protective tariff had time to operate, while we were still under the embargo laid by the operations of the British grand fleet, which prevented any dyestuffs entering this country save one small submarine cargo, before that protective tariff had an opportunity to demonstrate its usefulness, we were plunged into the war and the embargo was ipso facto continued.

The embargo has continued now for seven years, and if with seven years' absolute embargo an industry can not build itself up there must be something inherently wrong with its management.

The Senator has spoken of Mr. Bryan and his lectures. I wish to say to the Senator that the lectures of Mr. Bryan are as a whispering zephyr compared to the vociferous volume of propaganda which has been carried on by those who have advocated the continuance of the embargo.

I do not know how the Senator came into possession of the book from which he has read, but I have a copy of it, which was left at my door anonymously, and when I looked in the preface I found, over the signature of the author, statements to the effect that the establishment and the carrying on of chemical industries formed the groundwork for the stability of future peace.

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

Mr. MOSES. I yield.

Mr. KING. Mr. Francis B. Garvan, who is at the head of the Chemical Foundation and who is most active in perpetuating the dye lobby and preventing apparently this investigation, undoubtedly distributed those books. I received one accompanied with a letter.

Mr. MOSES. From whom, may I ask?

Mr. KING. From Mr. Garvan.

Mr. MOSES. Is he the author of this book?

Mr. KING. I have no doubt the Senator received one likewise.

Mr. WADSWORTH. Mr. President, did I understand the Senator to say that Mr. Garvan is opposed to an investigation?

Mr. KING. Very apparently he is opposed to it.

Mr. WADSWORTH. Why does the Senator say apparently?

Mr. KING. Because of the persistent activity of Mr. Garvan and his constant charges that those who are in favor of the investigation or favoring the work which is being suggested here are enemies to this country.

Mr. WADSWORTH. That is scarcely a sufficient answer, if the Senator from New Hampshire will permit me. The Senator is giving the Senate to understand or has endeavored to give the Senate to understand that Mr. Garvan is opposing this investigation. It so happens that I know Mr. Garvan rather intimately and have known him for many years, and I think I can say with a reasonable degree of assurance that he does not fear it. It is easy to rise on the floor of the Senate and make imputations against the character and the motives of people who can not be present. I think in justice to Mr. Garvan I should make this statement.

Mr. FRELINGHUYSEN. Mr. President, will the Senator suffer an interruption?

Mr. MOSES. Oh, yes.

Mr. FRELINGHUYSEN. The Senator is attempting to make it appear that in some way I have used a quotation from a book which has been written in order to propagandize the dye industry. That may be so as far as the book is concerned. Personally I do not know Mr. Garvan. I have been opposed to his methods and policies. I asked Dr. Herty, for whom I sent to come to my house in order that I might get some facts regarding the manufacture of dyes, to find an article which described the gas attack at Ypres. He told me of this book which contains a quotation from Gen. French's statement, not propaganda, but a military report describing that gas attack. So important did I think it was to point out to the Senate that the result of a failure to properly protect the dye industry would bring back those same methods and leave America unprepared, that I wanted to bring out that point of the gas attack at Ypres when the whole world was surprised and astonished.

Mr. MOSES. Mr. President, I think the Senator will bear me out in saying that I did not impugn his motives in reading from the book. The Senator adverted in the course of his remarks to his abhorrence of methods which operate in the dark with reference to propaganda or pressure upon legislative bodies for legislation, and I wished to point out that he had unconsciously been made a victim of a method of that sort.

Mr. FRELINGHUYSEN. I deny that and resent it for the simple reason that the book is not written or published by Mr. Garvan or the Chemical Foundation. It is written by an individual independent of any association.

Mr. MOSES. But circulated by Mr. Garvan to members of legislative bodies who have to pass upon this question.

Mr. FRELINGHUYSEN. The Senator might circulate the book, but it would not make the recipients religious.

Mr. MOSES. In just the same manner as the Chemical Foundation at great cost circulated many thousand copies of "Creative Chemistry," 63,000 copies of a book which retails for \$3 in any store. This was circulated by the Chemical Foundation or Mr. Garvan for the purpose of influencing public opinion.

Mr. WADSWORTH. Mr. President, I received a copy of that book, and I will say frankly it is one of the most interesting books I ever read.

Mr. MOSES. It is, indeed.

Mr. WADSWORTH. There was nothing dark or devious about my receiving the copy. I was grateful to the man who brought it to my office. What is there reprehensible about that?

Mr. MOSES. Reprehensible in that the Chemical Foundation sets itself up to be an eleemosynary institution and it circulates thousands of copies of an expensive book in order to formulate public opinion and benefit the legislation which apparently it wants, because its counsel and officers have appeared before committees of the Senate and asked for the embargo.

Mr. WADSWORTH. The Senator must go on the assumption that legislators are fools—

Mr. MOSES. Oh, no; not at all.

Mr. WADSWORTH. And that they have not a sense of proportion. I think it is possible for me to read that book without having my judgment corrupted.

Mr. MOSES. Yes; but the Senators are only 96. Who received the other 62,904 copies of the book? They were sent to officers of many institutions and organizations for the purpose of formulating and forcing public opinion upon the Senate.

Mr. WADSWORTH. Does the Senator think 64,000 copies of anything can create public sentiment in this country?

Mr. MOSES. I think 64,000 people, carefully selected, as the list was, according to the testimony brought out before the Committee on Finance—64,000 people skilfully selected, whose minds have been brought to a common point—can exert a very great influence upon legislation.

Mr. WADSWORTH. Then they are dupes, in the first instance, or dishonest.

Mr. MOSES. The premise was "if their minds were brought to a common point."

Mr. WADSWORTH. There are a good many assumptions underlying the conclusions of the Senator from New Hampshire.

Mr. MOSES. Possibly.

Mr. WADSWORTH. I happened to read that book from cover to cover, as I said before, and I found it exceedingly interesting.

Mr. MOSES. So did I.

Mr. WADSWORTH. I did not find myself urged, directly or indirectly, by the book to surrender any conviction which I had previously in the matter of legislation.

Mr. MOSES. I think, however, the effect of the book throughout the country was a piece of very insidious propaganda.

Mr. WADSWORTH. I am almost inclined to believe that the Senator lacks confidence in his own ability to resist that kind of thing.

Mr. MOSES. I have resisted it thus far, and I think I shall be able to continue to do so until we get a vote on this resolution at any rate.

The Senator from New Jersey adverted also to a single shipment of foreign dyes which was brought into this country during the war. He named with much particularity and enumerated in detail the history of the consignees of that cargo. I assume he sought to bring out, or at any rate to establish by innuendo, an accusation of disloyalty against those consignees. I happen to have a mere casual acquaintance with one member of that firm only, and since this debate began this morning there has been put into my hands a copy of a letter written by an authority in this country before which even the Senator from New Jersey is accustomed to bow, in which the writer said:

I am fully satisfied as to their 100 per cent American citizenship.

Mr. NORRIS. Will the Senator give us the name of the author of the letter?

Mr. FRELINGHUYSEN. I ask that the Senator read the entire letter. I have a statement to make in regard to that, in view of the fact that the Senator has introduced it into the debate.

Mr. MOSES. I will, indeed, read it. It is as follows:

THE WHITE HOUSE,
Washington, November 21, 1921.

Messrs. CARDOZO & NATHAN,
128 Broadway, New York City.

DEAR SIRS: I have before me your letter of November 16.

I am writing to say that I happen to know personally concerning your clients in a way that either you or they know little about, and I am fully satisfied as to their 100 per cent American citizenship, and I am quite agreed that there is no good reason for denying their claim to the Liberty bonds seized by the Alien Property Custodian on March 19, 1919.

I know concerning the record of Lieut. Commander Pickhardt in the Navy and know that he is very highly esteemed. Because of what I know concerning the case I am to-day directing the Alien Property Custodian to make proper restitution of this property.

Very sincerely,

WARREN G. HARDING.

Mr. FRELINGHUYSEN. I wish to state for the benefit of the Senator from New Hampshire, if he will permit me, that I have made some investigation regarding that, and that the question of returning those bonds was on an appeal to the President made by a lawyer representing a German concern, in which it was represented that those bonds should in all fairness be returned. The Alien Property Custodian has referred that matter, I am informed, to the Department of Justice. I refer the Senator from New Hampshire to the Department of Justice for some interesting information in regard to the return of those bonds.

Mr. MOSES. That does not happen to be in my possession, but if the owners of the bonds are having any difficulty in procuring their property, which has been ordered returned to them, I suggest that they might get them by communicating with the gentleman who writes this letter, whose name I do not intend for the moment to give to the Senator from New Jersey.

This is a letter written to a constituent of mine, and reads as follows:

DEAR SIR: I am advised that you represent a claim for certain shares of the General Electric stock now held by the Alien Property Custodian, and that the claim has been disallowed because of certain disloyal remarks made by the claimant, who is an American citizen. It has also been suggested that you may desire my services in connection with this claim. Inquiry has been made as to whether I am in a position to handle the same, and I beg to advise that on July 1, 1921, I severed my connections with the Alien Property Custodian as special litigation counsel and I see no reason why I should not accept employment. I am willing to handle the claim purely upon a contingent basis.

If you desire my services, you will kindly advise me within the next few days, as I am leaving for a short vacation on August 10.

Very truly yours,

If the Senator wishes to know what connection this letter may have with the discussion of the dyestuffs problem, I will add for his further information that it happens to be written upon the letterhead and from the office of the eleemosynary institution known as the Chemical Foundation, which apparently exists for general educational and charitable purposes, with a little private rake-off on the side.

I have no desire to detain the Senate long. I thought we might dispose of this matter before the customary expiration of the morning hour. The Senator from New Jersey adverted somewhat to the claims of monopoly that exist in this country on dyestuffs and said he knew nothing of the Du Ponts. May I refresh his recollection a little by recalling that in this Chamber, when this subject was under somewhat prolonged discussion some months ago, the then senior Senator from Colorado, Mr. Thomas, in the course of a very extended speech on this subject, read into the Record a contract entered into between the Du Ponts of America and the Levensteins of London for the purpose of dividing the dye world between them. No eastern satraps ever met to carve a province with more unctuous than the Du Ponts and the Levensteins met to carve up the world between themselves, the Du Ponts to take this side of the ocean, the Levensteins to take the other. When rogues fall out honest men benefit, and it so happens that the rogues in this case did fall out and litigation was instituted, as a result of which I was prompted to see how far the ramifications of what I term a monopoly in the dyestuff industry exist on this side of the ocean. I sought to bring it down to visualized form, which form will be seen upon the chart which hangs upon the wall of the Chamber just behind me.

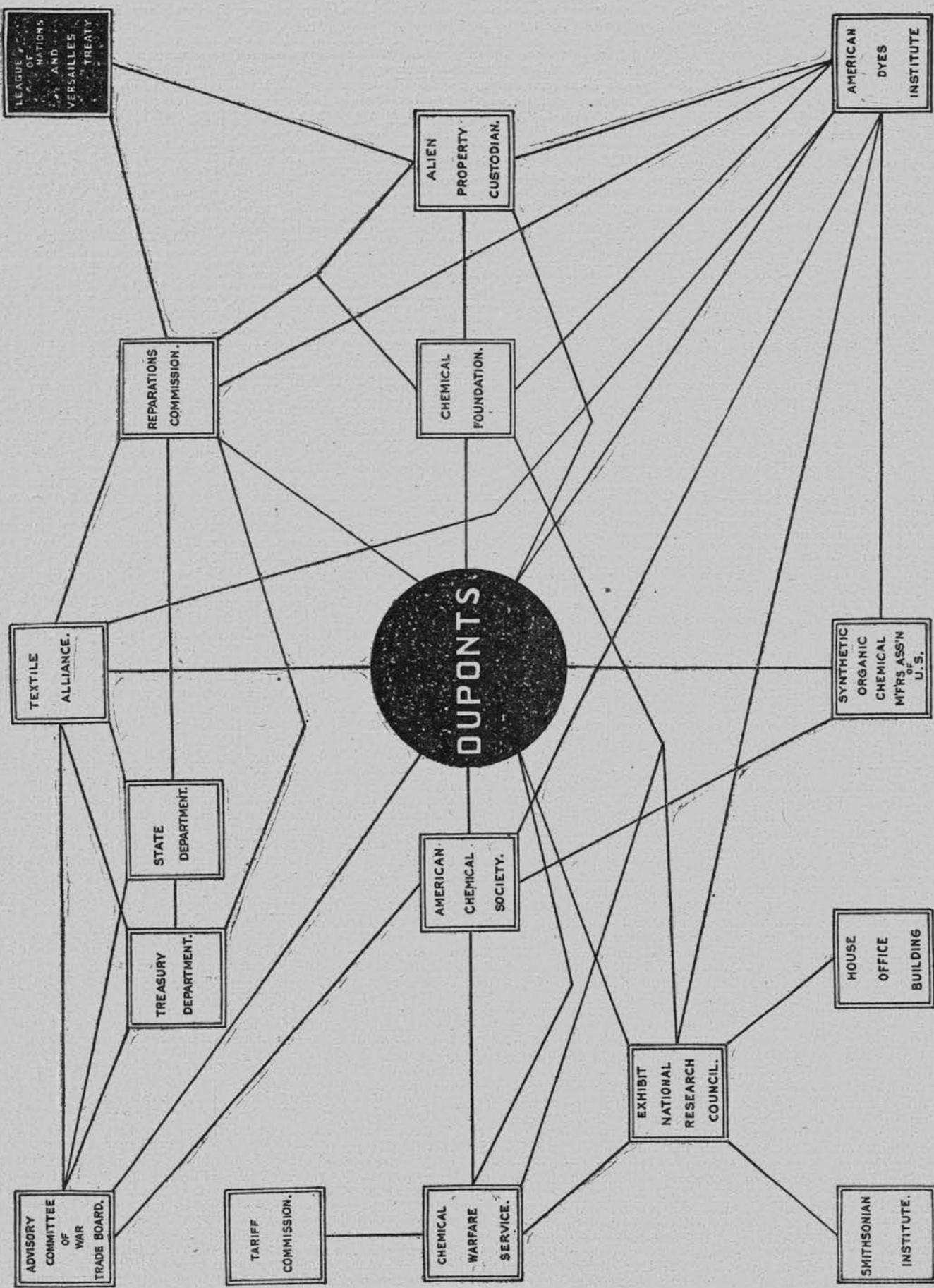
[For chart see next page.]

Because of the Du Ponts' transcendent resplendency in the sky of the dyestuff world I have placed them in the center of this universe, as is proper, and have marked them with vivid red. From them, equally in red, I have sent out the radiating lines of their influence to various affiliated and subsidiary and associated, and probably subsidized, institutions which deal with the dyestuffs industry in this country. It will be seen that a line in red runs directly from the Du Ponts to the Textile Alliance, from the Du Ponts to the advisory committee of the War Trade Board, from the Du Ponts to the Chemical Warfare Service, from the Du Ponts to the Exhibit of the National Research Council, from the Du Ponts to the Synthetic Organic Chemical Manufacturers' Association, from the Du Ponts to the Chemical Foundation, from the Du Ponts to the Alien Property Custodian, from the Du Ponts to the American Dyes Institute, from the Du Ponts to the Reparation Commission, and thence to the treaty of Versailles and the League of Nations.

In a speech which I made on this subject some months ago I pointed out the personality of the liaison officer of the Du Ponts with most of these institutions, Dr. Morris R. Poucher; and as we travel along these red roads which run from the Du Ponts to each one of these affiliated, subsidiary, probably subsidized, institutions, we meet the familiar form of Dr. Poucher. Going down, Mr. President, to that one of the organizations which bears the most resounding name—the Synthetic Organic Chemical Manufacturers' Association of the United States—a newborn baby in this already crowded house of illegitimate children of an illegitimate transaction, we discern easily the familiar figure of our old friend Dr. Poucher.

If we proceed to take the longer road which leads down into the southeast corner of the map, and goes from the Du Ponts to the American Dyes Institute, again we meet our old friend Dr. Poucher coming toward us with the smile on his face with which he always greets his friends. So, Mr. President, we find him in almost every one of these roads.

This information, Mr. President, should be developed through an orderly investigation before a committee of the Senate. I say "a committee of the Senate" because this question is in the Senate now; it is before the Senate by reason of the efforts made before the Committee on Finance to write the dye embargo into our permanent tariff law. The House of Repre-



sentatives has defeated it, the question is here and nowhere else, and here, Mr. President, and nowhere else is the place to make the investigation.

I much prefer that the investigation shall go forward in an orderly manner before a committee of the Senate sitting impartially, in spite of the fears of the Senator from New Jersey, but searching deeply into every phase of this question. If, however, it must be conducted by means of speeches upon the floor of the Senate, it may be done in that way, probably to the interruption of more important and pressing business.

Mr. President, the question is here, and it should be disposed of; and no one more than I welcomes the great assistance of the Senator from New Jersey, whose amendment to this resolution is about to be adopted, and from whom we shall then receive all the constant and valuable cooperation of which he is so capable.

AMENDMENT OF TRANSPORTATION ACT OF 1920.

Mr. KENDRICK. Mr. President, a few days ago when the railroad funding bill was under consideration I submitted an amendment to that bill, a copy of which I now send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wyoming will be stated.

The READING CLERK. On page 7, after line 2, it is proposed to insert the following new section:

Sec. 3. That paragraph (3) of section 15a of the interstate commerce act, approved February 4, 1887, as amended, is amended to read as follows:

"(3) The commission shall from time to time determine and make public what percentage of such aggregate property value constitutes a fair return thereon, and such percentage shall be uniform for all rate groups or territories which may be designated by the commission. In making such determination it shall give due consideration, among other things, to the transportation needs of the country and the necessity (under honest, efficient, and economical management of existing transportation facilities) of enlarging such facilities in order to provide the people of the United States with adequate transportation, and to the return upon capital invested in industrial enterprises, in order not to prejudice the interests of, impose an unreasonable burden upon, or discriminate against shippers, producers, and consumers."

Mr. KENDRICK. Mr. President, the amendment submitted by me, if adopted, would repeal that provision of section 15a of the interstate commerce act which requires the commission to establish rates that will enable the railroads to earn a fixed income of from 5½ to 6 per cent on the aggregate value of the property, without giving consideration to the interests of the shippers or the public. The amendment proposed would remove that arbitrary limitation on the commission in fixing rates, and thus make it possible for the commission, in considering the transportation needs of the country, not only to have regard for the interests of the carriers but to pay heed to the needs of the shippers and patrons of the roads as well as to the rights of the general public.

As the law stands to-day, with this guaranty clause in effect, the Interstate Commerce Commission has no choice but to levy a toll upon all industry sufficient to pay the railroads a fixed profit, though every other industry in the land may operate at a loss. If the guaranty clause is repealed by the adoption of my amendment, the Interstate Commerce Commission in passing upon any proposed modification of the rates will be free to determine whether the charge can be made without imposing an unreasonable burden upon the shippers and consumers.

The disproportionately high freight rates which the commission has been forced to levy because of the mandatory provision of this section have constituted one of the greatest factors contributing to the desperate economic conditions in which the country now finds itself. To carry out this provision of the law, on July 29, 1920, the commission, in a decision designated as *Ex parte 74*, directed an increase of freight rates amounting to 40 per cent in the eastern group of roads, 25 per cent in the southern group, 35 per cent in the western group, and 25 per cent in the Mountain-Pacific group. This increase was in addition to a general increase of 25 per cent allowed during the period of Government control.

The result of this advance was nothing less than ruin to producers in many sections of the West. Under ordinary circumstances the increase would have proved in many cases inequitable and unnecessarily burdensome, but coming, as it did, coincidentally with an abrupt decline in the values of every product of the farm and ranch, it was more than disastrous in its effect, not only bringing great and immediate financial loss to the producers, but in many sections suspending the very processes of production themselves. Scarcely a day goes by that the attention of the Senate is not called, in one way or another, to whole sections of the country where the farmers are unable to move their products because the prices offered are not sufficient to pay the actual freight charges involved in reaching the market. In such circumstances the farmer no

longer has any incentive, with the result that farms and ranches, which are the very foundation of the Nation's prosperity, are being allowed to lie idle.

Among the many illustrations that may be cited of the manner in which these increased transportation charges levy a prohibitive tax upon production in different sections of the country I select only a few. The following extracts are from a letter received from the Milford Grange Cooperative Association, of Lander, Wyo.:

On November 4, 1921, at Powell, Wyo., wheat of the grade of No. 1 durum northern spring fancy was bringing the grower 67 cents per bushel; on the same date wheat of the same grade was quoted at \$1.27 in Minneapolis. The freight rate, Powell to Minneapolis, is 68 cents per 100 pounds. A carload of wheat amounts to about 1,000 bushels. This means that it cost \$600 to transport a car to market, \$490 of which is freight, \$200 being the buyer's commission. The freight charge is unreasonable and unjustifiable and can at least be remedied. *

We can not specifically state the freight-rate situation on potatoes, but when the grower gets around \$1 per 100 pounds and the consumers in the Missouri River market territory pay \$3.50 to \$4 for the same quantity we might be excused for asking our Secretary of Commerce whether his department has any jurisdiction in such matters. We feel that we are being robbed, and we do not know just where to turn for protection or relief.

Our great industry is live stock. You are only too well acquainted with the terrible condition confronting our State in that line. Only to-day returns from a car of cattle shipped to Omaha show that it cost me \$175 to ship and sell it, the freight being \$138. Interstate freight rates prohibit us from shipping feed or stock from one section to another. *

We present to you the above as merely illustrative of our numerous troubles. Under such conditions the farmers and stockmen of Wyoming have not the means with which to properly defend themselves. We feel, to put it plainly again, that we are being robbed. *

As shown by the hearings on the grain and rate case before the Interstate Commerce Commission, a resident of Billings, Mont., on March 9, 1921, shipped a car of hay to Kansas City. The car sold for \$173.32. The freight was \$138.50, the commission \$14.46, other charges \$1.25, making a total charge of \$154.21. Thus the net return to the consignor was \$19.31 on the car, or \$1.33 per ton for hay that actually cost from \$10 to \$15 per ton to produce and deliver to the local shipping point. It is estimated that there will be 20,000 cars less hay received in Kansas City this year than a year ago.

Nine shipments of hay from different points in Nebraska to Omaha during the first part of the present year showed the following results: The average selling price was \$12.11; the average cost of harvesting was \$5.61 per ton; commission, \$1 per ton; freight, \$4.87; making a total of expense incident to producing and marketing, \$11.52. It will be seen that the average return to the producer was only 59 cents per ton.

Mr. CARAWAY. Mr. President, will it disturb the Senator if I interrupt him a moment?

Mr. KENDRICK. I yield to the Senator from Arkansas.

Mr. CARAWAY. I merely wish to call the Senator's attention to a shipment of cantaloupes from a place called Hope in my State to Pittsburgh. The shipment brought \$586.70, but when the freight, the drayage, and the commission merchant's charges were taken out, the shipment netted the grower \$38.20, or a little over 6 per cent of what the shipment sold for. Of over \$10,000 worth of shipments of cantaloupes, beans, and commodities of that kind from the same locality, the average freight charges ran from 65 per cent to 94 and a fraction per cent.

Mr. KENDRICK. Mr. President, I am obliged to the Senator for his illustration. I wish to say here that I have received from friends in the live-stock industry many reports of still more serious burdens placed upon shipments of stock which are not included in the statement from which I have quoted. Among those that appear to me to be the most convincing was a shipment of 300 head of what are known as canner cows that were sent to the Fort Worth market. This class of stock, of course, sells for the lowest price, and there was a long freight haul en route to market, but the cost of transportation and of marketing consumed such a great proportion of the gross return that the cattle actually netted to the owner 18 cents a head, making for the total of 300 head \$54.

Mr. CARAWAY. Were they full-grown cows?

Mr. KENDRICK. They were full-grown cows.

According to evidence submitted at the agricultural inquiry, the average price of 15 commodities in August, 1920, at a time when prices had started to decline, was 95 per cent above the average five-year prewar level, while freight rates were only 30 per cent above that level. During the year that followed this relationship was completely reversed and, on August 1, 1921, the average price level on these 15 farm commodities was only 30 per cent above the five-year prewar level, while freight rates were 90 per cent above that level. Thus, with the market price of farm products tumbling at an unprecedented and precipitous speed, the producer was called upon to pay a transportation

charge three times greater than that which he had paid during the war. It was as though the producer had been called upon to pay a tax upon his losses. We have not hesitated to repeal the tax on excess profits because we have been told that its effect was to hamper industry, destroy initiative, and induce stagnation. We have reduced surtaxes because we have been told that they drive investment funds out of productive industry into tax-exempt securities. Having acted so promptly for big business and for wealth, is it possible that we shall deny to the farmers and ranchers of the country even the slight measure of relief that would be afforded by the repeal of the guaranty clause which, in effect, is a tax upon excess losses?

Figures submitted in evidence at the hearings on the grain and rate case before the Interstate Commerce Commission in August show that the price of corn on the basis of Chicago market quotations was, during that month, only 9 per cent above the 1913 level, while freight rates were 84 per cent higher; barley 13 per cent higher, while freight rates were 80 per cent higher; oats 1 per cent higher, freight 80 per cent higher; wheat 49 per cent higher, freight 66 per cent higher.

To-day it costs \$831 to ship a carload of wool from Boise, Idaho, to Boston. The same shipment cost the flockmaster only \$475 in 1917. It is cheaper for the Idaho wool producer to ship to Portland, Oreg., and there rebill for Boston in order to get the advantage of the low transcontinental rate which prevails from Pacific to Atlantic ports in order to meet water competition. It is estimated that 30,000,000 pounds of western wool will either be rebilled by this method, thus entailing hundreds of miles of extra and unnecessary transportation, or that the shipments will be sent to Pacific ports by rail and then to Boston by water via the Panama Canal. It does not require argument to prove that a law which compels flockmasters living in the Rocky Mountains, in a State that borders on Canada, to use the Panama Canal to ship their product to Boston, is uneconomic if not absurd.

The rate on wool in maximum car lots of 32,000 pounds from Cheyenne, Wyo., to Boston is \$2.06 per hundred. In minimum car lots of 24,000 pounds it is \$2.35 per hundred. The water rate from the Pacific coast ports to Atlantic ports is 90 cents per hundredweight. The rate from Australia to Atlantic ports is \$1.62 per hundred. Senators will not be slow to note the significance of these figures. The wool producer of the Antipodes can place his shipment in Boston more cheaply than the American woolgrower can transport his clip halfway across his own country by what we have been taught to believe is the most efficient transportation system in the world. To state it plainly, the guaranty clause is, in effect, a protective tariff, not for American but for foreign woolgrowers—and this at a time when the American producer is enduring the most severe hardships he has encountered in a generation, when our every thought should be to lighten, not to increase, the burden he is forced to carry.

To illustrate the extent of the disaster that has befallen our Western flockmasters, I desire to quote from the testimony of Dr. S. W. McClure, of Nampa, Idaho, who appeared before the Interstate Commerce Commission during the hearings on the petition of the live-stock producers of the West for a reduction of rates. Dr. McClure, who is a producer, as well as a representative of a loan company, in describing his own situation said:

In 1918 I sold my wool for 60 cents a pound. In 1919 I consigned it, as was my custom, to a cooperative wool warehouse and storage company. I received an advance of 35 cents a pound on the wool. I, of course, had to pay the freight and handling expenses, so that the charges against that wool, and it is not sold yet, approach 45 cents a pound. I am willing at this time to give the warehouse holding my 1919 wool that clip and my 1920 wool and 1921 wool to make up what I now owe on that one year's clip.

In other words, the losses incurred on the product for the year 1919 were so great that to discharge his debt the producer must surrender not only the product of that year but the product of the two succeeding years as well. Under such circumstances, what defense can be made of a law which compels that man to increase his losses in order to guarantee the profits of the railroads?

Let me here call your attention to a statement of the returns from a shipment of choice lambs shipped from Caldwell, Idaho, to Chicago. There were 757 lambs in the shipment. I do not have the selling price, but the gross return was \$6,696.30. The freight on the shipment amounted to \$1,467.67, or \$1.66 per head. Feed in transit amounted to \$158.40, or 18 cents per head. Feed at Sycamore, Ill., amounted to \$1,590.03, or \$1.80 per head. Miscellaneous expenses amounted to \$93.97. After the expenses were paid, the shipper had a net return of only \$3,247.93. More than one-half of the selling price had gone into the payment of fixed charges, over which he had no control.

The illustration which I have just given relates to a shipment of lambs, which always bring a much better price than any other class of sheep. Flockmasters of the West have been unable to market old ewes at prices that would pay the charges of getting them to market; and in many instances, I am told, they are being permitted to die on the range.

Based on quotations in the Market Reporter of November 5, the average price paid on November 1 for common steers in Omaha was \$5 per hundred. At this price the gross return on an 1,100-pound steer would have been \$55. The freight rate from Cheyenne, Wyo., to Omaha is 50 cents per hundred, making the freight on this animal \$5.50, or exactly 10 per cent of the gross. Canner cows and heifers averaged \$3.35 per hundred. The gross return on a 700-pound animal would have been \$22.75. The freight at 50 cents per hundred would amount to \$3.50 on this animal, or 15.3 per cent of the gross. The low price quoted on canner cows and heifers at that market on that date was \$2.75, which would have given a gross return on a 700-pound animal of \$18.75. The freight at \$3.50 would equal 18.9 per cent of the gross.

Here I am reminded to point out that as the value of the net return on the product decreases the proportionate cost of marketing increases. As an illustration, let us assume that on an animal which brings \$30 on the market the freight is \$5, or 16½ per cent of the gross return. If the same animal sold on a higher market for \$60, the freight would remain the same, or practically the same, and amount to 8½ per cent of the gross; all of which illustrates that as the value declines the proportionate cost of fixed charges is increased. This indicates clearly the ruinous effect upon industry of increasing freight rates when the values of the products transported were declining to the lowest levels known for years.

Having indicated the disastrous effect upon the agricultural and live-stock interests of the country, it may now be shown conclusively that the increase of freight rates provided under the arbitrary provisions of section 15a have actually proved detrimental instead of beneficial to the railroads themselves. This increase in freight rates has operated to defeat the very purpose it was intended to serve. Instead of increasing revenue for the carriers, it has decreased the returns by limiting the volume of traffic. The volume of tonnage of freight in nearly every commodity carried by the railroads accurately reflects the condition of the live-stock and agricultural producers, for, as prosperity departs from the producer, he ceases to be a purchaser of the materials which the railroads carry. This is rather clearly shown in a detailed report of freight commodity statistics of class I roads, prepared by the Bureau of Statistics of the Interstate Commerce Commission, an abstract of which I submit for the RECORD without reading:

Comparative statement of freight commodity statistics of Class I roads of the United States for the first six months of 1920 and the first six months of 1921 compiled from the quarterly statements of the Bureau of Statistics of the Interstate Commerce Commission.

Commodity.	Total revenue freight carried, 1920.		Total revenue freight carried, 1921.	
	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number of tons (2,000 pounds).
Products of agriculture.....	4,253,611	99,661,003	4,127,791	97,742,204
Animals and products.....	1,772,219	22,361,830	1,633,818	19,981,443
Products of mines.....	11,068,637	527,293,742	8,600,705	415,075,744
Products of forests.....	3,613,706	99,694,159	2,728,447	75,318,306
Manufactures and miscellaneous.....	9,390,245	237,428,061	6,363,652	159,316,202
Total.....	30,098,418	986,438,795	23,454,413	767,433,899

WESTERN DISTRICT.

Comparative statement of freight commodity statistics of Class I roads of the western district for the first six months of 1920 and the first six months of 1921, compiled from the quarterly statements of the Bureau of Statistics of the Interstate Commerce Commission.

Commodity.	Total revenue freight carried, 1920.		Total revenue freight carried, 1921.	
	Number of carloads.	Number of tons (2,000 pounds).	Number of carloads.	Number of tons (2,000 pounds).
Products of agriculture.....	1,983,101	48,615,231	1,838,909	48,919,739
Animals and products.....	951,108	11,246,513	815,089	9,415,524
Products of mines.....	2,791,382	124,206,814	1,677,003	74,629,937
Products of forests.....	1,596,051	47,546,889	1,134,767	33,699,053
Manufactures and miscellaneous.....	2,627,569	64,689,274	1,772,563	45,428,356
Total.....	9,889,211	296,364,721	7,237,331	212,092,603

This table shows that the number of cars of manufacturers' products and miscellaneous products, including merchandise of all kinds, was 855,000 less during the first six months of 1921 than during the same period in 1920. It will also be noted that there were 6,644,005 cars less freight moved during the first six months of 1921 than during the first six months of the previous year. In that fertile region west of the Mississippi, which produces practically all the surplus food products of the Nation, the decline in the volume of freight was more than 2,500,000 cars in a single year. Agricultural products in that district fell off 154,192 cars, and live stock and live-stock products decreased 136,029 cars. The revenue in that district for the first half of 1921 was \$1,022,807,701, as compared with \$1,105,032,814 for the same period of 1920, a decrease of \$82,225,113.

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

Mr. KENDRICK. I yield.

Mr. FLETCHER. Was there a falling off in production, or was the falling off in the amount of business all occasioned by the high freight rates?

Mr. KENDRICK. Undoubtedly the production of farm products was equal to that of the previous year; but, as I shall attempt to show, very many of the producers were unable to ship their products because the freight rates consumed the entire receipts for the products when they reached the market, a situation which made marketing prohibitive.

The statistics of the commission show that in the movement of hay alone from this western district there was a decrease of nearly 50,000 cars in the number shipped during the same period last year.

It will be seen from this table that every group of commodities shows a decreased movement. These figures tell a very convincing story of the restrictive influence that the unwarranted increase of freight rates has had on the orderly distribution of the products of the farm and factory. In order to appreciate that the cost of transportation has fallen with blighting force upon the productive capacity of the West, one needs only to see the thousands of tons of hay rotting in the stacks throughout that region because it can not be moved to market on account of the high toll taken by the railroads, and to listen to the many stories that are related by stockmen of exactions for freight and other fixed charges, which not infrequently during the past few months have absorbed as much, in any event, as 25 per cent of the gross returns which they received for their product at the market, and in not a few cases actually consumed the entire proceeds.

These are startling statements, but they are fully substantiated by a mass of evidence. The hearings before the Joint Commission on Agricultural Inquiry, or the record of the hearings of the Interstate Commerce Commission on the petitions for reduction in freight rates on live stock, contain the most conclusive evidence.

As indicating in a most convincing way that the rate increase authorized by *Ex parte 74* can not be justified on the grounds of necessity so far as the western transcontinental lines are concerned, I submit for the Record a table prepared by the Interstate Commerce Commission, showing not the earnings of these lines, but the dividends declared by them. The lowest of these dividends on preferred stock was 4 per cent, the highest 5 per cent; the lowest dividend on common stock was 6 per cent, the highest 10 per cent.

Statement showing rate of dividends declared by the roads named, years ended June 30, 1915, to Dec. 31, 1920.

Year ended—	Southern Pacific Co.	Union Pacific R. R. Co.	Chicago, Burlington & Quincy R. R. Co.	Atchison, Topeka & Santa Fe Ry. Co.	Great Northern Ry. Co.	Northern Pacific R. R. Co.
June 30, 1915.....	6 per cent common.....	14 per cent preferred..... 8 per cent common.....	8 per cent common.....	15 per cent preferred..... 6 per cent common..... 5 per cent preferred.....	7 per cent preferred...	7 per cent common.
June 30, 1916.....	do.....	14 per cent preferred..... 8 per cent common.....	do.....	6 per cent common..... 5 per cent preferred.....	do.....	do.....
Dec. 31, 1916.....	do.....	10 per cent common.....	do.....	6 per cent common..... 5 per cent preferred.....	do.....	do.....
Dec. 31, 1917.....	do.....	10 per cent preferred..... 10 per cent common.....	18 per cent common.....	7½ per cent common..... 5 per cent preferred.....	do.....	do.....
Dec. 31, 1918.....	do.....	10 per cent preferred..... 10 per cent common.....	8 per cent common.....	5 per cent preferred..... 6 per cent common.....	do.....	do.....
Dec. 31, 1919.....	do.....	10 per cent preferred..... 10 per cent common.....	do.....	5 per cent preferred..... 6 per cent common.....	do.....	do.....
Dec. 31, 1920.....	do.....	10 per cent preferred..... 10 per cent common.....	do.....	5 per cent preferred..... 6 per cent common.....	do.....	do.....

The foregoing list of railroads includes practically every one of the great transcontinental lines acting as carriers for the vast empire of country lying west of the Missouri River. The dividends declared, as shown by this table, indicate clearly that no advance of rates could have been based on the needs of these roads. In addition to this table, I may quote the following news despatch:

CHICAGO, December 1.

Directors of the Chicago, Burlington & Quincy Railroad Co. to-day declared a semiannual dividend of 5 per cent and a special cash dividend of 15 per cent, payable December 31, to stockholders of record December 17. The directors also announced inauguration of a pension plan January 1. Directors of the Colorado & Southern subsidiary committee declared a 2 per cent dividend on the first preferred, completed payment on the regular 4 per cent annually; a dividend of 4 per cent on the second preferred, and a dividend of 3 per cent on the common stock, all to be paid out of surplus earnings.

I submit, without reading, a statement for the RECORD.

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

[From Barrons Financial Review.]

BURLINGTON—BENEFIT TO NORTHERN PACIFIC AND GREAT NORTHERN FROM EXTRA DIVIDEND.

As Northern Pacific and Great Northern each own \$82,933,700 of Burlington stock, its extra dividend just declared will mean additional income to each of the controlling roads of \$12,440,000, equivalent to 5 per cent on Northern Pacific's \$248,000,000 stock and 4.97 per cent on Great Northern's \$250,000,000 stock.

Total dividends declared by Burlington this year have been 2 per cent on \$110,939,100 stock and 25 per cent on \$170,839,100 stock, aggregating \$44,926,500.

Dividends accruing to Northern roads have been 2 per cent on \$107,613,500 and 25 per cent on \$165,867,400, aggregating \$43,619,000.

This year's interest on joint bonds secured by Burlington stock and all the \$230,000,000 6½s remained outstanding to the end of the year would have been \$11,775,000, which, deducted from aggregate dividends on pledged stock, would have left surplus of \$31,844,000.

Great Northern's share of the interest has been increased somewhat by conversion of half of the 6½s into Great Northern 7s, while Northern Pacific's share has been decreased slightly by conversion of about \$10,000,000 6½s into Northern Pacific 6s. But Great Northern's portion of the interest will not exceed \$6,000,000, while Northern Pacific's will be, roughly, \$5,800,000.

Mr. KENDRICK. Having in mind the hardship imposed upon the shippers of the West by the 35 per cent increase in rates, one finds it difficult to employ moderate language in passing judgment upon the guaranty clause, particularly when it is realized, as the dividends above indicated prove, that the railroads did not need the increase. The records show that almost every one of these six lines referred to was earning more than the guaranteed rate of income. But it was found necessary under the provisions of the interstate commerce act to levy this increase of freight rates even under a trying condition, not for the purpose, as stated before, of giving necessary revenue to the railroads involved, nor for the purpose of providing transportation service for that section of the country, but for the purpose of taking care of the transportation needs of remote sections, which, in all probability, are more favorably situated as to markets.

The interstate commerce act was originally enacted to protect the public from the extortions of the railroads, and made this principle one of primary consideration. That provision of the act to-day remains unchanged and reads as follows:

All charges made for any service rendered or to be rendered in the transportation of passengers or property, or in the transmission of intelligence by wire or wireless as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful.

In the operation of the present law it is impossible to believe that discrimination could be more radical. It certainly could not be more disastrous in its effect. The result is shown, particularly in the West, by the abandoned farms and the diminishing herds and flocks. With corn selling for fuel and the value of live stock in many cases absorbed in the cost of marketing, a shortage of products threatens the Nation. With the decline of the agricultural industry, which is basic throughout the West, will follow a corresponding decline in other business and industries. The very prosperity of the railroads themselves is in-

separably linked with the prosperity of the farmers and live-stock producers of the West.

I want to call attention to a statement made to me to-day by a man well authorized to speak, in effect that in the Fort Worth market, one of the great live-stock markets of the Southwest, there have been slaughtered up to this time, during 1921, 150,000 more calves than were slaughtered in the same period last year.

Mr. FLETCHER. Mr. President, my information is that there has been a reduction of 10 per cent in rates on agricultural products. Has that gone into effect in the West, and if so, with what consequences? Has not that been of some benefit?

Mr. KENDRICK. It is my understanding that such a reduction has been ordered, but has not gone into effect. I expect to try to show before I am through with this statement that such a reduction would prove entirely ineffective, and I take occasion to say here that there will be no adequate relief to our western country until the rate increase authorized by *Ex parte 74* is entirely canceled or eliminated. In our country west of the Missouri River that amounted to 35 per cent.

There was a reduction of 20 per cent in the rates on live stock where existing rates were in excess of 50 cents per hundred. But this rate did not become effective until September 20, which was not until after the greater part of the fall shipments had already moved to market. The reduction did not apply where the rates were already below 50 cents per hundred, and therefore gave no relief to many of the shippers. It might also be stated that the reduction was only temporary and intended to be suspended after January 1.

Under such impossible conditions it is no wonder that in some sections of the West many farms and ranches are going under the hammer at mortgage or tax sale. Only a few days ago, in turning the pages of a newspaper published in one of the most prosperous sections of the extreme West, under ordinary conditions, I noted three solid pages of notices advertising farms and ranches to be sold for taxes.

It is contended by many of the friends of the legislation that the law did not arbitrarily guarantee fixed incomes for railroad properties. Without regard to the language of the law, the interpretation of the law made the guaranty clause mandatory. I quote from the decision of the Interstate Commerce Commission in passing upon *Ex parte 74*, as follows:

In establishing rates for the two-year period we have no discretion as to the amount of the fair return except that we add to the $5\frac{1}{2}$ per cent provided by law a sum not exceeding one-half of 1 per cent of such aggregate value to make provision in whole or in part for improvements, betterments, or equipment, which, according to the accounting system prescribed by the commission, are chargeable to capital account. Having determined the per cent we are called upon to perform the administrative task of establishing rates that will yield in the aggregate as nearly as may be that per cent until March 1, 1922.

To guarantee incomes to the railroads and not to the producers is to assume that transportation is more essential than production. The very existence of the roads themselves is dependent upon an uninterrupted flow of commodities from the point of production to centers of distribution and consumption. Those responsible for the administration of the roads should realize that the welfare of the communities served by such roads is inseparably linked with the welfare of the carriers themselves. There is an interdependence of the one upon the other that can not be disregarded without serious consequence to both. As transportation facilities are vital in their importance to industries, so also is the welfare of every farmer along the track of the greatest importance to the railroads. For railroads to continue to prosper the communities they serve must prosper.

I am not unmindful of the difficulties of the railroads, but I want to urge most emphatically that while the Government is dealing generously with the transportation lines, as it most certainly has in the past, it should at least deal justly with the shippers.

No principle of economics or morals can be found to justify what is commonly termed the guaranty clause of 15a. Any arbitrary or preferential right accorded any industry under such a plan must by the very nature of things be made at the expense of other industries. As stated before, the interstate commerce act as originally enacted was to protect the public from extortions of railroads, and made this provision one of primary importance in that all rates should be "reasonable." Since the law was amended the commission has been required to ignore and disregard entirely the rights of the shipper. The principal objection is not that the guaranteed rate of profit is unreasonable in itself, but that it is unreasonable in the extreme to single out one industry and by law protect it from loss at a time when every other industry is suffering the effects of economic readjustment and many industries are fighting for their very existence.

Mr. TRAMMELL. I understand the Senator to say that this interest probably under certain conditions would not be excessive. As pertinent to that question, I would like to know what they were earning prior to the enactment of this guaranty law.

Mr. KENDRICK. I do not have at hand this information, but I have attempted to show by tables submitted, probably during the Senator's absence, some of the dividends paid on both common and preferred stock, particularly as applied to railroads west of the Missouri River.

Mr. TRAMMELL. According to my understanding, they earned, on the aggregate value of the entire properties in the United States, $2\frac{1}{2}$ per cent. That was about the average prior to the enactment of this law. That being true, when you raise it to $5\frac{1}{2}$ per cent you are practically doubling your transportation charges.

Mr. KENDRICK. I think that is quite correct, and the 35 per cent in the western section referred to is just that much greater burden added to high rates already in existence at the time this increase was made.

Mr. SHEPPARD. Mr. President—

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

Mr. KENDRICK. With pleasure.

Mr. SHEPPARD. Is the Senator in position to tell us what the prospect is for the repeal of this guaranty clause?

Mr. KENDRICK. I will say to the Senator that I have no information on that point. I think it is easily within the bounds of discretion to say that there is a strong sentiment in the Senate in favor of such repeal.

It is true that 5 or 6 per cent can not be called a high rate of income, if based on a fair valuation. Occasions must arise, under favorable conditions, when in every section of the country railroads should be allowed to earn much more than that percentage, while, under conditions such as now prevail, transportation systems, like the industries and individuals they serve, might well be content to earn only the overhead expenses until such time as general conditions improve.

The opponents of the amendment may argue that this guaranty provision will expire by limitation in March, 1922, but an answer to this is found in the statement that such provision of law should never have been enacted in the first place, and the sooner it is repealed the more promptly will its vicious influences be terminated. An injustice of the kind this law inflicts upon the country should not be tolerated for a moment longer than it would take to repeal it.

The case, then, against the guaranty clause is clear. It is fundamentally unsound and uneconomic, because a law which lays a tax upon all industry for the benefit of one is indefensible from any point of view. It was argued when this provision was inserted in the transportation act that the Government should assure the railroads a fixed minimum income in consideration of the powers of regulation and control over the roads which were vested in the commission. It was impossible then and it is impossible now to foresee what circumstances the future may develop, and it was a fallacy to assume that by writing a flat profit guaranty into the law injustice could be prevented. The results, as proven by the conditions and the statistics I have just laid before you, prove that it has had an effect quite the reverse from what was anticipated. It forced an unjustified and unwarranted increase of freight rates for the benefit of the railroads that needed no increase at a time when the shipper, with the values of his products falling off and his returns being reduced, was in need of assistance. The net result was only to make more certain and more rapid the economic collapse of the country.

To fix incomes is to destroy initiative, to decrease efficiency, and to lessen the need of economy. A limited income is in every sense of the word as deadly in its effect upon the railroads. It takes away from the industry the pride of administration of both officials and employees. It removes that most vital factor, the spirit of enterprise. It is unsound in principle because of its effect upon both the roads themselves and those who are served by the systems, and such a plan entirely nullifies the principle for which the interstate commerce act was passed.

Not in a generation has the West been in a more critical position than it is to-day, and I have no hesitation in saying that the high freight rates caused by this guaranty clause contribute the factor which more than any other one thing is preventing readjustment. There can be no "return to normalcy" while industry as a whole is laboring under this unjustifiable tax.

Repeal this clause, reduce freight rates to normal, and I venture the prediction that recovery will be hastened. The producer's credit will be improved, he will be enabled to ship his product, he will be enabled to buy other commodities, freight

business will increase, and the railroads as well as the producer and the public at large will feel the impulse of improved conditions.

MICHIGAN SENATORIAL ELECTION.

Mr. WALSH of Montana. Mr. President, I observe by the RECORD that during my absence from the Chamber on yesterday a colloquy took place between the Senator from Mississippi [Mr. HARRISON], who had the floor, and the Senator from Georgia [Mr. WATSON] touching some phases of the so-called Newberry case, in which the Senator from Georgia said:

I know that the Senator from Mississippi desires to be entirely fair, but his statement in reference to the Newberry case is, to say the least, not full. Mr. Newberry was indicted in Michigan for conspiracy to violate a law which the Supreme Court of the United States said was unconstitutional. The Supreme Court said that there was no evidence whatever of corruption on the part of Mr. Newberry, and the Senator from Montana [Mr. WALSH] admitted on the floor of the Senate that there was no bribery.

The statement is not correct so far as the admission is attributed to me nor, in my judgment, is it correct in the statement of what the Supreme Court decided in the Newberry case. The Senator from Georgia must have referred to a colloquy between himself and myself in the course of some remarks submitted by me to the Senate on the 19th of November, recorded at page 8843 of the RECORD. I was at the time presenting the argument that large sums of money had been spent by the so-called Newberry committee in the employment of paid workers, and I was reading from the record to show such employment and such payment. In the course of the testimony which I read it appeared that one of the paid workers had passed some money in a clandestine way to another man whose services he was endeavoring to secure as a further worker in the interest of Mr. Newberry. The point I was making was not that any voters had been bribed or that anybody had been bribed. I was endeavoring to establish the character of the services being performed by these paid workers. In that connection I was interrupted by the Senator from Georgia, who said:

Mr. WATSON of Georgia. If the Senator is referring to my statement, he misunderstood me. I have here the decision of Chief Justice White, which is not a dissenting opinion, and Chief Justice White exonerates Mr. Newberry entirely, and the judge who tried him excluded from the jury any accusation of bribery.

Mr. WALSH of Montana. I gladly yield to the Senator to read to the Senate the language of Chief Justice White exonerating Mr. Newberry.

Mr. WATSON of Georgia. I will do that with pleasure.

Mr. WALSH of Montana. Was the Senator in the Chamber when I discussed the effect of the decision of the Supreme Court?

Mr. WATSON of Georgia. I may not have been in at the time. Does the Senator still want me to read the language to which I referred?

Mr. WALSH of Montana. If the Senator please. I do not want to pass that question at all.

Mr. WATSON of Georgia. Here is what the court said, on page 18:

"At the trial before the submission of the case to the jury, the court put the fifth count entirely out of the case by instructing the jury to disregard it, as there was no evidence whatever to sustain it. The bribery, therefore, disappeared."

That is what Chief Justice White said:

Mr. WALSH of Montana. I have not discussed the bribery of voters at all. There was a count that voters had been bribed, and there was no testimony to sustain it, so the Chief Justice said that it was properly dismissed. I have not talked about the bribery of voters at all.

Mr. WATSON of Georgia. Then I misunderstood the Senator, especially regarding the magazine and the \$50—those two incidents.

Mr. WALSH of Montana. I do not contend that they were bribed to vote. I contend that that was to hire them to go out and use their influence, and, at the same time, to get their support of Mr. Newberry. I am not arguing that Mr. Newberry ought to be unseated because any voters were bribed. I am arguing that Mr. Newberry ought to be unseated, first, because the committee who were his agents spent more than \$3,750; second, I am arguing that he ought to be unseated because the committee, his agents, grossly and flagrantly violated the statute of the State of Michigan; in other words, hired those men to go to work for Newberry.

It is upon this statement that the Senator from Georgia must have advised the Senate that the Senator from Montana admitted that there was no bribery. It seems perfectly plain that I was contending at the time not that voters were bribed but that money had been illegally spent to hire workers to go out and exert their influence in behalf of Mr. Newberry, and in that connection their activities evidenced some disposition to bribe voters, but I was not called upon to admit that voters were or were not bribed. I was not discussing that subject at all.

The same may be said with reference to a statement to the effect that the Supreme Court had decided that there was no corruption. The Supreme Court decided nothing of the kind. There was, as stated here, a count in the indictment that there was a conspiracy to bribe voters, and no evidence upon that count was submitted at all and it went by the board. But corruption in elections is a term which extends far beyond the mere matter of the bribery of voters.

Corruption, as the term is ordinarily used, may be applied very properly to the subsidizing of newspapers and the acquisition of newspaper influence. It is very properly used in connec-

tion with the employment of a man to go to work for a candidate, whose support and influence is secured through the expenditure of money, even though he does not agree for the money to vote. Corruption may exist in many ways other than the corruption of voters.

The Supreme Court did not undertake to determine the question of whether voters had been bribed or had not. No evidence was submitted upon that subject before the trial court, and the Supreme Court merely recited the fact that no evidence had been submitted. The count, therefore, was properly dismissed and was not before the Supreme Court in any way, shape, or manner, and the Supreme Court did not undertake to pass upon the question as to whether there was bribery in the election or otherwise.

INVESTIGATION OF LOBBYING ACTIVITIES.

The Senate resumed the consideration of Senate resolution 77, proposing to create a special committee to investigate the expenditures made in behalf of various propaganda and in the maintenance of lobbies in Washington.

Mr. KING. Mr. President, the Senator from New Jersey tendered an amendment this morning. So far as I am able, I accept the amendment. I ask that it be reported and the Senate permitted to vote on it.

The VICE PRESIDENT. The Secretary will report the amendment.

The READING CLERK. On page 3, line 18, after the word "monopoly," insert a semicolon and the following:

To investigate the activities and methods of importers of dyes from Germany, and their agents, attorneys, and lobbyists to influence Congress in behalf of special legislation; and to investigate the dye and chemical industries of the United States, and the supply and distribution methods, within the United States and elsewhere, of the German and chemical industries, with a view to recommending proper legislation.

The VICE PRESIDENT. The amendment is accepted by the Senator from Utah. The Secretary will read the amendment reported by the Committee to Audit and Control the Contingent Expenses of the Senate.

The READING CLERK. On page 4, strike out the last paragraph in the following words:

Resolved further, That the committee is authorized to subpoena witnesses, send for persons and papers, to administer oaths, and to employ the necessary clerical assistance in the prosecution of such investigation.

Mr. KING. I ask that the Senate disagree to that amendment, and I call for a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. JONES of Washington. Mr. President, as I understand, this investigation is to be made by the Judiciary Committee or some subcommittee of that committee?

Mr. KING. Yes.

Mr. JONES of Washington. Has not the committee general authority without reference to the paragraph which the Senator desires to have rejected?

Mr. KING. I wish to "make assurance doubly sure." If they have that authority, then there is nothing improper in rejecting the amendment. The provision was reported by the Judiciary Committee itself, by the Senator from Iowa [Mr. CUMMINS], the chairman of the subcommittee.

Mr. JONES of Washington. The Judiciary Committee did not recommend that this provision be stricken out?

Mr. KING. They were in favor of the provision and reported it.

Mr. JONES of Washington. It is recommended to be stricken out by the Committee to Audit and Control the Contingent Expenses of the Senate?

Mr. KING. Yes.

Mr. JONES of Washington. Of course, the RECORD will show whether the committee has that authority or not. I have not any doubt that it has, and I do not see any use in duplicating it.

Mr. OVERMAN. I do not think the committee has full authority to summon witnesses.

Mr. JONES of Washington. Very well.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the Committee to Audit and Control the Contingent Expenses of the Senate.

The amendment was rejected.

The VICE PRESIDENT. The question now is on the resolution as modified.

Mr. CURTIS. Mr. President, I thought the Senator from New Jersey [Mr. FRELINGHUYSEN] had offered an amendment to the resolution.

Mr. KING. That has been accepted.

Mr. NORRIS. That amendment has been agreed to.

Mr. KING. It has been agreed to.

Mr. FRELINGHUYSEN. But has it been agreed to by vote?

THE VICE PRESIDENT. It has not been agreed to by vote, but by acceptance.

Mr. KING. Then, let us take a vote on it if the Senator desires.

Mr. FRELINGHUYSEN. I do not understand that the acceptance of an amendment by the author of a resolution is an adoption of the amendment, but that the question must be put. I simply asked if the Chair had proceeded in that way.

THE VICE PRESIDENT. It is the understanding of the Chair that a Senator submitting a resolution has a right to modify it up to the time that the yeas and nays are ordered.

Mr. KING. I suggest that a vote be taken, in any event, so as to avoid any question.

THE VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Jersey to the resolution.

The amendment was agreed to.

THE VICE PRESIDENT. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to.

The preamble was agreed to.

ADJOURNMENT TO MONDAY.

Mr. CURTIS. I ask unanimous consent that when the Senate adjourns to-day it stand adjourned until Monday next at 12 o'clock noon.

THE VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MICHIGAN SENATORIAL ELECTION.

Mr. MOSES. Mr. President, I wish to give notice that at the next session of the Senate, which I understand will be on Monday next, at the conclusion of the morning business, I shall ask recognition for the purpose of submitting a few observations upon Senate resolution 172 relating to the Newberry case.

DEFICIENCY APPROPRIATIONS.

Mr. WARREN. Mr. President, from the Committee on Appropriations I report back with amendments the bill (H. R. 9237) making appropriations to supply deficiencies in appropriations for the fiscal year ending June 30, 1922, and prior fiscal years, supplemental appropriations for the fiscal year ending June 30, 1922, and subsequent fiscal years, and for other purposes, and I submit a report (No. 341) thereon. On Monday morning, at the close of the routine morning business, I shall ask that the Senate proceed to the consideration of the bill.

DEATH OF REPRESENTATIVE HENRY D. FLOOD.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, communicated to the Senate the intelligence of the death of Hon. HENRY D. FLOOD, late a Representative from the State of Virginia, and transmitted the resolutions of the House thereon.

Mr. SWANSON. Mr. President, I ask the Chair to lay before the Senate the resolutions from the House.

THE VICE PRESIDENT laid before the Senate the resolutions of the House of Representatives, which were read as follows:

IN THE HOUSE OF REPRESENTATIVES, December 8, 1921.

Resolved, That the House has heard with profound sorrow of the death of Hon. HENRY D. FLOOD, a Representative from the State of Virginia.

Resolved, That a committee of 18 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

Mr. SWANSON. Mr. President, I move the adoption of the resolutions which I send to the desk.

THE VICE PRESIDENT. The Secretary will read the resolutions.

The resolutions (S. Res. 186) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with deep sorrow the announcement of the death of Hon. HENRY DELAWARE FLOOD, late a Representative in Congress from the State of Virginia.

Resolved, That a committee of eight Senators be appointed by the Vice President to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

THE VICE PRESIDENT appointed under the second resolution, Mr. SWANSON, Mr. GLASS, Mr. HARRISON, Mr. CARAWAY, Mr. HEFLIN, Mr. CURTIS, Mr. MCKINLEY, and Mr. WILLIS as the committee on the part of the Senate.

Mr. SWANSON. As a further mark of respect to the memory of the deceased Representative, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 3 o'clock and 20 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously made, to Monday, December 12, 1921, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

THURSDAY, December 8, 1921.

The House met at 12 o'clock noon, and was called to order by the Speaker.

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

Our Father in Heaven, Thou art still leading us from day to day, and we bless Thee for all Thy gracious ministries. Reveal unto us the treasures of Thy wisdom and enrich us in all needful knowledge. Give us fortitude in danger, strength in temptation, and courage in conflict. O lead us on and on to the things that can not be measured, to the peace that is beyond understanding, to the love that can not be uttered, and to the joy that can not be expressed. We pause in our bereavement and bow our heads in the presence of death. Gracious Lord, remember the stricken fireside and comfort the afflicted. Impress us with human frailty, and when we fall bear us through the darkness up the stairway. Through Jesus Christ our Lord. Amen.

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

DEATH OF REPRESENTATIVE FLOOD, OF VIRGINIA.

Mr. HARRISON. Mr. Speaker, it is my painful duty to announce to the House the death of my personal friend, our beloved colleague, Hon. HENRY D. FLOOD, from the tenth district of Virginia. He died at his residence in this city this forenoon at 20 minutes past 11 o'clock.

At some future time I shall ask the House to set aside a day for memorial exercises in connection with his life and public service. At present I ask permission to offer the following resolution.

THE SPEAKER. The gentleman from Virginia offers a resolution, which the Clerk will report.

The Clerk read as follows:

House resolution 241.

Resolved, That the House has heard with profound sorrow of the death of Hon. HENRY D. FLOOD, a Representative from the State of Virginia.

Resolved, That a committee of 18 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect, this House do now adjourn.

THE SPEAKER. The question is on agreeing to the resolution.

The resolution was unanimously agreed to.

Accordingly (at 12 o'clock and 10 minutes p. m.) the House adjourned until to-morrow, Friday, December 9, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

400. A letter from the chairman of the Interstate Commerce Commission, transmitting the thirty-fifth annual report of the commission; to the Committee on Interstate and Foreign Commerce.

401. A letter from the Secretary of the Treasury, transmitting report of the Surgeon General of the United States Public Health Service for the fiscal year 1921; to the Committee on Interstate and Foreign Commerce.

402. A letter from the Secretary of Agriculture, transmitting report giving aggregate number of publications issued by the Department of Agriculture during the fiscal year ended June 30, 1921, together with the cost of preparation, paper, and printing of each publication, and the number of each distributed; to the Committee on Printing.

403. A letter from the Acting Director of the United States Botanic Garden, transmitting information relative to travel