of Kentucky relative to the farmers and planters of this country who lost money in 1920; to the Committee on Ways and Means.

5723. Also, petition of William McConnell, city prosecutor, and J. Friedlander, assistant city prosecutor, city of Los Angeles, Calif., urging continuation of the appropriation for the Interdepartmental Social Hygiene Board; to the Committee on Appropriations.

5724. Also, petition of A. C. Denny, secretary of Upper Valley Grange No. 389, of Etna Mills, Calif., relative to the Federal Farm Loan Board and Federal land banks; to the Committee on Banking and Currency.

5725. Also, petition of Mrs. Arvilla Gardner, of Sacramento, Calif., urging the early passage of the Bursum and Morgan pension bills; to the Committee on Military affairs.

5726. By Mr. ROSENBLOOM: Resolution adopted by the Presbytery of Grafton, at Mannington, W. Va., indorsing House bill 9753, to secure Sunday as a day of rest in the District of Columbia; to the Committee on the District of Columbia.

5727. Also, resolution adopted by the Presbytery of Grafton, at Mannington, W. Va., indorsing House Joint Resolution 131, relative to prohibiting polygamy and polygamous marriages, and also Senate Joint Resolution 31, relative to regulating the subject of marriage and divorce; to the Committee on the Judiciary.

5728. By Mr. RYAN: Petition of Edward D. Marshall and several hundred others, of New York City, ex-soldiers and ex-sailors of the World War, and other citizens of the United States, urging the passage of House bill 10890, adjusted compensation for veterans of the World War; to the Committee on Ways and Means.

5729. Also, petition of George W. Lewis and several hundred other ex-soldiers and ex-sailors of the World War, and other citizens of the United States, urging the passage of the bonus bill, H. R. 10890; to the Committee on Ways and Means.

5730. By Mr. SABATH: Petition of the Fraternal Order of Eagles No. 769, of Homestead, Pa., requesting modification of the present laws to permit the sale of light wines and beer; to the Committee on the Judiciary.

5731. Also, resolution of the International Association of Fire Fighters, favoring the modification of the national prohibition act to permit the manufacture and sale of beer and wine; to the Committee on the Judiciary.

5732. By Mr. SANDERS of New York: Petition of the Medina Automobile Club, of Medina, N. Y., through its president, L. J. Skinner, protesting against the passage of House bill 11251; to the Committee on Ways and Means.

5733. By Mr. WOODYARD: Memorial of the Huntington Chamber of Commerce, Huntington, W. Va., indorsing the fundamental principles of ship subsidy as embodied in the shipping act of 1922; to the Committee on the Merchant Marine and Fisheries.

SENATE.

TUESDAY, *May 23, 1922.*

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

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

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Frelinghuysen	Myers	Smoot
Ball	Glass	Nelson	Stanley
Borah	Gooding	Newberry	Sterling
Brandegee	Hale	Nicholson	Sutherland
Broussard	Harris	Oddie	Townsend
Bursum	Harrison	Overman	Underwood
Capper	Johnson	Page	Wadsworth
Colt	Jones, N. Mex.	Pepper	Walsh, Mass.
Culberson	Jones, Wash.	Phipps	Walsh, Mont.
Curtis	Kellogg	Pittman	Warren
Dial	Ladd	Poindexter	Watson, Ga.
Edge	Lodge	Ransdell	Williams
Elkins	McCumber	Rawson	Willis
Ernst	McLean	Robinson	
Fletcher	McNary	Sheppard	
France	Moses	Simmons	

Mr. LADD. I was requested to announce that the Senator from Nebraska [Mr. NORRIS], the Senator from Alabama [Mr. HEFLIN], and the Senator from Wyoming [Mr. KENDRICK] are detained at a hearing before the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Sixty-one Senators having answered to their names, a quorum is present.

ACCOUNTS OF CHARLES B. STRECKER (S. DOC. NO. 203).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting a draft of proposed bill authorizing an appropriation of $15,956 to be made, being the balance due the United States and remaining unadjusted in the accounts of the Treasurer of the United States and of Charles B. Strecker, former Assistant Treasurer of the United States at Boston, Mass., upon the discontinuance of the subtreasury at Boston on October 25, 1920, which was referred to the Committee on Appropriations and ordered to be printed.

MESSAGE FROM THE HOUSE.

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

H. R. 5018. An act to authorize the widening of First Street NE., and for other purposes;

H. R. 5020. An act to provide for the sale by the Commissioners of the District of Columbia of certain land in the District of Columbia acquired for a school site, and for other purposes; and

H. R. 6258. An act to exempt from taxation certain property of the Daughters of the American Revolution in Washington, D. C.

PETITIONS AND MEMORIALS.

Mr. TOWNSEND presented a resolution of the Michigan Automotive Trade Association, protesting against the enactment of legislation for the Federal taxation and registration of motor vehicles, which was referred to the Committee on Interstate Commerce.

He also presented a resolution of the Michigan Automotive Trade Association, favoring the passage of the so-called McNary-Smith cooperative reclamation bill, which was referred to the Committee on Irrigation and Reclamation.

He also presented a resolution of the Michigan Automotive Trade Association, favoring the construction of the Great Lakes-St. Lawrence waterway for ocean-going vessels, which was referred to the Committee on Commerce.

He also presented petitions of sundry citizens of Croswell, Yale, Melvin, Elkton, Pigeon, Bad Axe, Filion, North Branch, Almont, Dryden, Swartz Creek, Durand, and Vernon, all in the State of Michigan, praying for the imposition in the pending tariff bill of a duty of $2 per 100 pounds on Cuban sugar, which were referred to the Committee on Finance.

Mr. JONES of Washington presented petitions of sundry citizens of the State of Washington, praying that only a moderate duty on kid gloves be imposed in the pending tariff bill, which were ordered to lie on the table.

Mr. JONES of Washington. I ask unanimous consent to have printed in the RECORD a telegram which I have received from several Republican papers in my State, protesting against the failure of Congress to pass the proposed reclamation act.

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

YAKIMA, WASH., *May 20, 1922.*

WESLEY L. JONES, *Washington, D. C.:*

Following a meeting here to-day of the Yakima-Benton-Kittitas group of the Washington State Press Association, Republican members of the group adopted the following resolution:

"Whereas the Republican Party in the last national campaign gave to the voters of the Nation its pledge to put into operation a speeded-up and enlarged program of reclamation; and

"Whereas the McNary-Smith bill, now pending in Congress, was framed as a fulfillment of that pledge and as such has received the official sanction of the administration; and

"Whereas said McNary-Smith bill has been unanimously recommended for passage by committees in both Houses of Congress; and

"Whereas enactment of said McNary-Smith bill will stimulate business and industry, relieve unemployment, contribute materially to the Nation's wealth, and inure to the special benefit of the returned soldiery without prejudice or preference to any project, section, or district of the unreclaimed areas of the Nation: Now therefore be it

Resolved by the following Republican newspaper publishers of the State of Washington, That failure of the Republican majority in Congress to pass the said McNary-Smith bill at the present session will be regarded by us as an inexcusable breach of faith on the part of the national Republican Party, and we hereby declare that we no longer consider ourselves either by reason of our past affiliations or the party's future promises bound to continue our support of the national Republican Party."

Republican newspapers represented at to-day's meeting were Ellensburg Record, Sunnyside Sun, Grandview Herald, Wapato Independent, Toppenish Review, Toppenish Tribune, Kennewick Courier-Reporter, Zillah Mirror, Richland Advocate, Prosser Record-Bulletin.

Mr. NELSON presented a resolution adopted by the Minnesota Tax Conference at Minneapolis, Minn., favoring the passage of House bill 9579, to amend section 5219 of the Revised Statutes of the United States, relative to taxation of national

banking associations, which was referred to the Committee on Banking and Currency.

He also presented memorials of sundry citizens of Bemidji, Minn., remonstrating against the enactment of legislation providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. CAPPER presented resolutions of the Central Parent-Teachers' Association, the Maccochaque Parent-Teachers' Association, the Western Highlands Study Club, and the Council of Clubs, all of Kansas City, Kans., favoring the enactment of legislation creating a department of education, which were referred to the Committee on Education and Labor.

Mr. WILLIS presented the petition of Mrs. S. S. Kelly and sundry other citizens of Cincinnati, Ohio, praying that only a moderate duty be imposed in the pending tariff bill on kid gloves, which was referred to the Committee on Finance.

He also presented the petition of G. W. Hoffer and sundry other citizens of Metamora and vicinity, in the State of Ohio, praying for the imposition in the pending tariff bill of a duty of $2 per 100 pounds on Cuban sugar, which was referred to the Committee on Finance.

Mr. SHORTRIDGE presented a resolution adopted by the Los Angeles Presbytery of the Presbyterian Church, at Long Beach, Calif., favoring an amendment to the Constitution providing for uniform marriage and divorce laws, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted at the annual meeting of the Woman's Christian Temperance Union of Orange County, Calif., protesting against any weakening amendment to the so-called Volstead Act, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the conference of the International Association of Fire Fighters, favoring the legalizing of the manufacture and sale of beers and light wines, the establishment of peace at home and abroad and granting to small nations the right of self-government, the restoration of the liberties of the people and the release of political and war prisoners, and the reduction of appropriations for war purposes, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by Berkeley Post, No. 7, American Legion, of Berkeley, Calif., commending the President of the United States in refusing clemency to political prisoners and protesting against reducing the strength of the military and naval forces of the United States, which were referred to the Committee on the Judiciary.

He also presented a resolution of the board of directors of the Sacramento (Calif.) Chamber of Commerce, protesting against any present change in the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

BILLS INTRODUCED.

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

By Mr. WILLIS:

A bill (S. 3634) granting a pension to William Croft (with accompanying papers); to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 3635) for the relief of John R. Scupham; to the Committee on Claims.

A bill (S. 3636) authorizing the appointment of Leland C. McAuley to be a captain in the Air Service, United States Army; to the Committee on Military Affairs.

By Mr. ASHURST:

A bill (S. 3637) to establish an agricultural experiment station at Fort Mohave, in the county of Mohave, Ariz.; to the Committee on Agriculture and Forestry.

By Mr. McKINLEY:

A bill (S. 3638) to abolish the office of Superintendent of the Library Building and Grounds and to transfer the duties thereof to the Architect of the Capitol and the Librarian of Congress; to the Committee on the Library.

By Mr. CAPPER:

A bill (S. 3639) to provide credit facilities for the orderly marketing of agricultural products, and for the preservation and development of the live-stock industry of the United States; to amend the Federal reserve act; to extend and stabilize the market for United States bonds and other securities; to extend the powers of the Federal Farm Loan Board created by the farm loan act; to provide fiscal agents for the United States and for the War Finance Corporation; and for other purposes; to the Committee on Banking and Currency.

TARIFF BILL AMENDMENTS.

Mr. STERLING submitted two amendments intended to be proposed by him to House bill 7456, the tariff bill, which were ordered to lie on the table and to be printed.

Mr. McNARY submitted an amendment intended to be proposed by him to House bill 7456, the tariff bill, which was referred to the Committee on Finance and ordered to be printed.

Mr. POINDEXTER submitted two amendments intended to be proposed by him to House bill 7456, the tariff bill, which were ordered to lie on the table and to be printed.

LAND OFFICES IN NORTH DAKOTA.

Mr. McCUMBER submitted an amendment intended to be proposed by him to the bill (S. 3425) to continue the land offices at Belle Fourche, Timber Lake, and Lemmon, in the State of South Dakota, and for other purposes, which was ordered to lie on the table and to be printed.

LIBERIAN LOAN.

Mr. LODGE. I ask that the joint resolution from the House referring to the Liberian credit, which was put over because of my absence, may be referred to the Committee on Finance. It clearly ought to go to that committee, which has charge of all credits, and I ask that it be now so referred.

There being no objection, the joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia was taken from the table and referred to the Committee on Finance.

HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on the District of Columbia:

H. R. 5018. An act to authorize the widening of First Street NE., and for other purposes;

H. R. 5020. An act to provide for the sale by the Commissioners of the District of Columbia of certain land in the District of Columbia acquired for a school site, and for other purposes; and

H. R. 6258. An act to exempt from taxation certain property of the Daughters of the American Revolution in Washington, D. C.

AMENDMENT OF WAREHOUSE ACT.

Mr. HARRIS. Mr. President, I ask unanimous consent for the present consideration of Senate bill 3220, which has been reported from the Committee on Agriculture and Forestry. I have discussed the proposed substitute bill with the Senator from Oregon [Mr. McNARY], one of the ablest lawyers in the Senate and a member of the Committee on Agriculture and Forestry. A number of other Senators have examined it, and all favor it. The Secretary of Agriculture requests the proposed changes, and the amendments in the bill were prepared by department officials. He recommends that the changes be made in the bill as reported and states that the amendments suggested are the result of experience in the administration of the act by the division in the Bureau of Markets. I will place his letter in the RECORD, showing the reasons for the change. There will be no objection, I am sure, on the part of any Senator who will examine it. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. The typewritten bill, sent to the desk by the Senator from Georgia, is not identical with the original bill?

Mr. HARRIS. It is the original bill with other amendments suggested by the Department of Agriculture. I ask that it be substituted for the original bill.

The VICE PRESIDENT. The bill will be reported for the information of the Senate.

The ASSISTANT SECRETARY. A bill (S. 3220) to amend section 2 of the United States warehouse act, approved August 11, 1916. The Senator from Georgia reports from the Committee on Agriculture and Forestry a substitute to strike out all after the enacting clause and insert.

Mr. SMOOT. The original bill was reported from that committee?

Mr. HARRIS. This is the bill reported from the Committee on Agriculture and Forestry. I am offering other amendments to the bill, all of which were prepared by the officials of the Department of Agriculture having charge of the administration of the act, and they have the approval of the Secretary of Agriculture, one of the best men who has ever occupied that position. The amendments, if adopted, will add to the security of persons making loans in these warehouses and also add to the security of farmers storing their agricultural products.

Mr. SMOOT. I want to know whether the proposed amendment offered by the Senator has been acted upon by the committee and whether he is authorized to report it as a substitute for the original bill now on the calendar.

Mr. HARRIS. The original bill was recommended by the Committee on Agriculture and Forestry, but related only to the matter of the products designated by the Secretary of Agri-

culture. The substitute I offer contains some other amendments which the Secretary of Agriculture asked me to offer when the bill was referred to him by the committee. The bill I have sent to the desk embraces all amendments, and I ask that it be substituted for the bill previously offered.

Mr. SMOOT. Do I understand that the Committee on Agriculture and Forestry has agreed to and authorized the Senator to offer these amendments, or is he offering them on his own account?

Mr. HARRIS. The Department of Agriculture approved the first amendment which I offered, allowing the Secretary of Agriculture to designate the agricultural products to be stored in a warehouse instead of naming them in the bill and limiting to a few products. The other amendments were all offered on the request of the Department of Agriculture.

Mr. SMOOT. The Secretary of Agriculture may ask it, but I think the committee had better act upon it before the Senate considers it.

Mr. PITTMAN. Mr. President, let me see if I understand the situation. There is a bill which has been reported from the committee and which is now on the calendar.

Mr. HARRIS. That is true.

Mr. PITTMAN. That bill has certain amendments put in it by the Committee on Agriculture and Forestry.

Mr. HARRIS. The bill was reported without amendment, but the committee agrees to the principal amendment.

Mr. PITTMAN. The Senator from Georgia is now asking unanimous consent to take up that bill, and that consent has been granted.

Mr. SMOOT. No; it has not been granted.

Mr. PITTMAN. I assumed that it had been granted.

Mr. SMOOT. Not yet.

Mr. PITTMAN. If it is granted and the bill is brought up for consideration, the Senator from Georgia is going to offer an amendment in the nature of a substitute.

Mr. SMOOT. The Senator from Nevada stated it just as I understand it, and as I stated it, but I went further than the Senator from Nevada, and asked the Senator from Georgia if the amendment had been approved by the Committee on Agriculture and Forestry.

Mr. PITTMAN. There are evidently some amendments in the substitute which the committee have not approved.

Mr. HARRIS. Some have and some have not been approved by the committee. At the request of the Senator from Utah I had the Senator from Oregon [Mr. MCNARY] go into the matter thoroughly. He approves all amendments and says they will strengthen the act. The Bureau of Markets, which has the administration of the measure, through the Secretary of Agriculture, requests that it shall be amended this way. The Government can lose nothing by these amendments; it issues a license and places warehousemen under bond; but it strengthens the act and affords the farmer—wool and tobacco growers—better protection, enabling them to get cheaper insurance, lower rates of interest on money borrowed, because the man who loans money on the products has a guarantee that the products on which he makes a loan are stable, in good condition, and the warehouseman's bond protects them.

Mr. SMOOT. I thought, of course, when the Senator spoke to me about it that these amendments had been approved by the committee. Therefore, I asked the Senator at the time to discuss the matter with the Senator from Oregon, who is a member of the committee and who was in the Chamber at the time.

Mr. HARRIS. Mr. President, in order to save the time of the Senate, I wonder if the Senator from Utah would not let this bill go through and let me place in the RECORD the reasons set forth by the Agricultural Department for the changes proposed, and to-morrow, if he objects to any of them, we can reconsider the vote by which the bill was passed and send it back to the committee. If he will agree to do that, I think it will save time, and I am sure no Senator will object to any of the changes proposed.

Mr. SMOOT. Of course, I do not know what they are.

Mr. HARRIS. One is to provide for licensing samplers in warehouses to ascertain values of products and insure a correct statement as to the condition of the products in a warehouse. It is designed to guarantee the man who lends the money on the products that the goods on which he makes the loan are not only in the warehouse and graded or classed so as to know the value, but that they are in good condition. Further, it is to place a penalty on the warehouseman if he fails to do his duty.

Mr. SMOOT. Is the Government responsible?

Mr. HARRIS. No. The Government licenses the warehouse. The warehouseman is under bond. If he makes a statement as to commodities in the warehouse which is untrue, or if he allows to go out of the warehouse goods on which there is a mortgage, this bill will make him liable, and the penalties will make him careful about everything pertaining to the products stored—weights, condition, etc.

Mr. UNDERWOOD. Mr. President, I hope the Senator from Utah, unless there be some grave cause, will allow the bill to go through. We have adopted the policy of allowing some uncontested measures to be acted upon, and it seems to me that policy should be followed in this instance.

Mr. SMOOT. It is not a question of not allowing it to be acted upon, but it seems to me that it involves a more or less serious question; and I really do not know, from what the Senator from Georgia has said, whether the Government of the United States is to be responsible in case the goods shall be removed from the warehouse.

Mr. HARRIS. The Government of the United States is not responsible. The bill is designed to make the warehouseman more particular about the goods in the Government warehouse. He is licensed to take charge of the goods in the warehouse. The bill will protect the man who lends money on farm products, and it will protect the farmer who places his products in the warehouse. Its enactment is requested because of the experience of the Agricultural Department in connection with Government warehouses in the past.

Mr. SMOOT. Who is going to lend the money on the products—the Government or the banks?

Mr. HARRIS. The banks; the Government has nothing to do with it. It simply gives a license to the warehouseman, places him under bond, and makes it a penalty for him to issue false receipts, dispose of, or damage agricultural products stored in the warehouse.

Mr. SMOOT. That is what I wanted to be sure of.

Mr. HARRIS. The bill does not impose any additional obligations on the Government.

Mr. UNDERWOOD. As I understand the proposition, some years ago we passed a Government warehouse bill, authorizing the Government to license warehouses. Whether that was right or wrong, that is the law; it is an established fact. Now, as I understand, the bill of the Senator from Georgia has the approval of the Secretary of Agriculture and of the chairman of the Agricultural Committee, even as to the amendment proposed. It is merely designed to impose such requirements as will better protect the warehouse certificate, so that the bank that lends the money may feel that it has better security than it has under existing law. That is all there is in the measure, and at this time it will be very useful. I hope the Senator will allow it to go through.

Mr. SMOOT. Mr. President, on the statement of the Senator from Georgia, I have no objection to having the bill considered now, but, after the proceedings are published in the RECORD and I understand more clearly what it involves, if I think it ought to be reconsidered I shall expect the Senator from Georgia not to object to its reconsideration.

Mr. HARRIS. Not at all; I shall be very glad to have the Senator, in that event, ask for its reconsideration.

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

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 3220) to amend section 2 of the United States warehouse act, approved August 11, 1916.

Mr. HARRIS. I offer to the bill the amendment in the nature of a substitute which I have sent to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Georgia will be stated.

The READING CLERK. It is proposed to strike out all after the enacting clause and insert:

That section 2 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 2. That the term 'warehouse' as used in this act shall be deemed to mean every building, structure, or other protected inclosure in which any agricultural product is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which any agricultural product is or may be stored. As used in this act 'person' includes a corporation or partnership or two or more persons having a joint or common interest; 'warehouseman' means a person lawfully engaged in the business of storing agricultural products; and 'receipt' means a warehouse receipt."

That section 5 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 5. That each license issued under sections 4 and 9 of this act shall terminate as therein provided, or in accordance with the terms of this act and the regulations thereunder, and may from time to time be modified or extended by a written instrument."

That section 11 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 11. That the Secretary of Agriculture may, upon presentation of satisfactory proof of competency, issue to any person a license to inspect, sample, or classify any agricultural product or products, stored

or to be stored in a warehouse licensed under this act, according to condition, grade, or otherwise, and to certificate the condition, grade, or other class thereof, or to weigh the same and certificate the weight thereof, or both to inspect, sample, or classify and weigh the same and to certificate the condition, grade, or other class and the weight thereof, upon condition that such person agree to comply with and abide by the terms of this act and of the rules and regulations prescribed hereunder so far as the same relate to him."

That section 12 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 12. That any license issued to any person to inspect, sample, or classify or to weigh any agricultural product or products under this act may be suspended or revoked by the Secretary of Agriculture whenever he is satisfied, after opportunity afforded to the licensee concerned for a hearing, that such licensee has failed to inspect, sample, or classify or to weigh any agricultural product or products correctly, or has violated any of the provisions of this act or of the rules and regulations prescribed hereunder, so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose whatever. Pending investigation, the Secretary of Agriculture, whenever he deems necessary, may suspend a license temporarily without hearing."

That section 15 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

SEC. 15. That any fundible agricultural product stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this act shall be inspected and graded by a person duly licensed to grade the same under this act."

That section 19 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 19. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined: *Provided*, That the standards for any agricultural products which have been, or which in future may be, established by or under authority of any other act of Congress shall be, and are hereby, adopted for the purposes of this act as the official standards of the United States for the agricultural products to which they relate."

That section 29 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 29. That nothing in this act shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of the laws of any State relating to warehouses, warehousemen, weighers, graders, inspectors, samplers, or classifiers; but the Secretary of Agriculture is authorized to cooperate with such officials as are charged with the enforcement of such State laws in such States and through such cooperation to secure the enforcement of the provisions of this act; nor shall this act be construed so as to limit the operation of any statute of the United States relating to warehouses or warehousemen, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States."

That section 30 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 30. That every person who shall forge, alter, counterfeit, simulate, or falsely represent, or shall without proper authority use, any license issued by the Secretary of Agriculture under this act, or who shall violate or fail to comply with any provision of section 8 of this act, or who shall issue or utter a false or fraudulent receipt or certificate, or any person who, without lawful authority, shall convert to his own use, or use for purposes of securing a loan, or remove from a licensed warehouse contrary to this act or the regulations promulgated thereunder, any agricultural products stored or to be stored in such warehouse and for which licensed receipts have been or are to be issued, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $10,000 or double the value of the products involved if such double value exceeds $10,000, or imprisoned not more than one year, or both, in the discretion of the court, and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by check drawn on the Treasury at the direction of the Secretary of Agriculture, for the value of such product to the extent that such owner has not otherwise been reimbursed. That any person who shall draw with intent to deceive a false sample of, or who shall willfully mutilate or falsely represent a sample drawn under this act, or who shall classify, grade, or weigh fraudulently any agricultural products stored or to be stored under the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof fined not more than $500 or imprisoned for not more than six months, or both, in the discretion of the court."

During the reading of the amendment,

Mr. PITTMAN. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. PITTMAN. Is the Secretary now reading the proposed amendment or is he reading the original bill?

Mr. HARRIS. He is reading the amendment submitted by me in the nature of a substitute.

Mr. PITTMAN. Has the original bill been read? I should like to have the bill read first, in order to ascertain what it is the amendment is directed to.

Mr. HARRIS. It is an amendment to the Government warehouse act.

The VICE PRESIDENT. It is Senate bill 3220, which, of course, has been printed.

Mr. PITTMAN. I understand what Senate bill 3220 is; I have it before me, but I should like to know whether Senate bill 3220 is incorporated in the proposed amendment?

Mr. HARRIS. It is.

Mr. PITTMAN. Entirely?

Mr. HARRIS. Entirely.

After the conclusion of the reading of the amendment,

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

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend sections 2, 5, 11, 12, 15, 19, 29, and 30 of the United States warehouse act, approved August 11, 1916."

Mr. HARRIS. Mr. President, I ask permission to place in the RECORD a letter from the Secretary of Agriculture in regard to the measure just passed, to which I previously referred, together with the accompanying memorandum of amendments requested by the department, which are the only amendments to the bill except the original amendment which I described, and which was the first to be considered. I ask permission also to have printed in the RECORD a statement which I have prepared of the benefits which will come to the warehouses which have been and will be licensed under the bill.

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

DEPARTMENT OF AGRICULTURE,
Washington, May 13, 1922.

Hon. WILLIAM J. HARRIS,
United States Senate.

DEAR SENATOR: In accordance with an informal request which I understand you recently made of the Bureau of Markets and Crop Estimates, there have been prepared in that bureau by our people who are familiar with the subject some suggested amendments to the United States warehouse act, together with a memorandum in explanation thereof. This matter has been gone into very carefully, and these amendments are the result of experience in the administration of the act by the division in the Bureau of Markets and Crop Estimates that is charged with that responsibility.

Sincerely yours,

HENRY WALLACE, *Secretary.*

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF MARKETS AND CROP ESTIMATES,
Washington, May 11, 1922.

(Memorandum in explanation of suggested amendments to the United States warehouse act, attached hereto.)

In the suggested amendments to the United States warehouse act, attached hereto, additional or new language has been underscored. Where words are to be omitted lines are run through them and attention will be called thereto in this memorandum.

The first amendment suggested amends section 2 by striking out the following sentence: "The term 'agricultural product' wherever used in this act shall be deemed to mean cotton, wool, grain, tobacco, and flaxseed, or any of them."

In explanation of that amendment it should be said that the department has had a number of requests in the past several years to license warehouses which are used for the storage of agricultural products other than those now enumerated in the act. There are pending in Congress at this time several amendments to the act which have as their object enlarging the number of the products which might be stored in licensed warehouses and for which licensed receipts should be issued. These amendments range from specifying a few additional products to the inclusion of all agricultural or horticultural products. In addition there are pending a number of important bills providing for additional credit facilities based in part upon warehouse receipts for agricultural products. It is believed that the purpose of those seeking amendments to the act and the intent of the act, as well as that of proposed credit legislation, can best be carried out if it is left discretionary with the Secretary of Agriculture to determine what agricultural products are suitable for storage under the warehouse act.

The amendment made to section 5 removes the one-year limitation now placed upon licenses. No good reason is apparent for limiting the life of all licenses to one year. The limitation now in the act makes it necessary for a warehouseman to file an application and bond every year, causing both the warehouseman and the department unnecessary work. Under the suggested wording the license can be terminated any time the licensee fails to observe the act or the regulations promulgated thereunder.

Section 11 of the act it is suggested be amended to provide for licensing persons to inspect and sample products and to certificate the condition of such products. Section 11 now provides for the licensing of persons to classify and weigh agricultural products stored in warehouses licensed under the act. To properly classify certain products, such as tobacco and grain, it is highly important to have an accurate and representative sample of the commodity. Therefore licensing samplers it is believed will impress the samplers more keenly with the responsibility imposed upon them.

Section 12 it is suggested be amended by adding at two places the words "inspect, sample, or," so as to make this section conform with the amendment suggested to section 11, which provides for the licensing of samplers.

Section 15 of the act it is suggested be amended so as to strike out from the first line thereof the words "grain, flaxseed, or" and the word "other" in that same line, making the section read as indicated in the attached draft. As the section now reads, there has been doubt as to whether grain or flaxseed, regardless of the manner in which they may be stored, are not under all conditions made by the law fungible agricultural products. Under certain conditions grain is so stored as to make it no more fungible than any of the other products enumerated in the act. For instance, in the Northwest and on the Pacific coast generally it is customary to store grain in sacks; that is, the grain is all sacked before being placed in the warehouse. In other sections at times grain is specially binned. Either of these methods results in preserving the identity of the particular grain stored, and there is no valid reason why a requirement should be imposed by law

upon identity-preserved grain which is not imposed upon the other products, such as cotton, now mentioned in the act.

Section 19 it is suggested be amended by striking out the words "in this act defined." The amendment suggested to section 2 eliminates the definition of "agricultural product," and therefore the words "in this act defined" are useless.

The only suggested amendments to section 29 are to insert the words "inspectors" and "samplers" at the two places indicated. These changes are suggested to make this section harmonize with the suggested amendments to sections 11 and 12.

The amendments suggested to section 30 first enlarge the scope of offenses which a warehouseman might commit and for which he might be punished under this act; second, they increase the severity of the penalty which may be imposed; and, third, provision is made for imposing penalties on persons who draw, with intent to deceive, a false sample of a product or who willfully mutilate or falsely represent a sample drawn under the act, or who fraudulently grade or weigh agricultural products stored or to be stored under the provisions of the act.

It is not believed that the offenses now punishable under the act are sufficiently broad in scope, nor is it believed that penalties are severe enough. As the act reads now a warehouseman can be punished, first, if he forges, alters, counterfeits, simulates, or falsely represents a license, or if he represents himself to be licensed when he is not, or if he issues or utters a false or fraudulent receipt or certificate. It is believed that a warehouseman might commit any of the other acts enumerated in the suggested amendments and still not be punishable under the act. The commission of any of these acts would in many instances be more serious to the depositor of agricultural products than the commission of the acts which the law now provides for punishing. While the act provides that the Secretary shall require a bond before a warehouseman becomes licensed, and while it is the intention that this bond shall be for the protection of depositors, on the other hand it must be recognized that the amount of bond which should be required must not be prohibitive. This recognition has been made. Offenses such as the suggested amendments contemplate to reach might be committed in such amount as to wipe out the amount of bond and still leave unsatisfied claims of depositors. It is not believed that the amount of bond which is required can well be increased. It is believed, on the other hand, that the penalties which are suggested will have a salutary as well as deterring influence upon warehousemen who may be tempted to go wrong.

Because of the importance of drawing of proper and representative samples and of the importance of proper classification, grading and weighing to the integrity of the receipt for collateral purposes, the penalty section suggested for reaching samplers, classifiers, graders, and weighers should materially strengthen warehouse receipts issued under this act.

Mr. HARRIS. Mr. President, many benefits come to those warehouses licensed under the Federal act. The patrons of such warehouses will enjoy a 25 per cent reduction in insurance rates, and as warehousemen they themselves will be granted a reduction of 25 per cent in insurance rates on both the warehouses and their equipment.

Great progress has been made under the warehouse act during the past two years and great strides have occurred in the past year, according to Mr. H. S. Yohe, in charge of the administration of the United States warehouse act, under the Bureau of Markets and Crop Estimates in the Department of Agriculture. The warehouse act was passed in August, 1916. From that date until April 1, 1920, there were licensed 23 cotton warehouses, with a combined capacity of 40,050 bales, and only 5 grain warehouses, with a total capacity of 136,000 bushels. One year later, on April 1, 1920, there were licensed 238 cotton warehouses, with a combined capacity of 429,975 bales, and 56 grain warehouses, with a total capacity of 2,108,400 bushels.

There were no licensed wool warehouses on April 1, 1920, but one year later there were five licensed wool warehouses with a capacity of 97,500 bags, or approximately 24,375,000 pounds. Although the act applied to tobacco warehouses, no licenses were issued up to April 1, 1921.

The department had licensed 269 cotton warehouses with a combined capacity of approximately 1,250,000 bales up to April 1, 1922. On that date 264 grain warehouses, with a total capacity of approximately 15,000,000 bushels, had been licensed; 19 wool warehouses, which handled better than one-sixth of the entire wool clip of the last season, or about 35,000,000 pounds of wool; and 12 tobacco warehouses with a total capacity of about 68,000,000 pounds.

It will be noted, the department points out, that the total number of licensed warehouses on April 1, 1922, is not very much greater than the number on April 1, 1921, but the capacity is materially different. On April 1, 1921, the capacity was 429,975 bales of cotton, but one year later the capacity increased to 1,250,000 bales. The reason given is that a few large warehouses have seen the benefits of the warehouse act.

Mr. President, the department informed me that they could not interest any cotton warehousemen in the milling sections of New England until the close of 1921. There is now one large warehouse with a 30,000-bale compartment licensed in Massachusetts. The whole plant of that warehouseman will accomodate in the neighborhood of 150,000 bales, and he will increase his licensed space as the demand grows. Many large compress and warehouse companies in the South, operating on a large scale in the cotton-producing area, have become licensed within the past year.

The department informs me that the cooperative cotton growers' associations which were formed in different States during the past year have all manifested a great interest in the Federal warehouse act, and all of the associations have found the Federal warehouse receipt of immense value in arranging for finances.

The department has been informally advised that the associations which are now in process of organization in North Carolina, Georgia, Alabama, and Arkansas intend to avail themselves of the act.

At this time, when the Senate has just passed a bill extending the activities of the War Finance Corporation for one year from June 30, 1922, it is important to note that the corporation, in making its loans covering various products, informs me that in not a single instance has it refused to accept Federal warehouse receipts as security for loans which it has made to producers' associations.

The department says there has been an awakening on the part of grain warehousemen to the advantage of the warehouse act. During the months of August, September, and October of last year over 225 grain warehouses were licensed in Oregon, Idaho, and Washington. One grain grower in the Northwest section wrote the department that the licensing of these warehouses at once placed at the growers' disposal a warehouse receipt on which they were able to borrow, and despite the fact that before they had this receipt they experienced the greatest difficulty in making loans.

While the number of wool warehouses which are licensed appears small, according to the department, it will be recalled that those warehouses have handled more than one-sixth of last year's clip, which is operating on a large scale. It appears that practically all of the wool of Missouri will be handled this year through licensed warehouses.

Until November 20, 1921, only one small tobacco warehouse was operating under this act. There are now 14, with a total capacity of close to 70,000,000 pounds. Seven of these warehouses are in Wisconsin, 3 in Pennsylvania, and 4 in Kentucky. Those in Kentucky are very large and have an aggregate capacity of approximately 60,000,000 pounds. The department is expecting several more large warehouses in Kentucky to apply for licenses, as well as several in southern Ohio and Indiana.

The framers of the original warehouse act had in mind the developing of a form of warehouse receipt, according to my understanding, which would possess the greatest credit advantages. One illustration given me by Mr. Yohe, of the bureau who administers the act, was the recognition on the part of bankers of the value of the receipt when a large cotton plantation operator in the Delta section approached a New Orleans banker for a loan, offering as security some 300 cotton-warehouse receipts. The receipts were left with the banker so they might be examined, and later in the day the holder of the receipts returned to learn what amount the banker might loan on them. To his surprise the banker handed him about 10 or 12 receipts on which he told him he could not make a loan, but that he would loan on all of the others. The holder of the receipts asked no questions but glanced at the receipts which were returned and immediately noted that these receipts had been issued by the warehouse prior to its becoming licensed under the act. All of the other receipts were licensed receipts and were acceptable to the banker as collateral.

Mr. President, Governor Harding, of the Federal Reserve Board, in a letter to the warehousing official of the bureau last September, said:

> Generally speaking there can be no doubt, I think, that warehouse receipts issued by warehousemen licensed and bonded under the United States warehouse act will be considered by bankers as more desirable collateral security than those issued by warehousemen who are not licensed or bonded under any State or Federal law.

Continuing, Governor Harding wrote:

> The United States warehouse act specifies in detail what shall be stated on each receipt issued under that act, and these statements give very full information regarding the commodity which the receipt represents. The act also requires the warehousemen to keep records of all commodities stored or withdrawn and of all receipts issued and returned, and to make such reports to the Secretary of Agriculture as the Secretary shall require.

In discussing the relative desirability of the warehouse receipts issued by warehousemen licensed under the Federal act and those licensed under acts of the various States, Governor Harding wrote:

> It is my opinion, however, that there are certain advantages in being licensed under the Federal law and in being subject to the supervision of the Federal authorities, which advantages would be most apparent in cases where the holders of warehouse receipts desire to use them as collateral for loans from banks located in States other than those in which the warehouse happens to be located.

THE RUSSIAN SITUATION.

Mr. EDGE. Mr. President, on general principles I am opposed to the discussion on the floor of the Senate of subjects not regularly before this body. I am convinced that our very liberal rules, permitting discussion of any subject, any time, at any length, have much to do with the present admitted unsatisfactory progress of the tariff bill. However, the Senator from Idaho [Mr. BORAH] has introduced a resolution, upon which he has spoken, and the principle involved is of such unusual and far-reaching importance, that I believe the other side of the picture should at least be briefly stated.

On May 15 the Senator from Idaho [Mr. BORAH] presented the following resolution:

Resolved, That the Senate of the United States favors the recognition of the present soviet government of Russia.

I have a very high regard for the splendid intellect of the Senator and his magnificent service to his country, and it has been with great pleasure that I have on many occasions subscribed to his viewpoint on public matters; but it is absolutely impossible for me to follow the reasoning that would convince him of the wisdom of the recognition of the soviet government of Russia, especially when I recall his eloquence on many an occasion in upholding and protecting the constitutional principles of America.

The Constitution of the United States, as I interpret it, is built upon the principles of liberty and protection of property rights; and, while I recognize the right of any nation to establish its own government, I differentiate very decidedly on the question of America's recognition of that government if it destroys the fundamental and bedrock principle upon which our own Government is founded.

I would divide a brief discussion of this question into two parts:

First. That it is, anyhow, no business of the Senate to initiate such a program. Every Senator certainly appreciates that the recognition of new governments is, first of all, an Executive function. Frankly, in this connection, and so far as it can be ascertained or analyzed, the policy of the Secretary of State as to Russia's recognition has met the widespread approval of all America. He has clearly stated on different occasions, in effect, that our Government can have nothing to do with another government that denies the right of the protection of private property or the sacredness of contracts. The conference at Genoa has only served to accentuate the determination of the soviet government to adhere to these false policies.

Second. From an economic standpoint, how is it possible for our Government to recognize another government which, as stated, denies the right of private ownership, and through such recognition to encourage our merchants and business men to engage in trade with the Bolsheviki?

The fundamental principle of American Government has been the protection of American interests under any flag in the world; and how are we to protect American interests in a country whose government first refuse to recognize an American loan made to the Government the present soviet régime succeeded, and then positively asserts that property rights and protection form no part of their ritual? Are we not holding out to our business men a false security?

It appeals to me, Mr. President, that through such recognition we would be deceiving our own business men. It appeals to me that recognition would result in a confused situation somewhat like this: First, an approval of that government's direct statement that they propose to repudiate all their obligations and the war debt of the late World War that was conducted in the interest of civilization; second, if any American citizen owns property in Russia they refuse to restore that property to the American owner, because it is the policy of their government to confiscate private property. Therefore, to restore to the American citizen his property which he rightfully owned in Russia would be contrary to their governmental policy. But if a Russian national—and many of them do—owns private property in the United States the soviet government demands that he be placed in full possession of that property, because he appreciates that it is not the policy of the American Government to steal or confiscate private property.

It appeals to me, Mr. President, that to recognize the soviet government under such conditions is not only infamous but is destructive to all that Christianity has accomplished in the last 2,000 years.

During the war many American citizens bought Russian external bonds. That was to help the Allies win the war. At the time it was just as much a patriotic act as it was later to buy American Liberty bonds. They were bought, as I recall it, practically at par, and not at an unusual rate of interest for such securities. As stated, the present Russian government has repudiated this debt in its entirety.

How can we give aid to Russia in addition to making every effort, as we continually are, to feed the starving men, women, and children, partially the result of this impractical and inconsistent form of government? Certainly not by recognizing it and thus encouraging its continuation. We can never give aid to Russia under present conditions by the recognition of the political situation there. It seems impossible in European conferences to separate European politics from Old World economics. If it can not be done, then I see no immediate help beyond what we are now doing. If they insist on a continuation of the policy of repudiation, certainly our Government is more than justified in continuing, and the American people in my judgment demand that it continue, the policy of nonrecognition.

In other words, Mr. President, until the soviet government, or whatever it may be called, realizes the necessity for the recognition and guaranties of the rights of private property and contracts, then in justice to our own country and the policy and principles we have proclaimed for centuries recognition should and must be withheld. We owe it to our own people; we owe it to our present position of world leadership.

Personally, I should like to see America sitting around the table with the representatives of other recognized nations considering an adjustment of world economic problems. We are certainly not hostile to efforts to help balance the budgets; we are not deaf to suggestions providing for the proper deflation of bloated currencies; we are not averse to lending assistance in bringing about reduced expenditures rather than more taxation; we are not opposed to armament reduction and matters of that kind; but if participation in such conferences involves the recognition and thus the semi-indorsement of a false theory of government, then America had better by far continue its policy of isolation and national independence and national aloofness in its protection of American rights through the world.

Only a day or two ago, demonstrating, if the news reports are to be given credit—and I believe they are—that the representatives of the soviet government who have been at Genoa are unable really to represent the viewpoint of the leaders in authority in Russia, the report came to us that while Tchitcherin was giving assurances to the representatives of other nations at Genoa of Russia's cooperation in economic problems and Russia's nonaggression compact Trotsky was making war speeches to Russian cadets, and is reported to have said:

Don't believe in the Genoa speeches; trust only in your bayonets and your batteries. Conferences will not give us what we need. This can only be obtained by having the red army cross the frontier of capitalistic States and the red flag wave over the whole of Europe. Perhaps during the summer the red army will be called upon to give proof of its fighting force.

And in the same news report word was received from the Black Sea to the effect that the Russian batteries fired on the Italian steamer *Marie*, sinking the steamer and killing half of her crew.

The Italian Red Cross have just reported that southern Russia has been transformed into a "great cemetery of starving people. Men, women, and children are dying of starvation, not by the thousands but by the millions." In the meantime representatives of the Russian Government, of the Russian Soviet, deliver ultimatums to representatives of the civilized nations of the world that they must be permitted to continue with their policy of confiscation, and in the meantime that the nations of the world must loan them untold millions in order that their government may continue to survive.

No, Mr. President, the United States or its citizens will never hesitate in responding to calls of humanity, no matter how much a subject of justifiable criticism is the policy of the Government where such conditions exist; but America never should and never can, in justice to its own splendid convictions, subscribe to a recognition which at its best could only be looked upon as a possibility of securing commercial advantages at the cost of national dishonor.

Mr. BORAH. Mr. President, I have no intention at this time of undertaking to reply to the able Senator's argument against the recognition of Russia. I see, however, that the Senator, like most people who oppose Russia, accepts almost everything that is published with reference to Soviet Russia. There is such constant, persistent propaganda in the country in the misrepresentation of Russia that it is no surprise that anyone should be at times misled with reference to the true facts.

I say to the Senator that at the present time there are 14 nations that are doing business with Russia, have their diplomatic missions in Russia, are trading and carrying on business with Russia, and they are not losing any money in Russia. Furthermore, we ourselves are carrying on business with Russia

through another nation. Within the last 10 days I had the pleasure of hearing from a gentleman in New York who sold a very large amount of goods to Russia. He got his money; but, for some reason which is a little difficult for an American to understand, he had to do the business through an English merchant, and pay a commission to the Englishman for doing it.

My idea of the American business man is that if you give him an equal chance he will take care of himself anywhere that anybody else will, and in view of the fact that the English merchant is in a position to do business, do it successfully, and so successfully that he can also carry on the business of the American merchant and charge him a commission, I do not think we need to fear what may happen in case the American merchant undertakes to go in.

Another thing, Mr. President, it is constantly stated that Russia at Genoa was unwilling to restore the property of the nationals of other governments. Russia specifically stated that she would either restore the property or compensate for it. If the press dispatches are correct and Mr. Vanderlip is correct, that is the position which Russia took at the Genoa conference, and it is a position in no wise different from that of other governments which passed through the war. Property could not be restored in all instances, but she stood ready to compensate for the property, which, in my opinion, was the most manifest evidence of good faith.

Mr. Vanderlip says:

> The logic of this attitude was waved aside by the powers.

That is, the logic of the attitude of the Russian Government.

> The Russian's financial necessities were so extreme and pressing that Russia's representatives were prepared to forego their logic, acknowledge the old debts, and compensate for, if not restore, property to foreign nationals.

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

Mr. BORAH. Yes.

Mr. EDGE. Do I understand that Mr. Vanderlip also stated that the present government would acknowledge the old debt, meaning the loan granted by the United States to the former government?

Mr. BORAH. Yes; the Russian Government were willing to do that, providing the Allies would assist them in getting certain credits to continue business, and, as Mr. Vanderlip says, for the Russian Government to acknowledge the old debt and to have undertaken to restore the property and to have gone home without any assistance would have been to overthrow the Russian Government. The President of the United States would not assume the responsibility of disposing of or even adjusting the international debt in which the United States was interested. Poincare would not assume that responsibility upon the part of his Government. If he did assume it upon any such principle as was submitted to Russia, he undoubtedly would be retired to private life. Lloyd-George could not assume the responsibility which the Allies asked Russia to assume at the Genoa conference; but Russia said, If you, as the allied powers, will promise Russia a standing with reference to credits, and aid her in that respect, she will acknowledge the debt, and compensate for property where she can not restore it.

At the present time the communistic principle in Russia is a very limited proposition, comparatively speaking. It is by no means what it was three years ago or four years ago. At the present time the Government of Russia nationalizes the land and transportation, and to some extent some of the large industries, and that is all. Even as to the land, the farmer or the peasant is permitted to trade upon his own initiative and upon his own responsibility. The products which he raises are not taken charge of by the Government and disposed of. Those things have been modified, and my contention is that a recognition of the Government, and bringing it back into the family of nations, would inevitably result in Russia conforming herself to the business principles of the other nations of the world.

Mr. EDGE. Does Mr. Vanderlip state at all what security, if any, the Russian Government proposes to give for the loan of millions or billions?

Mr. BORAH. No; Mr. Vanderlip says in effect they never got that far; that the Allies rejected the proposition because the Allies were not in a position to furnish anything to Russia in return for what they were asking of Russia.

Let us understand the situation precisely. The proposition submitted to Russia at Genoa meant the dismemberment of Russia. The real, moving, driving power in Genoa was oil, not political recognition, not restoration of Russia, but the question which concerned them was what amount of natural resources and raw material of Russia each one of the allied powers could get hold of.

Mr. Vanderlip is not known as a radical, yet it is very clear from his article that he regarded the entire movement upon the part of the Allies as an impossible one. Let me read what he said:

> The London experts' report laid down a fantastically impossible program of demands on Russia.
>
> What did they ask?
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> Those demands included liquidation of the past Russian obligations and recognition of all financial engagements heretofore entered into by all the authorities of Russia—local, provincial, or on account of public-utility undertakings.
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> It proposed to impose on Russia the liability of all actual direct losses arising from breach of contract or otherwise suffered by nationals of other powers due to negligence of the soviet government or its predecessors.
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> It proposed to set up a mixed arbitral tribunal to determine questions relating to debts, contracts, and losses. It proposed to establish a Russian debt commission, nominated by the powers, which would have authority to issue new Russian bonds to holders of the existing State and other bonds and allocate to the service of this commission new specific taxes and royalties.
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> It proposed to control collection of such revenue, deal with the proceeds, and arrange the return of property formerly owned by nationals of the powers.
>
> The London experts further proposed to reorganize the Russian judicial system on a system of judicial protection for foreigners as complete as that established in China.

That was the proposition which was submitted to Russia, and the surprising thing is, of course, that Russia did not accept it. Some people seem at a loss to understand why Russia did not rush into this scheme, a scheme which would have made her a subject people, forfeited her nationality, and turned her vast wealth to her despoilers.

Mr. EDGE. Speaking of the author of that article, Mr. Vanderlip, was he not one of that group of so-termed international bankers who are so frequently the subject of more or less comment on the floor of the Senate?

Mr. BORAH. I suppose so; I hope so. He is adding respectability to the group; I should say, greater respectability.

By the decree of November 23, 1920—Laws of 1920, article 421—Russia has "guaranteed the property of those holding concessions in Russia against any sort of nationalization, requisition, or confiscation, and has given them various privileges which will allow them to carry on their business without interference." That is a part of the present law of Russia.

A special decree of the central executive committee—Laws of 1921, article 313—"guarantees the fulfillment of lease contracts and prescribes that they can only be set aside by the courts," as in this or any other country.

From article 188 of the Laws of 1921, which frees labor from the requirement to work for the State, to article 323 of the laws of the same year, they proclaim the freedom of all workers to choose their own employment without special authorization.

I quote again from the laws of Russia:

> In general, all contracts, including those to which the State is a party, are binding and enforceable by law, and any provision included in the contract excluding the parties from resorting to the courts renders it invalid.

Mr. President, as I said, I do not propose to discuss this matter to-day. I shall, however, discuss it more at length within a very short time.

Mr. FLETCHER subsequently said: Will the Senator from California allow me to interrupt him?

Mr. JOHNSON. I yield.

Mr. FLETCHER. In connection with the discussion regarding Russia this morning, I should like to have inserted in the RECORD an editorial from the Washington Post of Monday, May 22, entitled "The Crisis of May 31."

Mr. JOHNSON. The Senator asks that it be inserted in the RECORD, not read?

Mr. FLETCHER. Yes; in connection with that discussion, and before taking up the tariff bill.

Mr. JOHNSON. Very well; and upon that subject I hope to say something myself hereafter. The exigencies of the tariff bill have precluded investigations, studies, and the like, in other directions which might be more interesting, though perhaps not more profitable.

Mr. FLETCHER. I ask that the editorial be printed in 8-point type.

There being no objection, the matter referred to was ordered to be printed in the RECORD, in 8-point type, as follows:

[From the Washington Post, Monday, May 22, 1922.]

THE CRISIS OF MAY 31.

In his final remarks at Genoa Mr. Lloyd-George gave a pointed warning to the Russian Bolshevists who wrecked the conference by refusing to conform to the rules of civilization. He urged them not to make the mistake at The Hague which they made at Genoa, of running counter to the prejudices of western Europe. He added:

The first prejudice we have in western Europe is this, that if you sell goods to a man you expect to get paid for them. The second is that if you lend money to a man and he promises to repay you, you expect that he will repay you. The third is this, that if you go to a man who has already lent you money and say, "Will you lend me more?" he will say to you, "Do you propose to repay me what I gave you?" and if you say, "No; it is a matter of principle with me not to repay," there is the most extraordinary prejudice in the western mind against lending any more money to that person.

Mr. Lloyd-George might have observed that the farther west you go the stronger the prejudice. He could not have stated more admirably the attitude of the United States in regard to the war loans. Therefore the news that France is following the suit of Great Britain in providing for the early payment of an installment on the debt to the United States is most gratifying. It will serve as an object lesson to the Russian reds by proving that western nations are as punctilious when borrowers as they are when lenders.

The world will watch with interest the proceedings at The Hague to ascertain whether the Russian communists shall decide to throw over their doctrines for the sake of a loan or throw over a loan for the sake of communism. In the first case they will no longer be communists, and the prospects of European peace will be distinctly brighter. In the latter case, they will remain a menace to Europe. Whether they make one decision or the other, their good faith will still remain in doubt and nothing but events will show their true intent. If they can obtain a loan by promising reforms with such trickery as to enable them to break their promise, they will do so. It is up to the European Governments to prevent such treachery.

In the meantime the relations of Germany and France will press for adjustment. There are indications that an agreement is in the making, which may materialize before May 31, and which will enable France to escape the embarrassing alternative of employing military force. The subcommittee of bankers conferring under the Reparation Commission will strive to find a method of adjusting the situation on May 31 whereby France and Germany may be enabled to agree upon something more practicable than the present arrangement. The solution is in the hands of France, but possibly M. Poincare may not summon up the moral courage to apply it. In order to readjust the Franco-German relations on a basis that will yield reparation money without military compulsion, M. Poincare must agree to a reduction of the total sum demanded of Germany, and must further agree to release certain German assets, such as railroads, so that Germany may pledge them as security for a loan. From the loan France may collect an installment of reparation money, and Germany can proceed with the balance to obtain raw materials and improve her exchange.

Can M. Poincare induce France to relax her grip upon Germany to the extent outlined? He has not been in the position of advocating lenity toward Germany, even for the purpose of collecting reparations. One French premier after another has fallen because he was made to appear weak in dealing with the Germans. M. Poincare was one of M. Briand's sharpest critics on this point, and now M. Poincare is prodded by other critics. If M. Poincare had gone to Genoa he probably would have been condemned by the Chamber of Deputies, and his resignation would have followed. He retained power by reiterating his fixed determination to hold Germany to account on May 31 and by holding Mr. Lloyd-George and the Russian reds at arm's length. He ran the risk of impairing Anglo-French relations rather than yield a jot in dealing with Germany. Consequently he remains premier.

The question now is whether M. Poincare can persuade French opinion to adopt the plan for an international loan to Germany as a means of collecting reparations in the face of a stubborn belief that any relaxation of the grip upon Germany will be seized by the Germans as an opportunity for war preparations. That Germany will fail to reach the minimum demands due May 31 is a foregone conclusion. The Reparation Commission will so report, and the sanctions will then go into effect automatically unless arrangements are previously made to the contrary. M. Poincare has again given notice that France will act alone if after consultation with the Allies they decline to cooperate. The Versailles treaty seems to give each allied power the right to compel Germany to meet her obligations.

The making of an international loan to Germany is a task of extreme complexity. It amounts to the revision of the Versailles treaty in one of its most vital parts. It is, indeed, a readjustment of the relations of France and Germany. If the subcommittee of bankers about to engage in this task can accomplish it within the next few weeks, it will put the Paris and Genoa conferences to the blush, to say nothing of the supreme council and the conference of experts at The Hague.

THE TARIFF.

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

Mr. McCUMBER. Mr. President. I ask that the Senate proceed to the consideration of paragraph 383, the item of quicksilver, on page 87. I simply desire to say in relation thereto that the bill, as it passed the House, placed a duty of 35 cents per pound upon quicksilver. The Senate committee reduced it to 25 cents per pound, and as calomel is a product of quicksilver, in order to determine what the rate upon calomel, which is in the chemical schedule, shall be, it is necessary that we shall ascertain whether the reduction which the committee has recommended is to be adopted. As I understand, both California Senators are here this morning and are interested in this subject, and I ask that we may consider that paragraph.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will state the pending amendment.

The ASSISTANT SECRETARY. On page 87, line 1, the committee proposes to strike out "35" and to insert in lieu thereof "25," so as to read:

Quicksilver, 25 cents per pound.

Mr. JONES of New Mexico. We passed over the item of fluorspar, paragraph 207. If it will not inconvenience the California Senators too much, I want to discuss fluorspar in a brief way and get rid of it, because I desire to turn my attention to another subject as soon as we can dispose of this one item. If it will not inconvenience them too much, I will appreciate the privilege of saying what I have to say now on the subject of fluorspar.

Mr. McCUMBER. I will state to the Senator that I notified the California Senators, who are very much interested in this quicksilver item, that I would call up the quicksilver paragraph this morning, and they are prepared to go on. It is entirely agreeable to me, if it is agreeable to them, to have the Senator discuss the other item first.

Mr. JONES of New Mexico. I was prepared to go on with the fluorspar item last night, and I would like to get it off my mind.

Mr. McCUMBER. Whatever is convenient to the Senators will suit me. It is immaterial to me which question is taken up first.

Mr. JOHNSON. Mr. President, we will not delay the Senate long on the matter of the quicksilver item. I want to put the facts before the Senate, and then let it determine what shall be done. I can assure the Senator from New Mexico, and I think I can do this for my colleague, as well as myself, that the discussion will be brief, and the facts practically undisputed.

The item to which the Senator from North Dakota has referred, and which is now the subject of inquiry, is found on page 87, paragraph 383. The rate on quicksilver, 35 cents per pound under the bill as it came from the House, is reduced to 25 cents per pound by the Finance Committee of the Senate.

The item of quicksilver presents a unique case here. It is one, I believe, that is scarcely presented by any other item in the bill. The fact is that either the duty should be accorded which was given us by the House or there will be no quicksilver production in the United States, and the question comes very squarely to the Senate, therefore, Do you wish quicksilver production in the United States? Is that production of sufficient importance to give a tariff of 35 cents per pound, or do you believe the disadvantages which will accrue from a tariff of 35 cents per pound would outweigh the production of that particular and peculiar metal in our land?

When I speak of the facts in the case I speak from three sources of information. The first is that of a gentleman in California, now a State senator, Senator E. S. Rigdon, of Cambria, in the county of San Luis Obispo, a gentleman of the highest repute, whose every word, from my intimate knowledge of him, is entitled to full credence.

Secondly, from the statements which have been made by the State mineralogist of California, Fletcher Hamilton, a gentleman of ability and standing, and whose word concerning the mining industry of the West, I think, is taken as complete authority—quite as authoritative as that of any one individual.

Our friends in the East may not be aware that we have a particular officer in California called the State mineralogist. The office was created because of the importance to our Commonwealth of the mining industry, and since its creation, many years ago, it has been occupied by men familiar with mining and the mining industry, and they have been of inestimable service in conserving that industry for the State. So when I

say that Mr. Hamilton, the State mineralogist, indulges in the statements which I repeat here I say to you that the highest authority there is in California makes those statements.

The third source of my information is the Tariff Commission, which, I presume, presents in disinterested fashion the facts.

Let me read you an excerpt from Tariff Commission Series No. 21, page 245:

Quicksilver is an essential component of all mixtures for detonating high explosives. No satisfactory substitute has been found for military use. It is used in drugs and is the most satisfactory ingredient of antifouling paint for ships' bottoms, in addition to its numerous technical and scientific uses that are less direct, though not unimportant, factors in military operations.

Up to 50 per cent of the normal peace-time consumption of quicksilver is as the essential constituent of blasting caps. By virtue of this use it is a factor in the production of all metals and minerals and in most excavation and general construction work. In no single application is the amount required very great, but many industries would be crippled were they unable to secure the small but vitally necessary amount required.

Quicksilver production was at low ebb in the United States at the beginning of the war and increasing amounts of the metal were being imported to supplement the dwindling unprofitable output of the domestic mines. Relieved from foreign competition and stimulated by high prices, the domestic output increased to large proportions. The output in 1918 was 32,883 flasks (of 75 pounds), at least 50 per cent more than the normal peace-time consumption of the metal in the United States; in 1919, 21,348 flasks.

With the return of normal conditions it is believed that Spanish metal, which is controlled by British interests, will be imported and will depress the price in the American market, which during 1918 was two and one-half times the average price before the war, to below the present cost of production of most of the domestic producers.

The fact of the matter is, in relation to the production of quicksilver, that it dwindled up to the time of the war. Its necessary use for military purposes during the war stimulated, of course, that production; and the price, which had been prohibitive so far as production was concerned in the States of the West prior to the war, suddenly rose and enabled production to be had at a profit. Since the war the old conditions have obtained, until to-day I think I am safe in saying there is again practically no production of quicksilver in this country.

First, quicksilver is absolutely essential in case of war, and it is quite an essential domestic product in time of peace. If there be occasion for its use in time of war—and this has been so recently demonstrated that it is unnecessary, I take it, to go into detail concerning that matter—then, of course, we should in some fashion provide so that its production may be continuous and the art, as Mr. Hamilton, our State mineralogist, says, may not be entirely lost.

During three different wars the mines of this country have supplied the emergency—during the Civil War, the Spanish-American War, and the World War. To let the industry lapse now—and it is in grave danger and will lapse without an appropriate and a just duty—would leave us, if stress comes again, dependent entirely upon foreign nations, and I assume that is something none of us would wish to occur.

The London Morning Journal of February 11, 1922, reports a proposed European combination or trust to control the world's market through the House of Rothschild. The fact is at present the quicksilver output of Spain, where the greatest amount of quicksilver is produced, is in the hands of the House of Rothschild and is controlled essentially by their interests. It is true that that contract, as I recall its date, will expire in 1922; but nevertheless there have been statements of its renewal, and the industry has been practically in the hands of the Rothschilds by virtue of their control of the great Almaden mines of Spain.

Now, I desire to anticipate the argument which I have heard upon the floor, and which possibly will be again made, that the use of quicksilver in drugs will require every man, woman, and child in the United States to pay more for his medicine; and that we ought not, no matter what may be the languishing condition of industry, and no matter what may be the national needs in peace times or the national necessities in war, to put a tariff upon anything which would require an additional price to be paid for the compounds into which this particular item may enter. It is a fact which defies contradiction that in the preparations into which quicksilver enters and which are sold as drugs or compounds the additional cost because of the 35-cent tariff will be practically negligible. A couple of instances have been furnished by the Bureau of Standards, and I want to cite those so that Senators may have them in mind.

The Bureau of Standards estimates that 1 pound of quicksilver will make from 300 to 1,000 clinical thermometers, the latter being the usual size. With quicksilver at $1 per pound—and quicksilver would not be at $1 per pound even with a duty of 35 cents per pound—this would mean a cost, in addition, in these clinical thermometers of one-tenth of 1 cent. The thermometers are retailed often, as the Bureau of Standards relates, for $2 apiece.

Bichloride of mercury retails at 35 cents per bottle containing 25 tablets. Into bichloride of mercury, of course, this item goes. The calculation shows that the cost of quicksilver used in bichloride of mercury, which retails at 35 cents a bottle, would be a very small fraction of 1 cent per bottle.

I state these things in anticipation of the possible argument that may be made concerning the duty asked upon this article.

When this matter was before the House it was deemed of sufficient importance to the War Department to have the Secretary of War write a letter to the Hon. JOHN Q. TILSON, of the Ways and Means Committee, asking an appropriate duty. That letter I wish to read. It is dated July 15, 1921, and reads:

WAR DEPARTMENT,
Washington, July 15, 1921.

Hon. JOHN Q. TILSON,
Ways and Means Committee,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Quicksilver (mercury) is an essential component in the manufacture of munitions, being used, as far as the military service is concerned, in the manufacture of mercury fulminate for use as a detonator of high explosives, in the manufacture of certain drugs and chemicals, and in certain electrical equipment.

A study of the past record of the industry indicates that it is capable of meeting the normal demands of the country in peace, and in a war involving the maximum effort; however, the steady reduction in the number of producing mines indicates that it will be but a short time before the normal peace demands of the country will have to be met from outside sources of supply. The normal peace demand is approximately 24,000 flasks, and the production in 1920 shows but 13,070 flasks. This decreasing production is due to a decline in prices consequent upon a decreasing demand for the home product due to the prevailing high cost of labor and supplies, the present demand being now met from surplus stocks accumulated during the war and from imports.

The number of producing mines has steadily decreased from 51 in 1917 to 14 in 1920—

I may say, from information I have, that they have now decreased to three, and without this duty those three will be eliminated—

This decline in productivity has been due to the conditions indicated above, and also to the importations from Europe, particularly Spain and Italy, where, due to cheaper and cruder refining methods, the cost per flask is below the cost of production in the United States.

The result of the above is that while there are sufficient mines and refineries in the United States capable of producing sufficient quicksilver to meet our needs in peace and war, the inability to work them, due to lack of profit in production, actually results, as a matter of fact, in a reduction in the resources of the Nation in this commodity for war purposes, in that this shutting down of the mines results in a corresponding deterioration of plant equipment and mine installation, and the longer such unproductiveness continues the greater does the menace to our war production increase, due to the increased time necessary to bring the mines back to a condition of productivity.

The War Department is of the opinion that in order that the needs of the country in war may be met from the resources available in the United States governmental protection of the quicksilver industry in time of peace is essential, and it is, therefore, recommended that such a tariff be placed upon imports as may be considered necessary by the Congress to enable this industry to be operated on a profitable basis in time of peace in order that it may be maintained in a condition to meet the needs of the country in time of war.

Sincerely yours,

JOHN W. WEEKS,
Secretary of War.

It was after that letter was received and read in the House that the duty of 35 cents was put upon the item.

Mr. Hamilton, to whom I have referred, in California Mineral Production in 1920, refers to the industry in this fashion:

Quicksilver, though not used in such quantities as is copper or some of the other metals, is not less vital in peace than in war. No completely successful substitute has yet been found for quicksilver in some of its uses. Except during the stimulated production resulting from the high prices of the war period our domestic output of quicksilver for a number of years has not kept pace with domestic consumption. This is not due to a lack of local sources, but mainly to the competition of low-cost foreign metal dumped onto our market through an almost negligible import duty. Other financial and economic conditions obtaining during the past year have also had their effect on the situation, but they could have been weathered had it not been that the lack of tariff protection permitted the too free entry of foreign metal. There is plenty of ground, even in California, in addition to what may be in Nevada and Texas, that will warrant development if only a fair price can be assured that will justify exploitation. Our domestic quicksilver industry is in danger of complete extinction if not soon given adequate protection against foreign importation. Manufactured mercurials should also be included in the dutiable tariff list as a protection to our detonator and drug manufacturers, which would in turn further assist the domestic mines. The manufacturers of mercurial products in the United States should join with the miners in the demand for an adequate protective tariff. We should not shortsightedly "conserve" our domestic quicksilver resources by forcing them to remain in the ground on account of foreign competition, only to wake up some day when faced with an emergency to find that quicksilver mining and metallurgy is a "lost art" in the United States and can not be revived at a moment's notice. Several months' time is required to properly equip and put in operation a reduction plant, and the knowledge of the art is even at present confined to a limited few.

The collapse of the industry is due entirely to cheaper production costs abroad. The present American price is about $55 per flask in the New York market. I never did quite understand why quicksilver should be measured by the flask, but the

fact remains that ever since we found it in this country we have measured it by the flask. A flask contains about 75 pounds. We have the peculiar nomenclature of this industry presented by the use of flask and its measurements in quite different fashion from that of any other.

Quicksilver from Spain can be sold in New York at $40 per flask with the present duty paid. The cost of production in California amounts to more than that price. The cost of production in Spain and Italy is from $8 to $15 per flask. It is quite a fact which may be descanted upon that ore in Spain is of a different character and of higher grade than the ore that has been found in California, Texas, Nevada, and the like.

The difference is very material. Nevertheless the ore can be produced in the Western States profitably with an adequate duty or the duty that was given by the House, and the industry can thus be saved.

I therefore present the bald question to the Senate: Here is an industry, different in character from most of the industries with which we deal in this bill, quite important in peace times and absolutely essential in war times——

Mr. SIMMONS. May I ask the Senator from California a question?

Mr. JOHNSON. Yes.

Mr. SIMMONS. I do not know that I understood the Senator from California a little while ago when he was comparing the domestic price to the consumer in New York and the Spanish price. I will ask the Senator to restate those figures.

Mr. JOHNSON. I was not comparing the prices. What I was saying was that quicksilver from Spain may be sold in New York with the duty paid at $40 per flask. Then I said—and this is where probably the Senator from North Carolina misapprehended—that the cost of production in Spain and Italy is from $8 to $15 a flask.

Mr. SIMMONS. The $15 was the cost as against $40 the selling price?

Mr. JOHNSON. Yes, sir.

Mr. SIMMONS. Now, what did I understand the Senator to say was the cost and the selling price of the domestic product?

Mr. JOHNSON. I said the market price at present is about $55 per flask, I am informed, in New York. It costs substantially that amount to produce quicksilver in the western mines.

Mr. SIMMONS. But it costs only $15 to produce it in Spain?

Mr. JOHNSON. Yes, sir.

Mr. SIMMONS. Then it costs to produce in this country a flask of quicksilver about $55, while it costs to produce it in Spain but $15?

Mr. JOHNSON. Those are the figures that are given me, and I believe them to be accurate.

Mr. SIMMONS. Does the Senator think, in view of that difference in the cost of production here and in Spain, that we ought to pay the higher price to protect the domestic industry rather than to purchase from Spain?

Mr. JOHNSON. Yes. We pay the higher price now in the New York market. The price of the foreign product in the New York market is maintained at a point where it can just undersell the domestic product. We do not get the benefit of a decreased price.

Mr. SIMMONS. I understood the Senator to say that the selling price of the Spanish product in the New York market was $40?

Mr. JOHNSON. I said the product could be sold in New York for $40, but that, in reality, we did not get the benefit of the cheap labor cost abroad. We get the benefit only of that price which enables the foreign product merely to undersell the domestic product. That is all the benefit that we get; and in that fashion the domestic industry is destroyed and the foreign product is given a practical monopoly.

As I stated in the beginning, I simply put to the Senate the question, Shall this industry be entirely eliminated from the United States? Is it of sufficient importance to this country in time of peace and of sufficient necessity in time of war so that we may have a tariff upon it which will enable it to continue in existence to answer the emergency when the emergency arises and to do that which it was found necessary it should do in our recent time of stress?

Mr. UNDERWOOD. Mr. President, I wish to say just a few words in reference to this item. I assume from the argument of the Senator from California that he favors the House rate of 35 cents a pound on quicksilver, and he contends that unless that rate be adopted the quicksilver industry in the United States will be destroyed. He then points out that there has been a falling off of production in the United States.

Mr. President, under the existing rate there may be large importations of quicksilver in competition with the domestic product. I am not sure that there are excessive importations; but, taking the Senator's own argument, I think he himself has demonstrated, and if Senators will look at the figures and compare the facts they will find, that there is no warrant for a tax of 35 cents a pound on this article, even if there is some justification for raising the present rate. The theory of those who wrote this bill is that there should be a protective tariff. Of course, so far as my theory of tariff legislation is concerned, it is entirely different from that of the committee; but, assuming that this tariff bill is going to be written from the standpoint of the principles of the Republican Party that a protective duty is required, I do not think the Senator from California can justify the proposal to increase this duty to 35 cents per pound.

Now, let us consider for a moment the history of this industry. In the years preceding the war, I think back to 1910, we were exporting some quicksilver. There was also a very modest amount of importations. I think after 1910 the exports ceased, but the imports were few; and we were producing 17 per cent of all the world's production of quicksilver, which was more than our proportion of the consumption of the commodity.

Now, let us look at the condition which then existed. At that time there was no fear as to the possibility of this industry living and existing in the United States when it was operating under the comparatively low duty of the then existing tariff law. We find that under the law of 1909, the so-called Payne-Aldrich law, the tax on quicksilver at the customhouse was 7 cents a pound; and at that time the unit value was about 43 cents a pound. When that law was superseded and the present law was written quicksilver was not placed on the free list, but an ad valorem duty of 10 cents a pound was placed on it. At 43 cents a pound, the unit value in 1914, a tax of 10 per cent ad valorem was equivalent to a tax of 4.3 cents at the customhouse, making a reduction of about 2.7 cents under the duty which existed prior to that time, when there was no question that the industry prospered in the country.

Under existing law the import unit value of this commodity as shown by the statistics for the two years 1919 and 1920 was ninety-nine and a fraction cents, or nearly a dollar a pound. Ten per cent of that would make a tax on this article of 9.9 cents, or practically 10 cents a pound under existing law, which is 3 cents more than the duty under the Payne-Aldrich law at the time when this industry was exporting the product abroad. Of course, if it was able to export abroad in reasonable quantities there was no danger to the industry at home.

I realize that world conditions have changed, but the Senator says—and I assume that he is right in giving his figures—that a flask of quicksilver containing 75 pounds imported from abroad is now selling in the New York market at $40. I do not know whether that is the importer's price or whether it is the import price with the profit of the importer added, but, assuming that to be the market value in New York, it indicates a unit value of this article to-day under the Senator's own figures of 53 cents a pound.

Mr. McCUMBER. Mr. President——

Mr. UNDERWOOD. I yield.

Mr. McCUMBER. If the Senator will allow me, I think that he is mistaken about quicksilver being sold in New York at $40 a flask. I can find no such record, although there may be some testimony to that effect. All of the reports place the quotation very much higher than that.

Mr. UNDERWOOD. I myself think it is higher. I did not make the assertion; the Senator from California made that statement, and I was arguing from his statement.

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

Mr. UNDERWOOD. I yield.

Mr. JOHNSON. I think, perhaps, I stated my position in a fashion that might have confused the Senator from Alabama. What I said was that the market price in New York was $55 a flask.

Mr. UNDERWOOD. I understood the Senator to say it was $40 a flask.

Mr. JOHNSON. No. What I said was that the Spanish output could be laid down in New York and sold there for $40 a flask, but I said further——

Mr. UNDERWOOD. That is what I understood the Senator to say, and if it could be laid down there and sold for $40 that would be the price.

Mr. JOHNSON. No. As I was advised by information conveyed to me three days ago, the present market price of quicksilver in New York is $55 a flask. I will ask the Senator from Utah if that is his information?

Mr. SMOOT. It is.

Mr. McCUMBER. I have the quotation here from the publication known as "Chemical and Metallurgical Engineering," which

gives the quotation as exactly $55 a flask on May 17. At that rate the price per pound would be 73 cents.

Mr. UNDERWOOD. It would be 73 cents a pound. I misunderstood the Senator from California. I thought he was quoting a lower rate. At $40 a flask the price per pound would be 53 cents, but at $55 a flask the price per pound would be about 73 cents. At 73 cents a pound under the present law a tax of 10 per cent ad valorem would be a somewhat higher tax than that imposed under the Payne-Aldrich law, which, as I have said, was 7 cents a pound.

I have only this to say: I think this is an article on which we can raise revenue. I thought so when the present law was written, and I believe that there is no reason why a reasonable tax should not be placed on it; but at the present price in New York of the imported article, 73 cents a pound, the existing law levies a tax of 7.3 cents a pound, and under the Payne-Aldrich law, when it was admitted that the industry was so flourishing that it could export its products, it had a duty of only 7 cents a pound, and now the Senator is asking that the Congress increase the rate to 35 cents a pound. Thirty-five cents a pound on an article which is selling in New York for 73 cents is an enormous tax; and it seems to me that it is clear that the result of this increase, if you went to that extent, would be to exclude foreign importation entirely.

I really think the rate of the committee itself in fixing the tax at 25 cents a pound is entirely too high. I should not object, under the present condition of the industry, to a reasonable increase over what it was before. I think it would produce more revenue and I think it might be justified; but I think a tax of 25 cents a pound is entirely too much on a raw material that does not involve very much labor, and I think the principal difficulty that the industry has in shipping its product from Texas and from California, where almost the entire output of the American industry comes from, is a question of freight rates. That is now subject to water transportation, so that I do not see any reason in the world why this enormous increase of either the committee or the proposal of the House making it 35 cents a pound in one instance and 25 cents in the other, should be agreed to, and especially I can see no reason why it should go higher than the House rate.

I understand, as the Senator from Utah suggests, that it is not the shipment of ore that we are talking about, because we all know that not only in this country but in Europe the reduction of the quicksilver ore into quicksilver itself is always done at the mine, so there is no question of transportation of ore. It is the finished product that is shipped, and a commodity that sells for as much as 73 cents a pound, when the pounds are small in bulk, because it is a very heavy substance, can stand a considerable freight rate. So I can see no justification in the world for the House rate of 35 cents a pound, and I really believe that when the proper time comes the Senate rate should be reduced lower than 25 cents, because I think that in itself is excessive.

Mr. SHORTRIDGE. Mr. President, perhaps it will serve no good purpose to detain the Senate upon this item, nor will it serve any useful purpose to repeat or restate the facts which the records abundantly demonstrate.

My colleague [Mr. JOHNSON] has stated clearly the facts as they relate to this particular industry—an industry which is important not only in the State whence we come but to other States of the Pacific coast—Nevada, Oregon, and Idaho—and also to a Gulf State—Texas.

Here is an opportunity to put to the acid test the principles of protection. Some gentlemen seem to be afraid of those principles when we seek to apply them. Personally, I believe in the doctrine which I think is very aptly called the American protective tariff system. There are other gentlemen, learned and who have had large experience, who hold to other doctrines, to other principles. I say this out of great respect for the committee. Perhaps it will not be regarded as offensive, however, for me to observe that none of us is infallible.

The great importance of this industry has been called to your attention. Its commercial importance in time of peace is manifest. Its national importance in time of war no one can for a moment question. There are certain outstanding facts which ought to be borne in mind—the cost of production in America and the cost of production abroad. We all have in mind America and Spain, Italy, and Austria. There are some things which are axiomatic. Where there is a material, substantial difference in the cost of production one of two things must happen: Either there must be a reduction and an equalization of the cost of production, or the higher-cost-of-production industry must perish, for there can be no successful survival of the one where the cost of production is far greater than that of the other.

The House bill provided a duty of 35 cents a pound on this metal. The Senate committee, in its wisdom—which I with deference question—has fixed it at 25 cents. A very great Democrat, abused by friend and slandered, it may be, by foe in his lifetime, but who now stands high among the statesmen of this Republic, once said that "it is a condition, not a theory, that confronts us." I use that phrase, and I suggest to my party associates and I appeal to my friends upon the other side of the political fence, and I remind them all that it is a condition, not a theory, which confronts us this day.

The miners of California, of Nevada, of Oregon, of Idaho, of Texas, and of other of the Western States that have large cinnabar deposits without a dissenting voice tell us that they can not compete with the foreign mine producer. They are men of character; they are men of intelligence; and they come here to us and say: "Under present conditions we can not open our closed mines. We can not pay the wages or all the incidental, itemized costs of producing this essential metal and compete even in the American market with the foreigner." That is the evidence. Does anybody seriously question it? That is the fact. Does anyone doubt it?

I submit to you that that is the situation, the condition, that confronts us. The mines are closed. Shall they remain closed? Is it desirable that they should remain closed? Is it wise that we should so legislate as to keep them closed? Or, to put the same thought differently, is it wise that we should refuse so to legislate as will open these mines?

No Senator who hears me can question the wisdom of carrying on this industry. Its importance in the industries of the country I need not dwell upon, nor will anyone question the prudence and the wisdom of continuing these mines in the eventuality of trouble with other nations. No thoughtful man can question the prudence and the wisdom of maintaining this industry in peace and in war times. My colleague [Mr. JOHNSON] has taken the liberty of reading to the Senate to-day the letter from the Secretary of War which was used when this bill was before the House. No one can question the correctness of the statements therein set out, nor can anyone question the wisdom of the course suggested by the Secretary of War.

These mines are closed. We know why they are closed. The question is, Shall they be opened? How can the Government help? So far as I know, unless we resort to a direct appropriation in aid of that industry—which I do not favor—unless we resort to that method, we can, and to open these mines we must impose a certain duty upon the imported article. Those whose capital is invested, those who have studied the question at the mouth of the mines or work in the levels below, tell us that this rate of 35 cents is essential, is absolutely necessary, to the opening of these mines and to continuing quicksilver mining in the States I have mentioned.

It is with the Congress to grant this relief or refuse it. You can put out this industry. But is it desirable to do so?

It seems to me that those who believe in the protective principle should be governed by the facts as they come to us here, and it seems to me that my friends of Democratic faith or principle should see in this industry an exception to their fundamental doctrines. Upon the score of revenue, instead of stopping importations, while I would not invite an increase of importations, I am very sure the proposed duty would not cause a reduction in the total amount of revenue so derived.

I shall not trouble Senators who listen with a prolonged speech, but I urge upon those who believe in our protective doctrine to grant the rate which we say is essential. It will not yield great profit to the miners; only a fair profit will come to the owners of these various mines; nor will it result in an increase of prices to an extent which will be a burden upon any branch of American industry or to any considerable number of the people of this country.

There is one other thought I wish to throw out for the consideration of the Senate. It has been suggested that our quicksilver deposits should be conserved. A certain type of publicists, certain importers, have advanced the notion that we should not exhaust these deposits, that we should not engage in this mining, that we should save them for future generations. Such a notion is utterly fallacious; it is entitled to no consideration whatever. Most of these mines are now closed, as I have said. They will be abandoned and ruined unless mining is resumed. The deposits are perhaps not inexhaustible, but they are very extensive. They can be greatly developed, as they were during the war time. They can be greatly developed, giving work and wages to American men and women, or they can remain closed, and the work and wages will be given to the foreign men and women.

The showing is complete; the evidence is before us; the necessity for the duty asked is established. I urge therefore upon

those who believe in protective principles to stand by the House rates—to give at least 35 cents a pound on this vastly important metal produced in America and thereby revive and prosper this American industry.

Mr. McCUMBER. Mr. President, before voting upon the pending amendment, I think I should present to the Senate some of the salient facts concerning the industry, and also some of the reasons which justified a majority of the majority of the Finance Committee in holding, after a reconsideration, to the views which they have expressed in offering this amendment. I will give some of the facts concerning the industry, and then the deductions therefrom.

The Payne-Aldrich rate, as we will remember, was 7 cents per pound. The Underwood-Simmons rate was 10 per cent ad valorem. The House rate is 35 cents per pound. The committee rate is 25 cents per pound.

The imports during the first eight months of 1921 amounted to 528,003 pounds, valued at $329,145, or 62 cents per pound. In 1920 the imports reached their maximum, when they amounted to 1,062,647 pounds, valued at $967,510, or 91 cents per pound. In 1905 the United States was the leading producer, with 30,534 flasks of 75 pounds each, amounting to 2,290,050 pounds. This fell to 16,548 flasks in 1914, and rose to 36,159 flasks in 1917. The estimated production in 1921 was 6,339 flasks.

The cost of production in the United States is greater than that in Spain, Italy, and Austria, because of the low-grade ore and the high labor cost. The domestic ore averages not over five-tenths of 1 per cent of quicksilver, while that of Spain runs eight-tenths of 1 per cent, that of Italy nine-tenths of 1 per cent, and that of Austria sixty-five one-hundredths of 1 per cent. The United States cost of production was about $1 per pound in 1921.

One of the outstanding features is the extreme low grade of the United States ore, which yields on the average not more than 10 pounds of the metal per ton. In Spain the mines are worked to a considerable extent by convict labor, but the cost of running and treatment is actually much higher per pound of ore than in this country. However, every ton of Spanish ore yields 150 pounds of metal to the ton, while ours yields only about 10 pounds.

I want to call attention to the fact that during the war our price ran as high as $300 per flask, or $4 per pound. This indicates the necessity of giving what we might consider adequate protection.

Let us look at the cost. I have stated that the import price in the first nine months of 1921 amounted to about 62 cents per pound, while the cost in the United States is about $1 per pound. If I look over the import prices in 1908, I find that the value per pound was about 45½ cents. In 1909 it was about 52.8 cents. In 1910 it was 54.1 cents. In 1911 it was 52.9 cents. In 1912 it was 52.4 cents. Then it dropped to as low as 43 cents in the beginning of 1913, and is now 62 cents per pound, importing value. But it must be remembered that that 62 cents includes 10 per cent ad valorem, the present rate of duty.

Assuming that it can be imported at 62 cents, and that the cost in the United States is $1, it would require 38 cents per pound to meet the difference. The House gave only 35 cents. The Senate committee cut that to 25 cents per pound, but in doing so the Senate committee took into consideration the fact that the present cost in the United States is probably the peak of the high cost of production, while the importing price is probably as low as it is likely to be.

We have very often been accused of attempting to uphold the present high production costs and continue the high cost of the products to the American people. I have stated on several occasions that the committee has scarcely ever in this bill given a rate that would actually measure the difference between the importing price of the foreign product and the price for which the American product is sold in the American market. We have in all instances made due allowance for the probable decrease in the American cost, and this is one of the examples of that. We believe that there will be a decline in the American cost, and while this does not measure up to the present standard or the present requirements to protect the American market on the present basis of the American cost, we have reason to believe that it will be a sufficient protection in a short time, and for that reason we have given less than is necessary for the present protection at the present American cost of production.

Mr. JOHNSON. Mr. President, permit me just a word in response. As to the statistical matter which has been suggested by the Senator from North Dakota, I want to emphasize that in the past year, out of 51 mines which existed in this country, not more than 3 or 4 have been able to be worked at all because of the prices for the output, and because they could not maintain and sustain the loss of working under present conditions.

As to the output, the figures read by the Senator from North Dakota are doubtless correct, but during this year, under existing conditions, whereby the mines have been compelled to shut down because of the losses sustained, not more than a couple of hundred flasks of quicksilver have been produced in this country at all.

One other item: The Senator from North Dakota very justly presents the difference, from the standpoint of the figures before him, in the cost of the production of this article abroad and that at home. He makes the difference between the cost at home and the cost abroad 38 cents a pound.

Mr. McCUMBER. If the Senator will allow me, I think one can justly say that there is a greater difference, because there is the 10 per cent ad valorem.

Mr. JOHNSON. Exactly.

Mr. McCUMBER. To which I called attention.

Mr. JOHNSON. Yes; the Senator did; and there is not only that greater difference of 10 per cent between the cost of production at home and abroad, but as the tariff survey shows, the costs abroad are now being lowered and are going down all the time. But take the Senator's figures. Without counting the 10 per cent, if 38 cents a pound is the difference in the cost of production abroad and at home, we are entitled to the 35 cents, the rate which has been given us by the House.

On no other theory of protection can it be said that a different rate or lower rate should be given. The justification of the majority of the Finance Committee is that they hope that in the future our cost of production in this country will lessen, so that instead of a differential of 38 cents a pound now existing with a tariff of 10 per cent added we may get down below the 25 cents a pound which they are willing to grant us. If there is a justification for this speculation, we may take into consideration as well the statements made by the tariff survey as to the reduced costs abroad, and they will equalize themselves.

So upon the argument that has been made by the Senator from North Dakota we are entitled to the 35 cents which the House gave us, and I hope that the amendment of the Senate will be voted down and the House rate retained.

Mr. SIMMONS. Mr. President, I wish to ask the Senator from California a question, with his permission.

Mr. JOHNSON. I gladly yield to the Senator from North Carolina.

Mr. SIMMONS. I wish to ask him if he agrees with the statement of the Senator from North Dakota that while 160 pounds of Spanish ore will yield 10 pounds of quicksilver, it takes a ton of American ore to yield an equal amount of quicksilver?

Mr. JOHNSON. I will say to the Senator in reply that I am not certain of the exact figures, but there is a very great disproportion. There is no question about that at all.

Mr. SIMMONS. If that is true, it means that a ton of American ore yields of this product only one-sixteenth as much as a ton of Spanish ore.

Mr. JOHNSON. I am not sure of the exact figures, as I said.

Mr. McCUMBER. I gave it as 150 and not 160, so it means practically one-fifteenth.

Mr. SIMMONS. A ton of Spanish ore yields fifteen times as much of this product as a ton of the American ore. If there is that difference in the yield of the ore, may not the difference in the price be attributed to the great inferiority of the American ore, it being necessary to mine 15 tons here against 1 ton in Spain to get the same quantity of product? Does the Senator think, if that condition exists, that the American people ought to be taxed in order to enable the mines of this country, yielding only one-fifteenth as much as the mines of another country, to compete successfully with that higher grade of product? I am merely asking for information. I am not asking this in a controversial spirit. I think there is where the trouble comes.

Mr. JOHNSON. No; I will tell the Senator where the trouble comes. The trouble comes in the fixing of the prices of quicksilver in the fact that the Rothschilds control the great output of the world. They do just as they please with the prices. The only time the prices ever got away from them was during the war, but during the war, of course, they soared high. Then a commission was appointed to sit and hear testimony and fix prices. My recollection is they fixed $1, but I am not entirely clear that that is accurate. However, the expert nods in assent, so I presume I have accurately stated that that price was fixed during the war by the War Industries Board, which went to San Francisco.

One of the strange things about quicksilver is the peculiar fluctuating market that we find, for which there has been no solution suggested except the one that the Rothschilds control the output of the great Spanish mines where this ore is found, and they do practically as they please concerning the prices.

Mr. SIMMONS. But in this country if there were two mining districts producing the same kind of ore, and the ore in one of those would yield fifteen times as much of the product as the ore in the other, of course the weaker mine must close or it must have a subsidy of some sort to keep it alive. Here is the same question with reference to America and Spain. We have the Spanish ore yielding fifteen times as much as the American ore. Now, the Senator from California, as I understand it, asks us to keep the weak mine alive by giving a tariff subsidy.

Mr. JOHNSON. There is another reason which the Senator evidently missed in the remarks that have been made. Fifty per cent of the normal production in this country is necessary for national defense, for war purposes; that is, it is necessary for percussion caps and munitions, a part of military necessities. If we destroy the ability to produce in this country we put this product wholly and entirely in the hands of a foreign nation.

Mr. McCUMBER. The Senator from California is entirely right in saying that heretofore the product has been under the great Rothschild trust, but the Rothschild lease, or interest, or agreement, whatever it may be called, expired in the early part of the year, and to-day the Spanish Government, which is probably as powerful as the trust, owns nearly all the quicksilver mines outside of the United States.

Mr. UNDERWOOD. Mr. President, I desire to say a few words before we vote on this question. I was rather surprised at the admission of the chairman of the committee that the rate was not adequate which the committee adjusted to cover the difference in cost. I may have misunderstood him, but I thought I understood him a while ago in the debate to say that the high cost of production of quicksilver in this country is $1 per pound. If I am wrong about that, I hope the Senator will correct me, but that is what I understood the Senator to say.

Mr. McCUMBER. I take that not from the report, but from the testimony before the committee.

Mr. UNDERWOOD. That is what I understood. That was the war-time cost of production. I find that in 1920 we exported some quicksilver to Japan, Canada, British India, Cuba, and Peru. We exported 116,000 pounds in round numbers, at a value of $129,000 in round numbers, which would make a cost-unit value of $1.10 per pound. We were exporting then at $1.10 per pound, which of course included the cost of manufacture and profit. So I think when the Senator said that the top notch of war-time production was $1 a pound, that is a high figure.

If we balance this industry in that cost of production, taking the facts which have been admitted here in debate by the Senator from California and the Senator from North Dakota, the present import price is 73 cents. If we add 25 cents, the rate which the committee reported, to 73 cents, we get 98 cents, which practically equals the top-notch cost of production in America during war times. If we add to it 35 cents, we get $1.08, which is way above the cost of production in America during the war period.

So, when the junior Senator from California [Mr. SHORTRIDGE] turned to the Republican side of the Chamber and said that he was going to put them to the acid test to vote for this 35 cents he was surely doing it, because he was asking them now to put a rate on the statute books for the time to come that would be 8 cents in excess of the highest cost of production during the World War period.

Then the Senator, in his usual eloquent style and forceful way, appealed to the Senate—or at least he appealed to Senators on the other side of the aisle who believe in this theory of high protection in the interest of the homes and the farmers and the American working men—that the people engaged in this production be made not only equal in tariff as to the difference in cost between the import price of to-day and the top-notch cost of production during the war, but to exceed it by 8 cents per pound. Of course, the eloquence we have heard on the floor continually in reference to all these items, that the factories and the foundries and the mines are shut down, and that they want a high tariff as a sort of salt solution to put in the veins of the corpse and bring it back to life again, does not apply to this item.

I happen to be connected in some way with the business of making pig iron. I want to say that since this unfortunate calamity in business has come to the American people every furnace in the plant in which I am interested has been shut down, without the smoke coming from a single stack, and it has remained that way for a year. I am glad to say they are creeping back into business again. But I never for a moment attributed that to a tariff condition. I knew the business conditions in America were such that the demand for pig iron had practically ceased, that there was no opportunity to make sales, and that those engaged in the business had to wait with patience until normal prosperous times returned to the people of the United States.

So it is with the quicksilver industry. It is apparent on the face of the thing. A great demand for quicksilver is to make munitions. It is used in medicines and in the arts to some extent, but the amount of quicksilver that is used to make thermometers for the doctors is infinitesimal compared with the amount that is used in the manufacture of munitions. Of course, we all know that we had a great overproduction of munitions when the war ceased, and so had the balance of the world. We temporarily stopped using quicksilver to make fulminating caps because we had an oversupply of shells and war materials, and we did not want to make any more because we wanted to use up what was left on our hands after the war. That is true of all the other large countries involved in the late war. Therefore they quit using quicksilver for that purpose, and the bottom of the market dropped out.

That is what is the matter with this industry. It is not any question of tariff. We do know that in normal conditions, when this industry prospered and exported its commodities before the Great War, the selling price was along about 43 cents per pound, and there is no reason to believe that it will not come back there. We know that during war time, when the Senator from North Dakota says the top notch of the cost of production in America was $1, this product had far more than doubled in value and that every other commodity and all supplies that a mining or industrial camp needed for production was far more than doubled in value. We know they are coming down and have been coming down every day to some extent, not as fast as we would like to have them, but gradually falling from that high top notch of production. And yet, taking the top notch of production during the middle of the war, when the producers of quicksilver were producing it for $1 a pound and selling it to the United States Government for $4 a pound, and taking the present cost of production of importations, the Senator from North Dakota in his amendment would add 25 cents, which will bring it within 2 cents of the top-notch cost of production during the war, and the Senator from California would add 35 cents a pound, which is 8 cents in excess of any evidence whatever to show that it costs over $1 a pound to produce it at any time.

I am not saying that this article should not have a reasonable rate; it is a commodity that will bear a reasonable rate; but when the junior Senator from California [Mr. SHORTRIDGE] says it should have 35 cents a pound, in order that the industry may survive, under those circumstances, I agree with him that he has put the acid test to his colleagues on the Republican side of the Chamber.

The PRESIDING OFFICER (Mr. BURSUM in the chair). The question is upon agreeing to the committee amendment.

Mr. JOHNSON. I ask for the yeas and nays on the amendment.

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

Mr. JONES of Washington (when his name was called). The Senator from Virginia [Mr. SWANSON] is necessarily absent from the city. I agreed to pair with him for the day, but I find I can transfer the pair to the junior Senator from Oregon [Mr. STANFIELD], and I do so, and shall vote. I vote "yea."

Mr. McCUMBER (when his name was called). I have a general pair with the junior Senator from Utah [Mr. KING]. I transfer that pair to the junior Senator from Maryland [Mr. WELLER]. I will allow this announcement of the transfer of my pair to stand upon all votes to-day. I vote "yea."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to my colleague, the junior Senator from South Dakota [Mr. NORBECK], and vote "nay."

Mr. WATSON of Georgia (when his name was called). I have a general pair with the junior Senator from Arizona [Mr. CAMERON]. Being unable to secure a transfer of that pair, I withhold my vote.

The roll call was concluded.

Mr. DIAL. I am paired with the junior Senator from Missouri [Mr. SPENCER], but I transfer that pair to the Senator from Texas [Mr. CULBERSON] and vote "yea."

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

Mr. COLT. I have a general pair with the junior Senator from Florida [Mr. TRAMMELL]. I transfer that pair to the senior Senator from Pennsylvania [Mr. CROW] and vote "yea."

Mr. BALL. I inquire if the senior Senator from Florida [Mr. FLETCHER] has voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. BALL. I have a general pair with the senior Senator from Florida, and, as he has not voted, I withhold my vote.

Mr. EDGE. I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. Not being able to secure a transfer, I withhold my vote.

Mr. WILLIS (after having voted in the negative). I am paired with my colleague, the senior Senator from Ohio [Mr. POMERENE]. I am unable to obtain a transfer, and therefore withdraw my vote.

Mr. WALSH of Montana (after having voted in the affirmative). I observe that my pair, the Senator from New Jersey [Mr. FRELINGHUYSEN] is absent. I transfer that pair to the Senator from Missouri [Mr. REED] and allow my vote to stand.

Mr. HARRIS. I transfer my pair with the junior Senator from New York [Mr. CALDER] to the senior Senator from Montana [Mr. MYERS] and vote "yea."

Mr. CURTIS. I desire to announce the following pairs:

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

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. MCKELLAR];

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

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES].

The result was announced—yeas 30, nays 25, as follows:

YEAS—30.

Borah	Harrison	Page	Stanley
Brandegee	Heflin	Pepper	Sutherland
Capper	Hitchcock	Ransdell	Underwood
Colt	Kendrick	Robinson	Wadsworth
Curtis	McCumber	Sheppard	Walsh, Mass.
Dial	McLean	Shields	Walsh, Mont.
Glass	Norris	Simmons	
Harris	Overman	Smoot	

NAYS—25.

Bursum	Johnson	Moses	Shortridge
Elkins	Jones, Wash.	Newberry	Sterling
Ernst	Kellogg	Nicholson	Townsend
France	Keyes	Oddie	Warren
Gooding	Ladd	Phipps	
Hale	Lodge	Poindexter	
Harreld	McNary	Rawson	

NOT VOTING—41.

Ashurst	Edge	McKinley	Stanfield
Ball	Fernald	Myers	Swanson
Broussard	Fletcher	Nelson	Trammell
Calder	Frelinghuysen	New	Watson, Ga.
Cameron	Gerry	Norbeck	Watson, Ind.
Caraway	Jones, N. Mex.	Owen	Weller
Crow	King	Pittman	Williams
Culberson	La Follette	Pomerene	Willis
Cummins	Lenroot	Reed	
Dillingham	McCormick	Smith	
du Pont	McKellar	Spencer	

So the committee amendment was agreed to.

Mr. SMOOT. Mr. President, I now ask to return to paragraph 16.

The PRESIDING OFFICER. The Secretary will state the amendment in paragraph 16.

The READING CLERK. In paragraph 16, page 6, line 16, before the words "per centum" the Committee on Finance propose to strike out the numerals "30" and insert the numerals "45", so as to make the paragraph read:

PAR. 16. Calomel, corrosive sublimate, and other mercurial preparations, 45 per cent ad valorem.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. SIMMONS. Mr. President, calomel is a small item in respect of the quantity of production, consumption, and importation, but it is a very important item when we consider that it is one of the chief medicines used by the people of the United States. Especially is it important to the people in sections of our country which are more or less malarial. Calomel is the medicine of all the people, the poor and the rich alike, and in some sections of the United States that medicine is absolutely essential to health. Next to quinine, I consider calomel the most important medicine that is used generally among our people.

Personally I do not believe that it is wise public policy to tax genuine medicines. I have always entertained that view. There are some things that the Government may tax for revenue; there are some things that the Government may tax, according to the theory of a large element in this country, for purposes of protection; but I do not believe that the medicines of the people ought to be taxed, and, if they must be taxed at all, I think they ought to be very moderately taxed.

Here is this medicine of common use that the House proposes to tax at the rate of 30 per cent ad valorem. The Senate Finance Committee, for some reason, I do not know what, desire to raise that tax one-half and to impose a tax of 45 per cent ad valorem, a 50 per cent increase over the House rate. I had supposed, when we reduced the tax on quicksilver, out of which calomel is in large part made, that the committee would probably propose to reduce this 45 per cent tax, but they have made no such proposition.

Mr. SMOOT. In answer to that I will say to the Senator that the House provision was out of all balance. Nobody could justify the 30 per cent with a duty of 35 cents a pound on quicksilver. Some change must have been made on the floor of the House on quicksilver, and then they failed to make the difference on calomel, because the Senator will admit himself—I am sure the Senator will admit—that with 35 cents a pound on quicksilver and 30 per cent ad valorem on calomel there is no proportion between the two.

Mr. SIMMONS. That is exactly what I purpose to ascertain. Do you say that this is a compensatory duty which you are putting on calomel?

Mr. SMOOT. I can tell the Senator exactly, if he wants to know the compensatory duty. The compensatory duty is 25 per cent.

Mr. SIMMONS. Is it the purpose of the committee to impose a duty on calomel beyond the point of compensating for the duty imposed upon the ingredients out of which calomel is made?

Mr. SMOOT. Twenty per cent protection is all that the committee gives in this 45 per cent. Twenty-five per cent of it is compensatory duty and the other is a protective duty.

Mr. SIMMONS. Then we have this situation: Twenty-five per cent of this 45 per cent is compensatory duty and 20 per cent of it is a duty upon the calomel per se.

Mr. SMOOT. I will say to the Senator that, taking everything into consideration, outside of quicksilver, he may say that. I think that is a fair statement. To-day, under the existing law, we have a duty of 15 per cent ad valorem.

Mr. SIMMONS. Now, let me ask the Senator another question. We have just passed quicksilver. We have just put a duty of 25 cents a pound on that. I did not think we ought to have done so. I thought the 10 per cent duty was sufficient, and I think it was demonstrated that it was sufficient; but a duty of 25 cents a pound has been placed on quicksilver. What is quicksilver chiefly used for? Is it not used extensively for the purpose of manufacturing calomel and other medicinal mercurial preparations?

Mr. SMOOT. It is used for fulminates of all kinds, and for high explosives in mining camps, and it is used greatly in time of war. It is also used for the making of calomel. That is a very small part of the use, however.

Mr. SIMMONS. What part, will the Senator advise us?

Mr. SMOOT. I should not think it would be more than 15 or 20 per cent. I do not think that much is used for that purpose. On fulminates, of course, the percentage varies. Here is the use of quicksilver in the industries:

Drugs and chemicals, 8,500 flasks.
Fulminate, 4,850 flasks.
Vermilion red, 3,130 flasks.
Oxide, 3,000 flasks.
Electrical apparatus, 2,700 flasks.
Felt manufacture, 1,700 flasks.
Gold and silver amalgamating mills, 850 flasks.
Instruments, thermostats, gas governors, automatic sprinklers, etc., 630 flasks.
Miscellaneous, including boiler compounds and cosmetics, 1,000 flasks.

The figures I have given to the Senator are flasks, and each flask contains 75 pounds, so that, so far as the drugs and chemicals are concerned, there is 8,500 out of the 26,300.

Mr. SIMMONS. Then something in excess of 30 per cent of it is used for medicinal preparations and not 15 to 20 per cent, as the Senator had estimated.

Mr. President, here is an article, quicksilver, out of which a great many other things are made which are dutiable under this bill; and the proposition of the majority is that when placing duties upon these various products of quicksilver we shall give to each of them a compensatory duty to which a protection duty is added. Whether the sum of those compensatory duties will be equal to the duty upon the raw material, or whether the sum of those compensatory duties will be very much in excess of the duty on the raw material, I do not know, and no information is furnished us upon that point. By careful and expert calculation the answer might be disclosed; but I imagine, Mr. President, that in the case of these crude materials which are used to produce many things that are upon the

dutiable list the compensatory duty given on each of them would in the aggregate greatly exceed the duty imposed upon the raw material.

I say that, however, merely in passing. Let us assume that the Senator is right, that it is necessary to put a compensatory duty upon this medicine of the people because we have put a duty upon quicksilver of 25 cents a pound, when even under the old law, which carried a duty much less than that—only 4 or 5 cents a pound—there were negligible imports. Nevertheless, the tax has been levied. I think it was a great mistake. I think you at least ought to have excepted out of the quicksilver that part of it used in making mercurial medicinal preparations, such as calomel, and that you ought to have relieved this medicine of this compensatory duty; but if calomel had to be burdened with a compensatory duty of 25 per cent, certainly there can be no justification for adding a further 20 per cent as a protective tariff upon the medicine itself, unless it be the deliberately adopted policy of the majority to tax the medicine of the people when there are practically no importations of that medicine. With negligible importations, what, may I ask, are you "protecting" against?

Now, let us see what are the facts with reference to this article. I read from the Summary of Tariff Information prepared by the Tariff Commission. It says:

> The American production of mercurial salts in 1914 was 605,701 pounds, valued at $518,023, and in 1919, according to preliminary figures, increased to 1,143,800 pounds, valued at $1,775,000. This quantity supplies a large part of the domestic consumption, as imports are small.

Let us see how small they are, Mr. President.

In 1918 the imports were 500 pounds. In 1919 the imports were 325 pounds. In 1920 they were 3,301 pounds. In nine months of 1921 the imports were 120 pounds, valued at $138, the unit value being $1.15 a pound. The importation of 120 pounds, when it is stated that the domestic production is 1,143,800 pounds, would not seem to me to justify any duty at all; but if it be said, as it has been said about other articles, that this calomel is coming in at a ruinous price, and the producer of calomel in this country is not able to compete with that price, that is completely answered by the fact that calomel in 1908 was selling at only 59 cents a pound, while the price of the foreign article is now $1.15 per pound.

You can not therefore argue that American calomel needs now to be protected against low-priced importations.

In 1909 the foreign selling price was only 61 cents a pound. In 1910 it was only 66 cents a pound. I mean the foreign price of calomel was only 66 cents a pound in 1910, under the Payne-Aldrich law. The foreign price to-day is very nearly twice that much, or $1.15 a pound, so that you can not say that even the small quantity of foreign calomel which is coming into this country is sold at such an exceedingly low price that it is driving the domestic producer of calomel out of the market.

You have these arguments against this proposition: First, a medicine used by all the people is taxed 45 per cent, not a medicine which can be dispensed with but a medicine which is absolutely necessary for the health of the people, as every physician in the section of the country from which I come will tell you. There was imported of calomel during the nine months of 1921 only 120 pounds, as against the domestic production of 1,143,000 pounds. Is it not quite absurd and affronting to our intelligence therefore to claim that a protective duty is necessary to safeguard the American producer?

You can not justify this duty therefore by the quantity of the imports. You can not justify it for that reason. You can not justify it on the ground that imported calomel is selling now at so low a price that the American producer can not compete with it, bcause we competed with it when the Payne-Aldrich law was in effect, when the foreign selling price was 66 cents a pound, and if we could compete with it then, when the foreign article was selling at 66 cents a pound, certainly we can compete with it now, when the foreign article is selling at $1.15 a pound. I assert unhesitatingly that you can not escape these, to my mind, utterly overwhelming and unanswerable reasons why this medicine of the people ought not to be taxed.

Mr. SMOOT. Mr. President, as I stated, the House provision of 30 per cent was an error, no doubt. The House imposed a duty of 35 cents a pound upon quicksilver, and that was done on the floor, and when that was made 35 cents, the House did not give a compensatory duty on calomel. It is not balanced at all.

The Senate committee provision is much less than the House provision, very much less, taking into consideration the rate of 25 cents a pound, which the Senate committee has now voted to be the rate on quicksilver.

There are about 80 per cent of mercurials in quicksilver. So, as 80 per cent of 25 cents is 20 cents, the rate on mercurials would be 20 cents a pound. The present price of calomel is 94 cents. The price of corrosive sublimate is 76 cents. Twenty cents is about 25 per cent of the price of the mercurials.

The Payne-Aldrich rate on quicksilver was 7 cents a pound, and on calomel the rate was 35 per cent. The existing law carries a rate of 15 per cent on calomel and 10 per cent upon quicksilver, or a compensatory duty equal to 5 per cent upon the manufacture of calomel in this country.

Your committee reports an amendment to the House provision raising the rate to 45 per cent ad valorem. That is 45 per cent under the foreign valuation. The House had 30 per cent under the American valuation, with quicksilver at 7 cents a pound. So the Senator can plainly see that there was no balance whatever between the rates. With 7 cents a pound imposed under the Payne-Aldrich bill, the rate was 35 per cent. The House gave 35 cents on quicksilver, instead of 7 cents, as provided in the Payne-Aldrich law, and 10 per cent in the existing law. Your committee cut that from 35 cents a pound to 25 cents a pound, and we made the ad valorem duty on the calomel itself 45 per cent.

I have already put into the RECORD the figures showing the consumption of quicksilver in the United States, and I shall not do so again, it having been done in the time of the Senator from North Carolina [Mr. SIMMONS], at his suggestion.

I do not see that it is necessary to say anything further. I frankly admit that with 25 cents a pound upon quicksilver there will be an increase of duty, not only on calomel but on vermilion red as well, and I shall ask the Senate to take up the paragraph covering vermilion red just as soon as this paragraph is disposed of.

Mr. SIMMONS. I move to amend the committee amendment by inserting "15" in lieu of "45."

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 6, line 16, strike out of the committee amendment "45" and insert "15," so that it will read:

> Fifteen per cent ad valorem.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina to the committee amendment.

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

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Harris	McLean	Rawson
Ball	Harrison	McNary	Robinson
Bursum	Heflin	Moses	Sheppard
Capper	Hitchcock	Nelson	Shields
Colt	Johnson	Newberry	Shortridge
Culberson	Jones, Wash.	Nicholson	Simmons
Curtis	Kellogg	Norris	Smoot
Dial	Kendrick	Oddie	Sutherland
Dillingham	Keyes	Overman	Townsend
Edge	Ladd	Page	Walsh, Mass.
Elkins	Lenroot	Pepper	Walsh, Mont.
Ernst	Lodge	Phipps	Warren
Gooding	McCumber	Poindexter	Watson, Ga.
Hale	McKinley	Ransdell	Willis

The PRESIDING OFFICER. Fifty-six Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment offered by the Senator from North Carolina to the committee amendment.

Mr. SIMMONS. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HITCHCOCK. Mr. President, before we vote I want to say a word, because I doubt whether even the supporters of this bill realize what they are doing in voting for this tariff. The Senate just voted a tariff on quicksilver amounting to 25 cents a pound. Quicksilver is necessary in the manufacture of calomel.

The Payne-Aldrich law, which was notorious for its excessive tariffs, had a tariff of only 7 cents a pound on quicksilver, but you have raised it to 25 cents. That seems to make necessary a compensatory duty on calomel, in the manufacture of which a large proportion of quicksilver is used. The Senate committee, in endeavoring to meet this situation, has proposed a tariff of 45 per cent on calomel, and yet, practically speaking, no calomel is imported into this country under the present duty of 15 per cent. The importations last year, for instance, amounted to only 2,438 pounds. That was the total amount of calomel imported into the United States in 1921, and the consumption of calomel in the United States approximates 1,000,000 pounds, so that only a fraction of 1 per cent of the calomel used in this country is imported. Yet you propose to put a duty of 45 per cent on this necessary article in medicine.

I do not know whether it is done for the protection of American labor, but no one will claim that there is any considerable amount of labor employed in the manufacture of calomel. The Senator from North Carolina has indicated pretty plainly that calomel is a necessity. We know it is not a luxury. We know in certain parts of the country, where certain ailments prevail, calomel is an absolute necessity. It is a necessity for poor people. It is something they have to go out and buy when they are in distress. Yet here it is proposed to put on a duty of 45 per cent in place of the existing duty of 15 per cent. Can there be any justification for such a proceeding as that?

There is no claim that the American calomel industry is being destroyed by importations, because 1,000,000 pounds were made in the United States last year and less than 3,000 pounds imported. I merely want to lay that before my Republican friends to see what they have to say about it. Is there any Senator here on the majority side responsible for legislation to the people who can justify trebling the existing tariff on calomel, a necessary medicine for the people, when there are no importations, practically speaking—that is, when the importations are less than 3,000 pounds against a consumption of 1,000,000 pounds? If there is any Senator who can justify that from any standpoint, I wish he would take the floor and do it.

Mr. SIMMONS. I suggest that the Senator might add that the foreign price is nearly double to-day what it was in 1910 and 1911.

Mr. HITCHCOCK. I have not gone into the matter of the foreign prices. We know that the price of calomel has fluctuated widely, but at the present time it is not far from normal. It approximates something like 80 cents a pound, as I understand, at the present time. It has gone up above that and it has been below that. May I ask the Senator if that is correct?

Mr. SIMMONS. It was $1.15 at one time.

Mr. HITCHCOCK. Yes; it has gone up considerably. At the present time, however, with the American manufacturers practically dominating the market and meeting the demands, with calomel at a normal price, with almost no importations, it is proposed to treble the existing duty on this necessary article of the people. If we could select any article that would be entitled to a low duty or that might be entitled to go upon the free list it is such an article as calomel, which is necessary for so many millions of people to use at times. Yet the duty is to be made 45 per cent as against the existing duty of 15 per cent. I do not see how any Republican who has any regard for the needs of the American people, even on the theory of a protective tariff, even upon the theory of a tariff compensating for the difference in the cost of manufacture here and abroad, even upon the theory of merely making up the difference in the labor cost here and abroad, upon any theory at all that the Republican Party has ever stood for, can vote for trebling the existing tariff on this commodity.

Mr. SMOOT. I wish to say to the Senator, as I have already stated, that the ad valorem rate imposed upon calomel of 25 per cent comes largely from the rate that the Senate voted upon quicksilver. I do not think we need worry much about what the ultimate consumer of calomel is going to pay for it. I know this is not an argument generally upon products, but I am saying this to impress not only upon the Senate but the country at large where the evils of the high cost of living rests. I do not know of a better case, since the Senator from Nebraska has brought it up, than to point to this item.

During the war when the price of calomel was double what it is now every purchaser who went to the drug store and purchased a little bottle of calomel pills about an inch high, with about one-tenth of an ounce of calomel in it, paid 35 cents for the bottle. If he goes to-day he pays the same 35 cents for the same size bottle, when the price of quicksilver is only one-half of what it was previously, and 80 per cent of calomel is quicksilver. If we made it free the druggists would not sell that little bottle of calomel pills for any less than 35 cents.

I called attention the other day to the fact that many times the ingredients of every name and nature in a prescription would not cost to exceed 5 or 6 cents, and yet the druggists sell it for 75 cents or a dollar. No tariff is ever going to interfere with a proposition of that kind. They sell it for every cent they can get. Unfortunately, many of the prescriptions are sent by the doctor to a particular drug store to be filled, and no one who has a sick child or sick relative or sick friend, when he is about to have a prescription filled, is going to quibble over the price charged when the more quickly it is filled and the sooner the patient uses it the better for the patient, if he has faith in it.

As far as medicine is concerned, some time or other there will be an investigation made from one end of this land to the other, and the question of what is in a prescription and what it costs and what it sells for to the American public will be made clear to the people. When it is known, there will not be much criticism of the cost of the materials in a prescription.

Mr. WALSH of Massachusetts. Mr. President——

Mr. SMOOT. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. Does not the Senator think we should have that information before fixing a tariff duty?

Mr. SMOOT. No. If we had a rate of 100 per cent on every item it would not make a particle of difference in the price charged for the prescriptions. I would say if the tariff were 200 per cent, it would make no difference.

Mr. WALSH of Massachusetts. We could at least prevent the charge of excessive prices by making those items free on which a high duty is proposed.

Mr. SMOOT. Oh, no; we could not do that. The prescriptions are filled upon the order of a doctor. One doctor will think one prescription is what a patient needs, and another doctor will think another prescription is what he needs. If it were a case of patent medicines it would be a different thing.

Mr. ROBINSON. Mr. President, there is no doubt that the profits upon many drugs are excessive beyond reason. The little investigation I made into the matter a year or two ago convinced me that as to many drugs the retail profits exceed from 200 to 300 per cent. But I can not understand how the Senator from Utah or anyone else can think that increasing the tariff on these products will in any way afford relief from prevailing excessive prices. The only effect that an increased tariff can have is to perpetuate the conditions which now exist.

Mr. NORRIS. Mr. President, I have no doubt in my mind that the Senator from Utah [Mr. SMOOT] has correctly stated the facts with relation to the sale of this drug as well as others by druggists. It may be that if the tariff were removed or lowered, the consumer would have to pay to the druggist an exorbitant price. But I do not want to see an instrumentality of the Government which will put the druggist in a position where he will be justified for charging those prices. It is no reason, in my judgment, why we should levy an exorbitant tariff on an article of necessity because the druggists are now charging too much for the article. The minute we do it, the druggist immediately has an argument to sustain him or tending to sustain him in the exorbitant price that he charges. He will immediately say, "The tariff has been increased and we are justified." It would be better, it seems to me, in a case of that kind, if there are importations that will come in, to cut the tariff off entirely and let them come in. Perhaps that would have a tendency to lower the price of the necessities of the common people who have to get them.

It may be, too, that people would be better off if they did not use so much calomel. But, however we may feel about that, it is a drug used universally for some diseases or difficulties, and whatever course we may pursue we can not affect that. The people who have to buy, buy it not because they want to but because they are compelled to buy it. It is not a luxury, even though to some extent some people, good people, too, claim that it is not a necessity. For practical purposes it is a necessity. But because the man with a sick child or a sick wife is charged an exorbitant price by a dealer in the article is not, to my mind, a justification for Congress to assist that dealer in asking the exorbitant price.

The condition which the Senator from Utah describes, I think, is true. It only admonishes us that there is more than one evil that we have to meet in this respect. We can not meet the evil that the consumer has to contend with by increasing the tariff, thus to some extent, at least, increasing the sale price of the article. We are only adding to it. Perhaps, at least in this legislation, we are not able to reach the druggist who charges the sick an exorbitant price for a medicine but, at least, we can take away from him the argument and in some respects the right to exact that kind of a profit. If the article is cheapened, it is fair to say that there will be druggists who will cut the price. It is fair to say that if it becomes too burdensome, philanthropic people in regions where a great deal of it is used will see that the money is supplied in order that the poor may get it at a fair price.

I once heard of a druggist who employed a new prescription clerk. After he had been working in his new place for a day or two he put up a prescription for a customer, and after the customer had gone away he discovered that the customer had given him a counterfeit bill. He was very much worried for fear he would lose his position because he had not been careful enough. He went immediately to the proprietor and showed him the bill. It was a $1 bill, and was evidently a counterfeit. But instead of the proprietor reprimanding the clerk, he said,

after he looked over the prescription carefully, "How much did you charge him for that prescription?" The clerk said, "I charged him $1.10." The proprietor asked, "What about the 10 cents; was that good or was that counterfeit?" The clerk said, "Oh, no; that was good." "Oh, well," said the proprietor, "it is not so serious, then. There is still a profit of 5 cents in the transaction."

That may continue, Mr. President; but we are acting now upon the supply of this article, or a business in which that practically controls not only the price in America but to some extent in the world. We are not dependent upon foreign importations; they amount practically to nothing. So we are not going to get any revenue out of this duty to amount to anything. We hardly derive revenue enough under the existing tariff rate to pay the expenses of collecting the duty; and if it be increased as is proposed, we shall not get enough revenue to pay the expense of making the collection.

It is not necessary as a protective duty. It seems to me that a protectionist must take the other side of this question. The protectionist does not want to build an embargo; he does not want to protect monopoly. If there is no protection, and if there is no revenue, then the protectionist is in favor of a low tariff, if he be consistent with the proper theory of protection.

So far as I am concerned, Mr. President, I should be glad to vote to reduce this duty. I would put the duty on the article a great deal lower. I would, if I had my way, fix the duty lower than does the existing law. It would bring some revenue if we decreased the duty low enough, but if it is increased sufficiently high the duty becomes an embargo and the Government gets no revenue.

Mr. HITCHCOCK. Mr. President, there has not a word been said about the druggists to which I wish to refer. I presented to the Senate on yesterday a resolution which had been adopted by the retail merchants of Lincoln, Nebr. Lincoln, Nebr., is the great Republican stronghold in my State. I think it is safe to say that two out of every three of the people living in Lincoln are Republicans, and yet the retail merchants of Lincoln at a meeting held this week adopted the following resolution:

Whereas the retail dealers of the city of Lincoln are unalterably opposed to unnecessary advances in the prices of commodities; and

Whereas higher prices will react unfavorably against the retailer; and

Whereas the proposed tariff bill under consideration in the United States Senate will inevitably cause an unnecessary increase in prices, due to the large increase in the tariff rates on nearly all classes of commodities: Therefore be it

Resolved, That the retail trade promotion subdivision of the Lincoln Chamber of Commerce, at a special meeting called for the purpose of considering the effects of a high tariff, request the board of directors of the Lincoln Chamber of Commerce to convey to the Representatives and Senators from Nebraska this resolution opposing the enactment of the proposed tariff bill now under consideration.

Mr. President, the retail merchants of Lincoln, Nebr., adopted that resolution in their own defense. They know from complaints received from their customers that the American people are irking under the present high prices, and they dread the prospect of an increase of prices to the American consumer as the result of the passage of this bill.

It has been said here that the druggists are selling prescriptions containing calomel at exorbitant prices, and we hear the charge made as to other commodities that the druggists are exorbitant in their charges. Does anybody know of any retail druggist who is getting very rich? Is it the retailers of the country, ordinarily speaking, who are making fortunes? Not by any means. Do Senators realize that last year in the United States there were over 21,000 business failures, the larger number of which was made up of retailers? Do Senators realize that during the first four months of this year there have been 9,000 business failures in the United States, and that at that rate we shall have 27,000 business failures in the United States during the current year, a very large proportion of them being in the retail trade?

We hear people decry the prices that the druggists are charging, and yet we all know that the average corner drug store is only eking out an existence. Practically everything that the druggist sells is taxed. In the chemical schedule which we have been discussing almost every article sold in the drug store is subject to a tax. That is true not only as to calomel but thousands of the chemicals that every druggist uses are subjected to a tax in this bill as they are subject to a tax under the present law.

The druggist is taxed for other articles; the toothbrushes which he sells are taxed; his combs are taxed; all toilet articles which he sells are taxed; the soda water which he dispenses is taxed, as well as cigars sold over his counter.

The trouble is we have loaded up the retail trade, particularly the drug trade, with a tremendous burden of taxes. The charge against the druggist is not the only charge which is brought against the retail trade. It is a common thing to hear denunciation of the butcher for the enormous profits he is supposed to be making, but nobody sees the butcher getting rich. The wealth is made behind the butcher, by those who supply the butcher, those who monopolize the trade. We hear the plumber denounced for the great charges that he makes, but whoever hears of a plumber getting rich? We hear the ordinary retail drug store charged with excessive prices, and yet there is a terrible business mortality among the drug stores, as indicated by failures that are recorded.

We hear people complain against the retailer because, unfortunately, the retailer is on the firing line; he is the man who has to deal with the people; but it is the law which taxes these articles of consumption which is responsible for the high prices that the people pay. They pay taxes on the lumber in the buildings they occupy; they pay taxes on the brick in the buildings they occupy; they pay taxes on the cement in the buildings they occupy; and if prices are high it is due, in the first place, to Congress, which is levying such heavy taxes on the consumption of the American people. The retailer is merely the man who is on the firing line, who must meet the complaints of the people.

Mr. President, I have said that the resolution quoted by me was adopted by the merchants of a great Republican city in my State. Now, I wish to read a paragraph of what the leading Republican paper in my State, the Lincoln Journal, has to say on the subject:

WHY RETAILERS FIGHT TARIFF.

Some of the reasons the retailers of Lincoln took their decided stand against the Fordney tariff bill were explained Thursday afternoon by J. E. Miller. The action taken by the retail trade subdivision asking the chamber of commerce to urge the Nebraska delegation in Congress to work against the bill was in line with a campaign against unwarranted increases in retail prices, and the merchants of Lincoln see in the proposed tariff measure many openings for manufacturers to raise their prices. Retailers are getting tired of taking the blame for high prices, it was brought out at the special meeting Thursday morning, and they do not propose to let a new tariff, or anything else conducive to high prices, get by without a protest.

There is much more than that, but I content myself with reading that paragraph and asking that the remainder of the article be printed in the RECORD.

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

The matter referred to is as follows:

Every single item of tariff is higher under the Fordney bill, Mr. Miller says, and not only higher than under the present Underwood measure but higher than under the McKinley or Payne-Aldrich bills. From the entire schedule he selected a number of items of general interest and commented on them:

Wire nails, now duty free, will pay a duty of 4½ cents a pound under the Fordney measure, and every man who builds a house or a garage or a chicken coop will help foot the bill.

Sewing needles, none of which are made in this country and which are now imported under a 20 per cent tariff, would pay $1.15 a thousand, plus 40 per cent. The pre-war price of 5 cents a package of 25 amounted to $2 a gross, about the same as the new tariff alone would be.

Scissors and shears, now taxed 30 per cent, would pay from 10 to 20 cents per pair, plus 50 to 55 per cent. Scissors that sold before the war for 50 cents would thus pay a duty of more than half that.

Razors, now paying 35 to 55 per cent duty, would pay 30 to 40 cents a piece, plus 50 per cent. A half dollar English blade would thus pay a tariff of 65 cents.

Surgical instruments that are now taxed 20 to 50 per cent would pay 60 cents to $1 a dozen, plus 60 per cent.

Crude aluminum tariff would be increased from 2 cents a pound, the present rate, to 5 cents under the Fordney bill. Aluminum plates now taxed 3½ cents would pay 9 cents.

Glove taxes would be considerably increased in every line, Mr. Miller said. The tariff on 12-inch leather gloves, now $1 a dozen, would be raised to $4, with an additional 50 cents for every inch in length and additional duties for linings and embroidered backs. On a 22-inch glove the tariff would be $15 a dozen.

Men's leather gloves, up to 12 inches long, now taxed $1 a dozen, would be taxed $5. Mr. Miller attributes this item to former Congressman Littauer, who came from the glove-manufacturing district and is always called in to write glove tariffs.

Cotton gloves, such as used to be purchased in France and Germany for 35 to 50 cents a pair and are now imported under a 35 per cent duty, would be taxed $3 a dozen. Cotton hosiery, now worth $1 a dozen and paying 30 per cent tariff, will pay 70 cents a dozen, plus 15 per cent. "Cotton hosiery is not much of an issue now," Mr. Miller said, "but it has been, and will be again. This is one of the increased cost items that will fall on the people least able to bear the burden."

Cotton hosiery, worth $2 to $3 a dozen and taxed 50 per cent, would pay $1.20 a dozen, plus 15 per cent under the Fordney bill. The $3 to $5 a dozen kind, also taxed 50 per cent now, would be taxed $2 a dozen, plus 15 per cent. Thus the $2 quality would pay $1.50 tariff, and the $3 quality $2.45 tariff. Ninety per cent of all kinds of hosiery, except woolen, is made in this country, Mr. Miller said.

A long chapter could be written on the wool schedules in the Fordney bill. It makes the duty on wool 24 cents a pound, the old rate being 11 cents. Blankets that now pay 25 per cent flat would pay 20 cents a pound and 30 per cent, about the equivalent of a 50 per cent duty. A certain $5 blanket now costs the American merchant $8.22, and will cost him $10.40 if the new measure is passed. Only a small amount of woolen goods and manufactures is imported.

Mr. HITCHCOCK. What my colleague [Mr. NORRIS] said is absolutely true. The druggists may be overcharging, but when

the tariff duty on the commodities he sells is increased it amounts to giving him a license and an excuse to overcharge. We ought not to do it. Instead of raising the price of the necessaries of life, whether sold by druggists or sold by other merchants, the Congress ought to busy itself in an effort to reduce those charges. It ought to contribute its part toward reducing the cost of living, toward making life more tolerable for the people. The great mass of the people who patronize retail stores do so from necessity, and they buy necessities rather than luxuries. When a child is sick in the household and the mother goes out to get calomel she can not haggle with the druggist over what he is to charge, and he is given an excuse for charging high prices when a tax is imposed upon every article of medicine which he sells to the American people. If we want retail prices to come down, let the Congress do its part by reducing the tax on the articles which the retailers sell.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. SIMMONS] to the amendment reported by the committee. On that question the yeas and nays have been ordered. The Secretary will call the roll.

Mr. WALSH of Massachusetts. I ask that the amendment may be stated.

The ASSISTANT SECRETARY. In the committee amendment on page 6, line 16, it is proposed to strike out "45" and insert "15," so as to read:

PAR. 16. Calomel, corrosive sublimate, and other mercurial preparations, 15 per cent ad valorem.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I have a pair with the junior Senator from Missouri [Mr. SPENCER]. I transfer that pair to the Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. KENDRICK (when his name was called). I have a general pair with the Senator from Illinois [Mr. MCCORMICK]. I transfer that pair to the Senator from Nevada [Mr. PITTMAN], and vote "yea."

Mr. MCKINLEY (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. CARAWAY]. As he is absent, I withhold my vote.

Mr. WATSON of Georgia (when his name was called). Making the same announcement as heretofore with regard to my pair, I withhold my vote.

Mr. WILLIAMS (when his name was called). I transfer my pair with the Senator from Indiana [Mr. WATSON] to the Senator from Missouri [Mr. REED], and vote "yea."

Mr. WILLIS (when his name was called). I have a pair with my colleague the senior Senator from Ohio [Mr. POMERENE]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD] and will vote. I vote "nay."

The roll call was concluded.

Mr. DIAL. I desire to announce that the senior Senator from Arkansas [Mr. ROBINSON] is detained from the Senate on official business. He is paired with the Senator from West Virginia [Mr. SUTHERLAND]. If present, my colleague would vote "yea."

Mr. GLASS. Making the same announcement as on the preceding vote with regard to my pair and its transfer, I vote "yea."

Mr. EDGE. I transfer my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. JONES of Washington. Making the same announcement as to my pair and its transfer as on the previous vote, I vote "nay."

Mr. SUTHERLAND (after having voted in the negative). I transfer my general pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from California [Mr. SHORTRIDGE] and allow my vote to stand.

Mr. HARRIS. I transfer my pair with the junior Senator from New York [Mr. CALDER] to the senior Senator from Tennessee [Mr. SHIELDS] and vote "yea."

Mr. BALL (after having voted in the negative). I understand the senior Senator from Florida [Mr. FLETCHER], with whom I have a general pair, has not voted. I transfer my pair with him to my colleague the junior Senator from Delaware [Mr. DU PONT] and allow my vote to stand.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH];

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. MCKELLAR];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL]; and

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES].

The result was announced—yeas 16, nays 33, as follows:

YEAS—16.

Ashurst	Harrison	Myers	Stanley
Dial	Heflin	Norris	Underwood
Glass	Hitchcock	Sheppard	Walsh, Mass.
Harris	Kendrick	Simmons	Williams

NAYS—33.

Ball	Johnson	Moses	Smoot
Bursum	Jones, Wash.	Newberry	Sutherland
Capper	Kellogg	Nicholson	Townsend
Curtis	Ladd	Oddie	Wadsworth
Edge	Lenroot	Page	Warren
Elkins	Lodge	Pepper	Willis
France	McCumber	Phipps	
Gooding	McLean	Poindexter	
Hale	McNary	Rawson	

NOT VOTING—47.

Borah	Ernst	McKinley	Shortridge
Brandegee	Fernald	Nelson	Smith
Broussard	Fletcher	New	Spencer
Calder	Frelinghuysen	Norbeck	Stanfield
Cameron	Gerry	Overman	Sterling
Caraway	Harreld	Owen	Swanson
Colt	Jones, N. Mex.	Pittman	Trammell
Crow	Keyes	Pomerene	Walsh, Mont.
Culberson	King	Ransdell	Watson, Ga.
Cummins	La Follette	Reed	Watson, Ind.
Dillingham	McCormick	Robinson	Weller
du Pont	McKellar	Shields	

So the amendment of Mr. SIMMONS to the amendment reported by the committee was rejected.

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

Mr. HITCHCOCK. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HITCHCOCK. Mr. President, this is a stupendous and unprecedented thing—that a necessity to the American people should have imposed upon it a tax 29 per cent higher than ever before in the history of American tariff taxation. The Payne-Aldrich bill had only a 35 per cent tax, and that was one of the bills that was infamous on account of its excessive taxes. Now, it is proposed to impose a 45 per cent tax on a necessary article of medicine of which the Americans use nearly a million dollars' worth a year. We want a record vote on that proposition.

Mr. SMOOT. Mr. President, just for the record, I wish to state that the Payne-Aldrich law carried a rate of duty of 35 per cent ad valorem, with the duty on quicksilver at 7 cents a pound. We have voted to-day to give quicksilver a rate of 25 cents a pound. Twenty-five cents a pound on quicksilver is equivalent to a little over 25 per cent ad valorem duty upon calomel; and the rate that we are voting upon now is not more than one-half of that of the Payne-Aldrich law when we take into consideration the compensatory duty of the rate imposed upon quicksilver.

Mr. HITCHCOCK. Mr. President, the Senator seeks to take advantage of his own wrong. Having made a great increase in the tariff on quicksilver, which is a necessary and large ingredient of calomel, he says: "Now, having done that thing, we have to do this extraordinary thing. We have to impose a tax on calomel 29 per cent higher than was ever known in the history of Republican taxation. We are responsible for it; we did it; and we have to do this because we did the other."

The VICE PRESIDENT. The question is on agreeing to the committee amendment, on which the yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

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

Mr. DIAL (when his name was called). Making the same announcement as on the former roll call with regard to my pair and its transfer, I vote "nay."

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

Mr. GLASS (when his name was called). Making the same announcement as on the previous roll call, I vote "nay."

Mr. HARRIS (when his name was called). Making the same announcement of my pair, I vote "nay."

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

Mr. KENDRICK (when his name was called). Again announcing my pair with the Senator from Illinois [Mr. MCCORMICK] and being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. DIAL (when Mr. ROBINSON's name was called). Making the same announcement as on the former roll call as to the Senator from Arkansas [Mr. ROBINSON], I desire to state that if he were present he would vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as on the previous roll call with reference to my vote and its transfer, I vote "yea."

Mr. WATSON of Georgia (when his name was called). I transfer my general pair with the junior Senator from Arizona [Mr. CAMERON] to the senior Senator from Missouri [Mr. REED] and will vote. I vote "nay."

Mr. WILLIS (when his name was called). I transfer my pair with the senior Senator from Ohio [Mr. POMERENE] to the senior Senator from Iowa [Mr. CUMMINS] and will vote. I vote "yea."

Mr. McKINLEY. I have a pair with the junior Senator from Arkansas [Mr. CARAWAY], which I transfer to the junior Senator from New Hampshire [Mr. KEYES] and will vote. I vote "yea."

Mr. WARREN (after having voted in the affirmative). Has the junior Senator from North Carolina [Mr. OVERMAN] voted?

The VICE PRESIDENT. He has not.

Mr. WARREN. I transfer my pair with that Senator to the Senator from South Dakota [Mr. NORBECK] and will allow my vote to stand.

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

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL];

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. McKELLAR];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES]; and

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

The result was announced—yeas 35, nays 16, as follows:

YEAS—35.

Ball	Harreld	McLean	Poindexter
Broussard	Johnson	McNary	Rawson
Bursum	Jones, Wash.	Moses	Smoot
Capper	Kellogg	Newberry	Sutherland
Curtis	Ladd	Nicholson	Townsend
Edge	Lenroot	Oddie	Wadsworth
France	Lodge	Page	Warren
Gooding	McCumber	Pepper	Willis
Hale	McKinley	Phipps	

NAYS—16.

Ashurst	Harrison	Norris	Stanley
Dial	Heflin	Pittman	Underwood
Glass	Hitchcock	Sheppard	Walsh, Mass.
Harris	Myers	Simmons	Watson, Ga.

NOT VOTING—45.

Borah	Ernst	Nelson	Spencer
Brandegee	Fernald	New	Stanfield
Calder	Fletcher	Norbeck	Sterling
Cameron	Frelinghuysen	Overman	Swanson
Caraway	Gerry	Owen	Trammell
Colt	Jones, N. Mex.	Pomerene	Walsh, Mont.
Crow	Kendrick	Ransdell	Watson, Ind.
Culberson	Keyes	Reed	Weller
Cummins	King	Robinson	Williams
Dillingham	La Follette	Shields	
du Pont	McCormick	Shortridge	
Elkins	McKellar	Smith	

So the amendment of the committee was agreed to.

Mr. McCUMBER. I now ask that we may return to paragraph 73, which is another commodity which is dependent upon quicksilver as its base—vermilion red. The base of vermilion red is quicksilver, and its price is dependent upon that of quicksilver.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. On page 27, line 24, it is proposed to strike out "33" and insert "28," so as to make the paragraph read:

Vermilion reds containing quicksilver, dry or ground in or mixed with oil or water, 28 cents per pound.

Mr. McCUMBER. I desire simply to give this data in that connection:

The Underwood rate is 15 per cent ad valorem. The Payne rate was 10 cents per pound, which amounted to from 17 to 20 per cent ad valorem. The rate fixed by the committee is 28 cents a pound. In paragraph 283 a rate of duty of 25 cents per pound is imposed upon quicksilver. Eighty-five per cent of a pound of vermilion red is made of quicksilver. The compensatory duty on vermilion red is, therefore, 85 per cent of 25 cents a pound, or 21 cents per pound.

The import price during the first nine months of 1921 was 88 cents per pound. On this basis the 28 cents per pound is equal to 32 per cent. The compensatory duty is, therefore, 24 per cent, and the protective duty is 8 per cent.

Mr. GOODING. Mr. President, I ask unanimous consent to have read and printed in the RECORD a telegram I received from the secretary of the Sheep & Goat Raisers' Association of Texas.

The VICE PRESIDENT. Without objection, the Secretary will read the telegram.

The reading clerk read as follows:

DEL RIO, TEX., *May 22, 1923.*

Senator FRANK R. GOODING,
Washington, D. C.:

At recent session of the executive committee of the Sheep and Goat Raisers' Association of Texas, representing a membership of about 1,000 sheep and goat raisers of this State, the following resolution was adopted unanimously:

"Whereas at the suggestion of certain southern Senators it is proposed to have a senatorial inquisition and investigation of the effects of the emergency tariff bill upon the industries for whose benefit the same was passed; and

"Whereas we desire to go on record as to the benefits derived by the wool and mohair industries of Texas from said act; and

"Whereas we know that the stoppage of the great flood of cheaply produced foreign wools and mohairs which were being dumped upon our unprotected markets has greatly relieved our overburdened industries and preserved them from financial destruction: Now therefore be it

"*Resolved*, That we here now declare that the emergency tariff bill has saved the great wool and mohair producing industries of this State; be it further

"*Resolved*, That our secretary be, and he is hereby, instructed to forward this resolution by wire to Senator Gooding, chairman of the agricultural tariff group of the United States Senate, and request him to have same inserted in the Senate Journal for the information of southern Senators."

GEO. M. THURMOND.

Mr. UNDERWOOD. Mr. President, I suppose that after Robin Hood's band had poached on a deer in a neighboring preserve, captured it, and fed themselves properly, the band would naturally pass resolutions declaring that Robin Hood was the greatest genius of his age. Of course, we expect laudatory comments on our work from those who are the beneficiaries of our labor. But I did not rise to discuss that question.

This morning we put a high duty on a raw material, quicksilver, whose production does not require a great deal of labor in proportion to the cost. For many years, at a very low rate of duty, the American product was able to compete in the markets of the world with quicksilver of other countries. It is the acid test of competition when the American producer can send his goods to foreign countries. Some has been exported recently, in the last year or two; but notwithstanding that fact, the Senate this morning, in its wisdom, placed a duty on quicksilver more than three times the rates which have heretofore existed. Then again this morning, when we were discussing the item of calomel, we were told that because of the tax on quicksilver we had to raise the tax on a very necessary medicine, which aids in preserving the lives and health of the American people.

Now we come to paint, a commodity that is necessary to preserve the homes, and the machinery of business and industry of the United States. The Senator from North Dakota, in charge of this bill, has made a very illuminating statement, and one which I hope the American people will understand and remember, as showing the basis on which the Senate of the United States proposes to write a protective tariff bill. The Senator from North Dakota is always very fair and candid in his statements. From his point of view he expresses his mind fully, and he has just told us that on this item of paint it is necessary to have this very high duty, not merely for protection but in order to compensate the manufacturer of this paint for the higher price he has to pay for quicksilver, and he set out in his statement wherein the difference comes.

He stated that out of this rate which it is now proposed to put on this paint, and which I have no doubt the majority Members of the Senate will come in and proceed to write into the law, 24 per cent of the tax is a compensatory tax, to make up to the paint manufacturer for the fact that the Senate has put a tax on quicksilver, one of the raw materials out of which this paint is made, and that 8 per cent of the tax is for protection; that the principle of a protective tariff would be thoroughly satisfied by taxing the American people on this item of paint 8 per cent, provided there were no compensatory duties to carry into the product; but in order to compensate these manufacturers for a duty levied on something else, the American people must pay an additional tax of 45 per cent on the value of this paint.

Unless you look at it from the standpoint of the man who is in the business, and is given warrant to tax the American people behind this tariff wall for his own industry and his own private property; unless you look at it from the standpoint of Robin Hood's band after they had captured the baron's goat, I can see no justification for such a system of taxation. But you

must write a bill, piling tax on tax, because of your initial mistake in leving the tax for the sake of building up somebody else's business, instead of levying it for the primary purpose of producing revenue for the Government. That applies not only to this quicksilver item but it applies to raw wool, and to a hundred other items in this bill, which is piling sky high the burdens of the American people.

Mr. McCUMBER. The Senator admits, however, that if we place a duty upon what to the manufacturer would be raw material we must put on a compensatory duty, the same as when we place 33 cents a pound on washed wool or scoured wool, we must necessarily impose a compensatory duty on the articles which are manufactured out of that wool. Admitting all the Senator says in criticism of the system, he would still agree with us that where we have that duty it is necessary to have a compensatory duty, would he not?

Mr. UNDERWOOD. If you were writing a bill on the protective theory, certainly. That is what I am complaining against. It would not be so if you were writing a bill on the revenue theory. Of course, if you would write it on the revenue theory and proceeded to put a high tax on the raw material and a low tax on the finished product you might cause serious injury; but if you were writing it from the standpoint of a revenue duty, you would not be so foolish as to put these unreasonable taxes on at all. However, when you write it from the standpoint of protection you have not only to protect the home manufacturer and producer from foreign competition but you have to protect him against your own acts, against your own legislation, which you put on the statute books, because he will be ruined if you proceed to tax his raw material and do not give him compensation for it. As you admit, of course, that is the theory of protection, and what we protest against is that in order to carry out this theory you have to pile tax after tax on the mass of the American people. If you would just wipe the decks clear and forget that you are going to try to build these industries up on stilts and let them come down to a natural, competitive basis, this great country could exist and thrive and prosper without this great burden. But under your system you put a tax on the American people primarily for some individual who wants to exploit the American people behind a tariff wall.

Mr. SMOOT. Mr. President, I want to say that not one pound of vermilion red ever goes into a paint used by a farmer.

Mr. UNDERWOOD. I have not said anything about farmers. Somebody is going to pay it. I said the American people.

Mr. SMOOT. The Senator said it was to be used on buildings, and I thought he said the machinery of the farm; but I may be mistaken.

Mr. UNDERWOOD. Oh, no. I do not blame the Senator for having the farmer on his mind, because what he has done to the American farmer is enough to make him think about him all the time.

Mr. SMOOT. The Senator spoke about the farmer every time we were considering a duty on any pigment, and it was very natural for me to think that he was going to talk about the farmer when vermilion red was before us. He did talk about houses. Vermilion red is too costly to use in paints for houses. It is a decorative paint; it is used in artists' paints, and, as far as they are concerned, the duty no doubt will be passed on in the cost of those articles.

I am not going to repeat what the Senator from North Dakota said. This simply means that if we had free quicksilver the rate which is put in here, if converted into an equivalent ad valorem duty, would be about 9 per cent.

Mr. SIMMONS. Mr. President, we have just placed a compensatory duty on calomel, because it is made in part of quicksilver. We put a compensatory duty of 25 per cent on calomel and then added on top of that for the benefit of the manufacturer a 20 per cent additional and protective duty. The item with which we are now dealing is paint pigments. It is so described in the book. This is also made, not altogether but in large part, out of quicksilver. Twenty-five cents is added to this as a compensatory duty because of the quicksilver content, and only 3 cents protection is added in addition to that for the benefit of the manufacturer.

So that we have this situation: We add 20 per cent protection to calomel a medicine, for the benefit of the manufacturer, and 3 cents protection to paints. Evidently the majority members are more disposed to accommodate the manufacturer of calomel and give him high protection than they are to accommodate and protect the manufacturer of paints. I think the situation ought to be reversed. Both of them are wrong, but they ought to be reversed. If you are going to impose high and excessive duties it would be better to impose them upon something other than medicine.

Mr. President, here we have had two items both closely related, because both are made largely out of the same substance. The latter item of the two is one with which the Payne-Aldrich law dealt, that highest tax bill ever enacted in the country, that tax bill which brought disaster to the party which passed it, which brought about an uprising among the people and a political revolution which swept the best organized party that ever existed in this country almost out of existence for the time, which took from it all the States in this great Union except two. Yet the duty imposed in the pending bill upon this very article is nearly three times as great as that which was imposed in the Payne-Aldrich law. The duty was 10 cents a pound in the Payne-Aldrich law, and it is 28 cents here.

The Payne-Aldrich law also put a duty upon quicksilver and carried that duty forward, we will assume, under the theory of the Republican Party as a compensatory duty, but with the compensatory duty in favor of quicksilver, the Payne-Aldrich law only carried a duty on vermilion red of 10 cents, and now we are asked to impose a tax upon the American people upon this particular article nearly three times as great as that imposed under the Payne-Aldrich law.

Mr. SMOOT. The compensatory duty is, however, exactly the same in both cases; that is, 3 cents a pound. Under the Payne-Aldrich law on vermilion red it was 10 cents and on quicksilver 7 cents, the differential being 3 cents. In the pending bill the Senate committee has given 25 cents on quicksilver and 28 cents on vermilion red, the difference being 3 cents.

Mr. SIMMONS. But that does not affect the proposition laid down by the Payne-Aldrich law providing for this compensatory duty on quicksilver upon these two products. The compensatory duty on vermilion red only carried 10 per cent as against 25. The Payne-Aldrich law had a compensatory duty and this bill has a compensatory duty. So taking the two things together, the compensatory duty proposed by the Payne-Aldrich law and the duty imposed for the benefit of the manufacturer of vermilion red, we have a duty three times the Payne-Aldrich rate.

Let me see what justification there is for that great increase in the rates. There have been but two arguments made here in favor of increasing rates, or in favor rather of the high rates in the bill. One of them has been the alleged great volume of the importations from abroad, and the alleged cheap prices at which those imports were coming in, thereby undermining and destroying, as was claimed, the prosperity of the American industry. Neither of those elements exists in this case, as it was pointed out that neither of them existed in the case of calomel.

First let me call attention of the Senate to the imports as compared with the production in this country. The last statement that we have of the production of vermilion red shows that it amounted to 327,000 pounds in 1919 and about the same in 1914. In 1914 it was 322,000 pounds. So we will assume that that is about the normal output of this country, approximately 325,000 pounds. In 1918 the imports of this product, as given by the Tariff Commission, amounted to only 2,368 pounds, valued at a little over $3,000.

In 1921, for the first nine months, there were 4,200 pounds imported, or, say, a little over 5,000 pounds for the whole year. There are imports, therefore, of 5,000 pounds, as against the domestic production of 327,000 pounds.

The importations have not increased. They have been growing less and less. The imports of vermilion red in 1909, under the Payne-Aldrich law, amounted to 65,000 pounds, more than twelve times as much as they amount to to-day. In 1911, under the Payne-Aldrich law, the importations amounted to 90,000 pounds, and in 1913, under the Payne-Aldrich law, to 84,000 pounds. They have been constantly decreasing. There has not been a single year since the present law went into effect when the importations were as great as they were under the Payne-Aldrich law. In fact, there has not been a single year when the importations under the Payne-Aldrich law were not at least three times as great as they have been under the present law. They have gone down and down, from 90,000 pounds under the Payne-Aldrich law to about 5,000 pounds during the year 1921.

But let us see now if there is any underselling to justify this duty. I find that the unit value of vermilion in 1921, of the imported product, was 88 cents a pound. I find that under the Payne-Aldrich law the unit value in 1909 was 53 cents per pound; in 1910, 56 cents; in 1911, 57 cents; in 1912, 55 cents; 1913, 50 cents; and 1914, 51 cents. So that the price to-day—the foreign price of the imported article with which the American producers compete—is one and one-half times as high as it was at any time during the life of the Payne-Aldrich law or that it was at any time before the war began. If anyone will tell me any reason under these circumstances for increas-

ing the duty from 10 cents to 28 cents, I would like to have him give it. If anyone says the compensatory duty exists here, I will say that there was a compensatory duty also under the Payne-Aldrich law.

Mr. President, the truth is that these duties have no justification in the conditions which exist in this country to-day upon any theory of protection as advocated now or that has ever been advocated by the Republican Party. It is protection run mad, and there is no way of accounting for it except upon the theory that the Finance Committee and the Ways and Means Committee, in their hurry to bring out a bill, did not for themselves adequately investigate these important questions. Of course, a question of imposing taxes upon a people must be an important question. These tariff taxes are just as real as the internal-revenue taxes which we imposed upon the people last year. In many instances these tariff duties are much heavier, much more burdensome, than those internal-revenue taxes, and in no instance scarcely are they as much justified as were those taxes. In levying taxes upon the people, I do not care whether they are direct taxes or indirect taxes, they ought to be levied with care and consideration not only for the industry affected but for the people themselves.

Here I take it is the only excuse of the committee—and it is a sorry excuse—that they did not investigate themselves; they did not know the facts. They permitted the manufacturers and producers of these products to come before them and demand what they wanted and then take it. If there is any other excuse for it, I can not find it. Does the Republican Party claim that when there are practically no imports of an article coming into the country, and when the few imports that do come in are selling to-day one and one-half times as high as they ever sold before, that imports of that character carrying prices of that height so imperil the domestic producer as to make it necessary, in order to preserve his industry from ruin, to impose these enormous taxes upon the people?

If protection means that, then protection means what I have never understood and what the people of the country have never before understood it to mean. When the people of the country learn that this kind of protection has been accorded to the special interests of the country, most or many of them trusts, I predict that the storm which swept the Republican Party out of existence temporarily in 1912 will become a cyclone, a tornado, that will sweep that party more permanently if not more completely out of existence than did the storm of 1912.

Mr. President, I wish to offer an amendment. I move to strike out "28 cents a pound" and insert "15 per cent ad valorem."

The PRESIDING OFFICER (Mr. CAPPER in the chair). The amendment will be stated.

The READING CLERK. On page 27, line 24, in the committee amendment, strike out "28 cents per pound" and insert "15 per cent ad valorem," so as to read:

PAR. 73. Vermilion reds containing quicksilver, dry or ground in or mixed with oil or water, 15 per cent ad valorem.

Mr. SIMMONS. On that I demand the yeas and nays.

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

Mr. DIAL (when his name was called). I am paired with the junior Senator from Missouri [Mr. SPENCER]. I transfer that pair to the Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. EDGE (when his name was called). Transferring my general pair with the Senator from Oklahoma [Mr. OWEN] to the Senator from Connecticut [Mr. BRANDEGEE], I vote "nay."

Mr. HARRIS (when his name was called). Making the same announcement as to the transfer of my pair as heretofore, I vote "yea."

Mr. JONES of Washington (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. DIAL (when Mr. ROBINSON's name was called). Making the same announcement as to the Senator from Arkansas [Mr. ROBINSON] as on the former ballot, I desire to say that if present the Senator from Askansas would vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. WATSON of Georgia (when his name was called). I have a general pair with the Senator from Arizona [Mr. CAMERON], which I transfer to the Senator from Tennessee [Mr. SHIELDS], and vote "yea."

Mr. WILLIAMS (when his name was called). I transfer my pair with the Senator from Indiana [Mr. WATSON] to the Senator from Missouri [Mr. REED], and vote "yea."

Mr. WILLIS (when his name was called). Transferring my pair with my colleague, the senior Senator from Ohio [Mr. POMERENE], to the senior Senator from Iowa [Mr. CUMMINS], I vote "nay."

The roll call was concluded.

Mr. McKINLEY. Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. HARRISON (after having voted in the affirmative). I inquire if the junior Senator from West Virginia [Mr. ELKINS] has voted?

The PRESIDING OFFICER. He has not.

Mr. HARRISON. I transfer my general pair with him to the junior Senator from Rhode Island [Mr. GERRY], and allow my vote to stand.

Mr. STANLEY (after having voted in the affirmative). I inquire if my colleague, the junior Senator from Kentucky [Mr. ERNST], has voted?

The PRESIDING OFFICER. He has not.

Mr. STANLEY. I have a general pair with that Senator, and therefore withdraw my vote.

Mr. CURTIS. I am requested to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

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

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. MCKELLAR];

The Senator from Wyoming [Mr. WARREN] with the Senator from North Carolina [Mr. OVERMAN];

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL]; and

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 18, nays 31, as follows:

YEAS—18.

Ashurst	Harrison	Pittman	Walsh, Mass.
Borah	Heflin	Ransdell	Watson, Ga.
Dial	Hitchcock	Sheppard	Williams
Fletcher	Myers	Simmons	
Harris	Norris	Underwood	

NAYS—31.

Broussard	Johnson	McLean	Phipps
Bursum	Jones, Wash.	McNary	Poindexter
Capper	Kellogg	Moses	Smoot
Curtis	Ladd	Newberry	Sutherland
Edge	Lenroot	Nicholson	Townsend
France	Lodge	Oddie	Wadsworth
Gooding	McCumber	Page	Willis
Hale	McKinley	Pepper	

NOT VOTING—47.

Ball	Ernst	McKellar	Smith
Brandegee	Fernald	Nelson	Spencer
Calder	Frelinghuysen	New	Stanfield
Cameron	Gerry	Norbeck	Stanley
Caraway	Glass	Overman	Sterling
Colt	Harreld	Owen	Swanson
Crow	Jones, N. Mex.	Pomerene	Trammell
Culberson	Kendrick	Rawson	Walsh, Mont.
Cummins	Keyes	Reed	Warren
Dillingham	King	Robinson	Watson, Ind.
du Pont	La Follette	Shields	Weller
Elkins	McCormick	Shortridge	

So the amendment proposed by Mr. SIMMONS to the amendment of the Committee on Finance was rejected.

The PRESIDING OFFICER. The question recurs on the amendment proposed by the Committee on Finance.

The amendment was agreed to.

Mr. McCUMBER. I ask the return to page 6, where, after line 19, I move to add a new paragraph dealing with casein.

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

The SECRETARY. On page 6, after line 19, it is proposed to insert:

PAR. 17a. Casein or lactarene, 4 cents per pound.

Mr. McCUMBER. I call the attention of my colleague, the junior Senator from North Dakota [Mr. LADD], to the proposed amendment.

Mr. LADD. Mr. President, heretofore casein has been on the free list, but the time has come, it seems to me, in view of the gradual reduction in the quantity of casein produced in this country and a corresponding increase in the quantity being imported, it is necessary that it receive some degree of protection.

More than that, if we are to build up the dairy industry, then not only butter but its products need to be protected in the same manner. We have in this country 136 factories which are

producing casein. In 1920 we imported 21,238,822 pounds; in 1919 we imported 17,076,934 pounds, and our total consumption in that year was, in round numbers, 22,000,000 pounds. The consumption in this country averages between 25,000,000 and 30,000,000 pounds a year, and we produced about one-half of the casein used in this country until within the past few years, when casein has begun to be imported largely from Argentina. The casein so imported is of an inferior quality, which has to be mixed with the American casein in order to enable it to be used. The foreign casein is coming in at a considerably lower cost than that for which the American casein can be produced. Therefore it is proposed to impose a duty of 4 cents per pound on casein.

Casein is largely used as a sizing in paper; for the manufacture of glue; for the glue coating for airplanes; to some extent in soap manufacturing; for glue used in cabinetmaking; for the preparation of imitation ivory, tortoise shell, and various other commodities. Without some degree of protection against the Argentine casein our American factories will go out of existence in a few years.

There are now 17 States where casein is manufactured to a considerable extent, the two largest being New York and California. In New York the production in 1917 was 3,208,312 pounds, but in 1918, which appears to be the last year for which reports are available, the production had fallen to 1,619,116 pounds. In California in 1917 the production was 4,090,537 pounds, but in 1918 it had fallen to 2,873,391 pounds.

Before the war the price of casein was from 7 to 8 cents a pound. During the war it very rapidly increased, because of the shortage, until it reached 30 cents or more a pound. In 1921 the price had fallen back to from 12½ cents to 15 cents a pound in April of that year, which is the latest quotation I have.

In 1914 in this country we produced 8,000,000 pounds of casein. In 1920 there were less than 7,000,000 pounds produced, according to the latest record we have. The production of the casein has not kept pace with the rapidly increasing demand in this country; and with the bringing in of the casein at a much lower price and of an inferior quality from Argentina, which does not compare with the high-grade casein that formerly came in from France, our own factories are being forced to discontinue the manufacture.

This is one of the dairy products which, in connection with the manufacture of butter and of cheese, even as a by-product, along with milk sugar, should be produced in every factory in the United States where milk is worked; and sufficient to more than supply our demand would be produced with a fair degree of protection.

I do not know that it is necessary for me to say anything more in this connection.

Mr. McCUMBER. Mr. President, I should like my colleague, if he has the data, to inform us as to the number of pounds of casein that would be obtained, say, from 100 pounds of skim milk.

Mr. LADD. Usually about 3 pounds of casein from 100 pounds of milk. About 80 per cent of the total nitrogenous matter in the milk is in the form of casein, the rest being in other forms. It is made out of skim milk; it is also made from buttermilk, and some portions are made from the whey, after cheese has been made, in some factories. The amount imported in 1909 was only 2,388,008 pounds, while in 1920 it had increased to 21,238,822 pounds. Our own production has been gradually falling off.

Mr. WALSH of Massachusetts. Mr. President, this product was transferred from the free list at the request of the so-called agricultural tariff bloc. It has never before been on the dutiable list. This product is very extensively used by our manufacturing industries. Its uses are very numerous, including the manufacture of waterproof, coated paper, paints, plastics, foods, paint remover, polish, and so forth. Its chief use, however, is in coating paper, so that the paper manufacturers throughout the country are very much interested in this amendment. They are opposed to levying a duty on casein.

The evidence before us does not warrant the transfer of this product from the free list; certainly it does not warrant the imposition of the heavy duty proposed in this amendment. The imports of casein have always been less than the home production, and to-day the price of the domestic article and the imported article is substantially the same; and yet we are asked to levy a duty of 4 cents a pound upon casein when the domestic price is about 9 or 10 cents, and the imported product is selling in America for practically the same price—10 cents.

There never has been sufficient production of casein in this country to take care of the manufacturers' demand, and the manufacturing establishments in the eastern part of our country, and particularly along the Atlantic coast, have depended largely upon the importation of this product from South America. I can not understand how a duty of 4 cents a pound can be justified upon this product.

Among those opposed to this tariff duty, as I have said, are manufacturers of paper, who must use it in coating paper; and I want to read for the information of the Senate some letters which indicate the sentiment of the paper manufacturers in regard to this duty.

I read from a letter from J. A. & W. Bird & Co., paper coaters' supplies, of Boston, Mass. This letter is dated May 3, 1922, and is as follows:

BOSTON, MASS., *May 3, 1922.*

Hon. DAVID I. WALSH,
1712 H Street NW., Washington, D. C.

DEAR SIR: We understand that there is some agitation among the farmers for a duty of 4 cents a pound to be placed on the importation of casein.

Casein, as you probably are aware, is the precipitated albumen of milk. A certain amount of this is produced by the creameries in this country, and substantial quantities are imported, principally from South America.

We are not only large handlers of American casein but also importers from other countries. It will make very little difference to us whether we obtain our supply in the United States or import it. We are always anxious to see the American farmer well taken care of and protected, but it is somewhat of a question in our minds as to whether this method is not a mistake, and one which possibly will react unfavorably upon the American farmer for the following reason:

Casein is used very largely for paper coating, and any increase in the cost of casein will increase the cost of the finished paper, which, of course, is one more straw to affect thousands of consumers throughout the country.

Casein competes with glue. If the price of casein gets too high, the coaters will use hide glue, and thus the business will be lost entirely to the American farmer and will go to the large packers who produce the largest amount of glue.

In the last three or four years there has been great difficulty in reference to prices on all commodities, and of course the price of casein has been abnormally low, casein selling as low as 6½ cents a pound. This was due very largely to the abnormal stocks of casein which were in the hands of the consumers as well as the dealers of this country and South America and everyone's desire to unload. This condition has now changed. There are no large stocks of casein on hand, and the price of casein has to-day generally stiffened to a figure which should enable the American farmers to produce in competition with South America.

Ten years ago hide glue was used almost entirely by the paper coaters, who are the largest consumers of casein. In view of the fact that they could go back to glue if the price of casein gets too high—and any such duty as is suggested would bring it into this class—for the best interest of the American farmer we would suggest going very slowly on any such imposition of duty as suggested at the present time.

Yours very truly,

J. A. & W. BIRD & CO.

I might add that it is proposed to take this product from the free list and impose a specific duty equivalent to an ad valorem duty of practically 50 per cent, because the figures that I have show that the domestic product is selling now for 9 cents and the imported product for 10 cents. Unquestionably when this duty was asked for months ago and when this rate was fixed at 4½ cents casein was selling at its very lowest price of 6½ cents. One of the chief objections to this bill is that the committee fixed their rates at the time when many of these products were at bottom prices.

The prices of the domestic product when this bill was first being considered, many months ago, were exceedingly low, because of overproduction and decreased consumption, and the duty was fixed upon information as to what was the bottom domestic and import prices of all these products rather than what is the price to-day or what the price is likely to be when we get back to normal conditions. This item illustrates splendidly the absurdity of such a practice, because at the present time both the domestic product and the imported product are competing with each other, selling at the same price, and yet we are asked to fix a duty amounting to almost 50 per cent ad valorem upon this product. This means that the manufacturers will go back to the use of glue; and that means, as was said in the letter just read, a decided advantage and benefit to the packers, from whom they will buy their glue, for when casein reaches such a price that it is not profitable to use it the coaters of paper will substitute glue, which can be used just as well and answers the purposes exactly as well as casein.

I will read a telegram on this subject from the ex-mayor of the city of Holyoke, Mass., Mr. John J. White, a paper manufacturer in that city:

[Western Union telegram.]

HOLYOKE, MASS., *April 28, 1922.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.:

Proposed duty 4 cents on casein would be extremely disastrous to the paper manufacturers and others in kindred lines.

JOHN J. WHITE.

The following letter is from the Falulah Paper Co., of my own city of Fitchburg:

FITCHBURG, MASS., *May 2, 1922.*

Hon. DAVID I. WALSH,
United States Senator, Washington, D. C.

DEAR SENATOR: We have recently been advised that the Senate agricultural bloc are requesting the Senate Finance Committee for a duty of 4 cents on casein. Records submitted to us show that the amount of this material produced by domestic manufacturers represents only a small percentage of the amount actually consumed in this country. The inevitable result of such a duty will be an increase in the price of casein to the manufacturer.

As users of this material in the manufacture of our product, we are very much opposed to such a duty.

As Senator from this district, would appreciate your taking action against the imposition of such a duty.

Thanking you, we are,

Very respectfully yours,

FALULAH PAPER CO.,
FRANKLIN WYMAN,
Purchasing Agent.

Another letter from the United Manufacturing Co., of Springfield, Mass.:

SPRINGFIELD, MASS., *March 31, 1922.*

The Hon. Senator DAVID I. WALSH,
Washington, D. C.

DEAR SIR: We understand that there is an effort being made to have a duty of 4½ cents per pound put on imported casein, and we would ask that you use your influence in having the Ways and Means Committee leave the duty off casein.

As it is, United States manufacturers can only produce about 50 per cent of the quantity used, and so that a duty of 4½ cents will only mean that advance in price will benefit them at the expense of the consumers and public.

We trust you will do your best to have this material left on the free list.

Yours very truly, THE UNITED MFG. CO.

I have an interesting letter from the Feculose Co. of America, manufacturers of feculose and sizings, of Boston, Mass. I will not take the trouble to read it; but this company requests that this amendment be approved and enacted into law, because they say it will raise the price of casein so high that the product which they make will be used as a substitute, and that casein will go out of use. They write a very strong letter urging me to support this tariff rate because it will by increasing the price of casein, diminish its use, and give them a chance to develop their product, which is a substitute for casein.

I shall not take any more of the time of the Senate upon this question. Our manufacturers must use this product, they want to use it, they are anxious to patronize and help the American farmer, but they state that the American production is less than one-half of what is needed in America, that they must import it, and they protest very vigorously against the rate of 50 per cent ad valorem—for that is what it amounts to—on this product. How will our manufacturers enjoy paying one-half as much again for this product, which is only a by-product of the creamery industry?

It indicates the fatal weakness of this bill. This bill is a bill to maintain high prices in this country. It is a bill to perpetuate the high cost of living, and all these high tariff rates on these smaller products will be reflected in the increased prices charged to the consumers of this country.

We have heard again and again in this debate an appeal for protection for the working class, we have heard appeals for the manufacturers, but we have not heard enough about the rights of the consumers of America. They have some rights, and they have a right to demand of us and of the Congress that we allow free into this country those products which can not be produced here at reasonable prices in quantities sufficient for our consumption.

It amazed me the other day to hear a Senator on this floor argue for a high protective tariff for an industry which did not produce more than 1 or 2 per cent of the demand of the consuming public. That is preposterous. I will go as far as anybody in protecting an industry which can be developed to produce a reasonable amount of the demands of the American consumers at reasonable prices, but when it comes to putting high rates of duty on articles in order to protect industries that can not take care of our consumption it means simply that we are proceeding to extort for the benefit of a few from the great consuming public.

This case is a repetition of many other cases we have had before us in the discussion of this tariff bill. Here is a jump from the free list overnight to what amounts to a 50 per cent ad valorem. How can we justify it? Yesterday we had a similar case before us, a commodity taken from the free list and a 40 per cent ad valorem levied. I should think at least we would commence with a reasonable rate, about 10 or 15 per cent ad valorem, on commodities of this kind that have heretofore been on the free list.

But I suppose the die is cast. The agricultural bloc have demanded it, and that is enough to put it in the bill. It is part of the contract. This is a bill which has been made up from beginning to end of tariff duties levied at the request of blocs and cliques and special interests, those who are in influence and power here, without any defined policy, without any underlying theory. Every principle of Republican protection to infant industries, based upon the capacity eventually to produce sufficiently for the American consuming public, has been abandoned.

I ask that the amendment be defeated, and if I am correct the defeat of the amendment will retain this product upon the free list. At the proper time I will ask that a record vote be taken and that the amendment be rejected.

Mr. McCUMBER. Mr. President, I want to read a part of one paragraph from the report of the Tariff Commission. They say:

In 1914 over 18,000,000 pounds of casein were produced here, valued at about $1,000,000; and, in addition, about 11,000,000 pounds were imported, valued at about $700,000. The total consumption in 1914 was therefore about 30,000,000 pounds, valued at about $2,000,000. Since that time, however, the domestic production has decreased until at present only about one-half the consumption is supplied here. An increased production of evaporated and condensed milk stimulated by the war has decreased the available supply of skimmed milk to the casein manufacturer. The advance in the price of corn and other products required in feeding hogs resulted in an increased use of skimmed milk for that purpose.

I call especial attention to this last phrase:

The advance in the price of corn and other products required in feeding hogs resulted in an increased use of skimmed milk for that purpose.

What advance in the price of corn? Only last winter we were reading in our papers of farmers using corn for fuel because it was so cheap that it was advantageous to use it instead of coal or wood. At the same time undoubtedly many of the farmers who took their milk to the creameries or to the cheese factories were wasting the whey and the sour milk and the skimmed milk. I could not state how many million pounds were being wasted yearly as we have no report upon that, but I am inclined to think that if the farmer could have gotten something out of his skimmed milk by selling it for a certain price to the cheese factories or to the butter factories, he could have fed his corn to the pigs instead of feeding milk to them and burning his corn for fuel.

The conditions of our farmers throughout the Northwest are such that we believe if there is any possible way we can help them to secure a good price for their by-products so that they can utilize that by-product for some value, we had better do it. That is why we took casein from the free list and gave it a duty of 4 cents per pound.

This report further says:

This shortage was reflected in the increased price of skimmed milk. The shortage and high-wage demands of farm labor, as well as increased freight rates, had a further tendency to decrease the available supply of raw material.

In other words, the great increase in the cost of farm labor made it so that the farmer could not afford, with the present price of casein, to further consider that profit at all. This duty is placed upon it in the hope that, with this increased cost of labor, he may resume what he has done before, follow the practice of selling the sour milk and the skimmed milk and the whey to the manufacturer of cheese with the idea of getting a little something as a by-product of his main product.

Mr. LODGE. Mr. President, my colleague read and had inserted in the RECORD a letter from J. A. & W. Bird & Co., which I was about to read myself; so it need not be read again. But in that letter it will be noticed that the writer states:

There are no large stocks of casein on hand, and the price of casein has to-day generally stiffened to a figure which would enable the American farmers to produce in competition with South America.

He also read a letter from the Feculose Co. of America, where they take a different view, having different interests, and that letter I ask to have printed at the close of my remarks. (See Appendix.)

I only desire to say that it is as stated in the letter which I read and which was read by my colleague, that if caseln receives this duty of 4 cents the result will be to drive all the paper coating, for which casein is principally used, to hide glue. Therefore, the manufacturer is in no danger; the user is in no danger; he can resort to hide glue.

My own belief is that the best thing for the manufacturer, as well as the best thing for the farmer, would be to develop in this country, if we could, the largest possible production of casein. All these manufacturers want to use casein. They can import it now. They can import it even under the duty, but both these writers say very frankly that they should be glad to have the American product. I believe the American industry can be encouraged. Casein is largely a by-product, and they can use the whey, the skimmed milk, and other portions of the milk which would otherwise be thrown away. They can use

them to great advantage, and it seems to me it is an industry which ought to be cultivated and helped for the benefit of the consumer. The consumers of this article are not the average man and woman of the United States. It is not an edible. They are the people who use it for paper coating, and I am very firmly of the opinion that it will be for their benefit in the long run to have American casein developed.

I have given this matter some careful consideration, because there are manufacturers who think it is to their immediate benefit to get it as cheaply as possible from another country. I believe it is for their greater benefit in the long run—and it is used exclusively by manufacturers, I think—to have the American industry, developed by American competition, rather than leave the duty as it is, destroy the American industry, and force them back to the use of hide glue. I do not believe that should occur, and for that reason I shall support the duty on casein.

APPENDIX.

BOSTON, MASS., *April 20, 1922.*

Hon. HENRY CABOT LODGE,
Member of Congress, Washington, D. C.

DEAR SIR: We send you herewith a copy of a letter which we have sent to the Finance Committee of the United States Senate covering the matter of duty on casein.

If our plant could get the encouragement of a reasonable advance on the tariff, so that the casein prices could be advanced 2 or 3 cents per pound, we believe that it would pay us to make a determined effort to get the business of the American paper coaters.

We had that business during the casein shortage several years ago, and at that time casein went up to 18 cents to 19 cents per pound. Then the conditions changed after the end of the war, and the price of casein was reduced so that they could undersell our product, and it has never advanced sufficiently to enable us to compete successfully.

Therefore there has not been any inducement for us to spend the money necessary to educate the American paper coater, who positively can use feculose for 80 per cent to 90 per cent of his entire production.

We are asking Mr. John Traquair, who is one of the leading chemists in this country along the line of surfacing sizing of paper, to write you a letter covering that point.

Trusting that we may have your assistance, we remain,

Very truly yours,

FECULOSE CO. OF AMERICA.
HERALD N. PAXTON, *Treasurer.*

P. S.: There are about 20,000,000 pounds of size used in the coating business in this country per annum when the mills are running full.

FECULOSE CO. OF AMERICA.

APRIL 6, 1922.

FINANCE COMMITTEE OF THE UNITED STATES SENATE,
Washington, D. C.

GENTLEMEN: We understand that the importers of casein are objecting to any tariff on casein on the grounds that it is absolutely essential to industries in this country, particularly the paper-coating industry, and they claim that paper can not be coated successfully without it.

We beg to inform you that we do not believe that this point of view is altogether correct. The writer has been connected with the sale of products to the paper coaters for over 25 years, and during that period there have been four or five shortages in the world's supply of casein, so that it was impossible to obtain enough of it for the various uses for which it is adapted.

The last shortage was in 1915, 1916, and 1917, and during that period many products made from starches were put on the market to do the work of coating paper. A number of these products were successful and a number of them were not. The shortage of casein forced a hurried attempt on the part of some manufacturers to make a substitute for it, but, owing to the lack of time and their ignorance of the subject, they were not successful.

However, there were some who were successful, and this company put on the market Feculose, which is made from cornstarch and which was entirely successful. Numbers of millions of pounds of it were sold to coaters, and the paper went into consumption to the satisfaction of the ultimate consumers.

We will admit that for certain lithographic uses casein has certain advantages, but that use is a very small portion of all the paper that is coated; we estimate it to be not over 10 per cent. The bulk of the coated paper is used for magazines, catalogues, illustrations, and fine printing in general. For that purpose feculose-coated paper is perfectly satisfactory.

Therefore we wish to state that paper coaters of this country can, if they choose, use products made in this country from raw material produced in this country and give employment to American manufacturers and American labor. We do not quite see why we should foster the production of casein in South America or in other parts of the world and neglect our own interests.

Should this company get a reasonable amount of protection, it could easily increase its production to suit the requirements of this market, and furthermore enable consumers of the coated paper to purchase it on the average for less money than they are paying for the paper coated with casein.

We have hesitated to start any campaign of education among the consumers here owing to the lack of protection our industry has had. We should be very glad, indeed, to get some further information from paper coaters, if it is necessary to do so.

Trusting that you will give our side of the case consideration, we remain,

Very truly yours,

FECULOSE CO. OF AMERICA.
———— ————, *Treasurer.*

Mr. WALSH of Massachusetts. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WALSH of Massachusetts. I ask that the Secretary state the amendment.

The ASSISTANT SECRETARY. On page 6, after line 19, insert a new paragraph, as follows:

PAR. 17a. Casein or lactarene, 4 cents per pound.

The Assistant Secretary proceeded to call the roll.

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

Mr. HARRIS (when his name was called). I transfer my pair with the Senator from New York [Mr. CALDER] to the Senator from Nevada [Mr. PITTMAN] and vote "nay."

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

Mr. SUTHERLAND (when his name was called). I transfer my general pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from South Dakota [Mr. NORBECK] and vote "yea."

Mr. WATSON of Georgia (when his name was called). I transfer my pair with the junior Senator from Arizona [Mr. CAMERON] to the senior Senator from Missouri [Mr. REED] and vote "nay."

Mr. WILLIS (when his name was called). I am paired for the week with my colleague, the senior Senator from Ohio [Mr. POMERENE]. Being unable to obtain a transfer, I am compelled to withhold my vote.

Mr. MCKINLEY. I transfer my pair with the junior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Oklahoma [Mr. HARRELD] and vote "yea."

Mr. STERLING. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the junior Senator from Delaware [Mr. DU PONT] and vote "yea."

Mr. FRELINGHUYSEN (after having voted in the affirmative). I transfer my general pair with the Senator from Montana [Mr. WALSH] to the senior Senator from Pennsylvania [Mr. CROW] and allow my vote to stand.

Mr. DIAL. I have a general pair with the Senator from Missouri [Mr. SPENCER], which I transfer to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

While I am on my feet I wish to announce that the Senator from Arkansas [Mr. ROBINSON] has a general pair with the Senator from West Virginia [Mr. SUTHERLAND].

Mr. STANLEY (after having voted in the negative). Has my colleague [Mr. ERNST] voted?

The PRESIDING OFFICER. He has not voted.

Mr. STANLEY. I have a pair with my colleague. Being unable to obtain a transfer, I withdraw my vote.

Mr. CURTIS. I wish to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

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

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. MCKELLAR];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL]; and

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

The result was announced—yeas 34, nays 18, as follows:

YEAS—34.

Ball	Kellogg	Moses	Poindexter
Brandegee	Kendrick	Nelson	Rawson
Bursum	Ladd	Newberry	Sterling
Capper	La Follette	Nicholson	Sutherland
Curtis	Lodge	Norris	Townsend
Frelinghuysen	McCumber	Oddie	Wadsworth
Gooding	McKinley	Page	Warren
Johnson	McLean	Pepper	
Jones, Wash.	McNary	Phipps	

NAYS—18.

Ashurst	Harris	Overman	Underwood
Dial	Heflin	Ransdell	Walsh, Mass.
Fletcher	Hitchcock	Sheppard	Watson, Ga.
Glass	Keyes	Shields	
Hale	Myers	Simmons	

NOT VOTING—44.

Borah	Edge	McCormick	Smoot
Broussard	Elkins	McKellar	Spencer
Calder	Ernst	New	Stanfield
Cameron	Fernald	Norbeck	Stanley
Caraway	France	Owen	Swanson
Colt	Gerry	Pittman	Trammell
Crow	Harreld	Pomerene	Walsh, Mont.
Culberson	Harrison	Reed	Watson, Ind.
Cummins	Jones, N. Mex.	Robinson	Weller
Dillingham	King	Shortridge	Williams
du Pont	Lenroot	Smith	Willis

So the committee amendment was agreed to.

Mr. McCUMBER. Mr. President, I ask that we return to paragraph 62, on page 25, where I offer as a substitute for the committee amendment in line 25, after the numerals "25," to insert "not specially provided for," so as to read "or other forms not specially provided for, 30 per cent ad valorem."

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 25, line 25, after the words "other forms," insert the words "not specially provided for," so as to read:

PAR. 62. Paints, colors, and pigments commonly known as artists' paints or colors, whether in tubes, pans, cakes, or other forms, not otherwise provided for, 30 per cent ad valorem.

Mr. SIMMONS. I wish to say to the Senator from North Dakota that my understanding is that the junior Senator from Utah [Mr. KING] desired that this paragraph should go over so that he might discuss it in connection with paragraph 26, as it relates to that paragraph.

Mr. McCUMBER. I will say to the Senator from North Carolina that after this amendment is agreed to I am going to ask that the Senate disagree to the balance of the amendment on line 25, page 25, and lines 1, 2, and 3, page 26, which will eliminate all of that matter.

Mr. SIMMONS. All relating to coal-tar dyes?

Mr. McCUMBER. Yes.

Mr. SIMMONS. Very well. I think it was for that reason the Senator from Utah desired to discuss the matter.

Mr. McCUMBER. That eliminates it; and the only question will be upon the difference between 25 and 30 per cent ad valorem.

Mr. UNDERWOOD. The purpose of the Senator's amendment is to eliminate from these products any articles that have coal-tar dye in them?

Mr. McCUMBER. Yes. This would put them all under paragraph 26, but I wish to eliminate that, at least for the present, because as to some of the articles it is a question whether they are toys or what they are. That question may arise in the future, and I want to eliminate it from this paragraph.

Mr. UNDERWOOD. I am not prepared to discuss the subject now. Of course, we shall have the opportunity hereafter. Therefore, I do not desire to delay the Senator, because after the committee amendments are settled we can come back to this item. Of course, when you put a not specially provided for clause behind a tax bill it means that you are throwing the substance to some other tax, and, of course, if you are throwing it into the coal-tar tax you are throwing it into a very high classification. You make no limit on it. If there is any coal-tar dye in it at all you throw it all in the other paragraph. As a general rule, when a not specially provided for limitation is put in a tax it usually goes where the commodity of greatest value in the substance is found. For instance, if the greatest value in the paint is a coal-tar dye, then you might have some justification for throwing it in there, but as I understand the Senator, the way he proposes to throw it, if there is any coal-tar dye in it, it is thrown into a higher classification. I am not prepared to discuss it, because it will require some degree of thought and consideration.

Mr. McCUMBER. I will state generally now that under paragraph 62 it will be observed that we have paints, colors, and pigments, commonly known as artists' paints or colors, whether in tubes, pans, cakes, or other forms. There is a serious question as to what constitutes artists' colors and what may be the little colors that are also made out of coal-tar products, which have heretofore been denominated toys, and have come under the toy paragraph. I want to eliminate those at least from this paragraph, and when we get to the toy paragraph we can then consider, first, whether they should go under the toy paragraph; and, secondly, if they do, what duty should be placed upon them. But that would eliminate them from this paragraph.

Mr. UNDERWOOD. When you put an n. s. p. f. behind a tax it means something. I am not raising any question with the Senator now, because I do not know where he is leading to. I know it is leading somewhere, but what the effect is going to be I do not know. So far as I am concerned I am not going to make any further resistance to the Senator's motion, but if it goes through without my resistance, I do not want it understood that I am committing myself to any such proposition until I have looked into it.

Mr. McCUMBER. I will say to the Senator that he will have full opportunity to consider what we want to consider, and that is where and what rate of duty we should place upon those articles which have heretofore, until a very late decision, come under the general paragraph of toys. They are not artists' paints, because artists do not use them, and they do not belong, therefore, in a paragraph which deals with artists' paints and supplies, wherever else we may put them and whatever duty may be considered adequate.

Mr. SIMMONS. Will the Senator please read again what he proposes to have inserted between the word "forms" and the numerals "30" in line 25 on page 25?

Mr. McCUMBER. The House gives 25 per cent ad valorem on the American value. This would be 30 per cent upon the foreign value, which would be somewhat lower.

Mr. SIMMONS. Mr. President, the Senator misunderstood my question. I asked the Senator what was the language that he proposed to insert between the word "forms" and the figures "25."

Mr. McCUMBER. I propose to insert the words "not otherwise specially provided for."

Mr. SIMMONS. Now, let me ask the Senator this question: If that amendment be adopted, would it not accomplish exactly the same purpose as the adoption of the proviso which the Senator proposes to strike out?

Mr. McCUMBER. I am going to ask that the proviso be disagreed to.

Mr. SIMMONS. But I say, if the proviso is disagreed to and this amendment shall be made will not the amendment accomplish the same purpose which the proviso would accomplish?

Mr. McCUMBER. No; because there are some classes of these paints, as I have explained, as to which there is serious question where they belong and how we may make the division, where the line of demarcation is between those which are generally denominated as artists' supplies and those which have heretofore come in as toys.

Mr. SMOOT. If the Senator will turn to paragraph 26, page 14, line 11, of the bill, he will see that it reads:

That any article or product which is within the terms of paragraphs 1, 5, 35, 37, 56, 63, 79, or 1578—

Paragraph 62, which we are now considering, is not included in that list, nor do we intend to offer an amendment to paragraph 26. If it were included there, then, of course, the article would fall under paragraph 26.

Mr. SIMMONS. I wish to say very frankly to the senior Senator from Utah that I had as soon take this matter up now as at any other time; but I wish to ask him if he does not think his colleague, the junior Senator from Utah [Mr. KING], desired it to go over because it had some connection with dyestuffs, and he desired to discuss it in connection with that subject? I am only asking this because of what I suppose might be the wishes of the Senator's colleague. It may be that when the Senator's colleague returns he will not care anything about it.

Mr. SMOOT. The amendment that is now pending has nothing whatever to do with the coal-tar products, because of the fact, as the Senator from North Dakota has stated, that the committee will ask that the proviso be disagreed to. My colleague asks that paragraph 62 go over because of that amendment, as it particularly referred to paragraph 26.

Mr. SIMMONS. Will the Senator from Utah or the Senator from North Dakota in charge of the bill agree that if, when the junior Senator from Utah returns to the Chamber, he desires that this paragraph may be reconsidered, that action will be taken?

Mr. SMOOT. I see no objection to that.

Mr. SIMMONS. Very well, with that understanding I am willing that the paragraph shall be considered.

Mr. McCUMBER. If it is desired that the paragraph referred to by the Senator from North Carolina may be reconsidered, I shall have no objection.

Mr. SIMMONS. Very well.

Mr. SMOOT. Mr. President, I do not think there is anything else that I desire to say in reference to this matter. Unless the Senator from North Carolina [Mr. SIMMONS] desires to ask a question, we are ready for a vote upon the amendment.

Mr. SIMMONS. Mr. President, there seems to be very little information in reference to this item, but the Senate Finance Committee has reported to increase the rate as fixed in the House bill from 25 per cent to 30 per cent. The rate of the Payne-Aldrich law was 30 per cent; that of the present law is 20 per cent. It does not seem to be an important matter, but I should be very glad to have the Senator in charge of the paragraph indicate why it is necessary to impose this high duty, which is 50 per cent higher than the present law. There do not seem to have been any considerable importations. For the last nine months there were imported only about 143,000 pounds. There does not seem to be any great flood of importations.

Mr. SMOOT. The basket clause in this schedule, as the Senator knows, proposes a duty on all pigments and salts of 25 per cent; but artists' paints are the very highest class of manufactured paints; they are made from the very finest products. The

work involved in their production is sometimes four or five times as great as in the manufacture of pigments that go into ordinary paints, and they are put up in small packages. The difference of 5 per cent is to cover the additional cost of their manufacture.

Mr. SIMMONS. Mr. President, I understood either the Senator from Utah or the Senator from North Dakota to say a little while ago that these paints are used very largely in the making of the crude pictures on toys.

Mr. SMOOT. Oh, no.

Mr. McCUMBER. The Senator from North Carolina misunderstood me.

Mr. SMOOT. That is the item that it is desired to take out of the paragraph. It includes the little crayons which the school child uses at school for coloring pictures of rabbits or lions or houses or anything that the drawing teacher may ask him to color.

Mr. SIMMONS. Will the Senator tell me what is the foreign selling price?

Mr. SMOOT. It is impossible to tell that to the Senator. We could get the average unit value of the importations, but they are not classified as to whether they are paints or colors or whether they are in tubes or pans or cakes.

Mr. SIMMONS. The document I have only gives the figures for one year, but it shows that in 1919 the foreign price, which was the landing price with the duty added without any importer's profit, was $1.03 a pound.

Mr. SMOOT. The Senator knows that was a very high price for paint.

Mr. SIMMONS. That seems to be a pretty high price for paint, but is the foreign selling price, and, if the foreign price is $1.03 a pound, it does not seem to me that the domestic product is endangered in competing with that price. That is the point I am making.

Mr. SMOOT. The Senator is mistaken, because of all the paints made the finest and most costly of all fall in this paragraph. They are only used by artists.

Mr. SIMMONS. Does the Senator contend that, in the face of the facts found by the Tariff Commission, the paints that are coming into this country and being sold in competition with those produced in this country are being brought in at sacrifice prices or cheap prices when they are selling for $1.03 a pound without any profit added to the importer?

Mr. SMOOT. No; I do not claim that; but I do claim that there are artists in the United States who will not be contented unless they have the French artist paints, no matter what the price may be.

Mr. SIMMONS. And the Senator does not want them to have it?

Mr. SMOOT. That is not what I said. I was speaking of what the artists wanted; they will have the foreign paints, and this rate of 30 per cent is not going to keep it away from them.

Mr. SIMMONS. Is it the Senator's idea not to let the artists have the foreign article by imposing a duty so high that they probably can not afford to buy it?

Mr. SMOOT. No; that is not the object of the committee, nor will that be the effect of the rate proposed.

Mr. SIMMONS. In view of the fact that there are scarcely any imports coming in and the foreign price is very high as compared with the domestic price——

Mr. SMOOT. Oh, no.

Mr. SIMMONS. Why does the Senator want to impose this high rate?

Mr. SMOOT. I think I have told the Senator all that it is necessary to tell him. The rate on all pigments, salts, and compounds in the basket clause has been fixed at 25 per cent ad valorem throughout the bill.

Mr. President, the paints now under discussion are the very finest quality known in the world. They are used in small quantities and for special purposes, and the 30 per cent duty is for the very purpose of giving protection to the industry which produces them in this country.

Mr. SIMMONS. Mr. President, if the Senator should say that the duty is imposed because it is desired to make the painters of this country buy the domestic product, I could understand that; but what I am trying to get the Senator to tell me is upon what principle of protection he bases this duty. Does he claim that the foreign article is selling in this country for less than the domestic article and that the price of the foreign article must be raised up to the domestic price so as to bring about conditions of equality in competition? Does he claim that the cost of production abroad is so much less than it is here that the American producer must have a tariff? Upon what tariff principle has this rate been fixed? It is a very high rate; 30 per cent is nearly one-third the actual value of the product; that product is being given an artificial value of nearly one-third by reason of that duty, and the American people will have to pay that artificial inflation in price. We ought, therefore, to know upon what principle of tariff duty is levied. The Senator said a little while ago that $1.03 a pound was a very high price for paints.

Mr. SMOOT. It is, compared with ordinary pigments.

Mr. SIMMONS. Yes; it is a very high price; these are high-priced paints; but I want to ask the Senator if he contends that $1.03 a pound landed costs, with nothing added but the duty, is a high or a low price as compared with the price of the American product?

Mr. SMOOT. It is lower than the American price and lower than cost for which the American producers can make the comparable article.

Mr. SIMMONS. Can the Senator tell me what the American price is without the profits? The foreign price quoted is without the jobbers' profits and without the wholesalers' profits. The American price with the wholesalers' profit added is higher than the foreign price, but the Senator should eliminate from both the American product and the foreign product the wholesalers' profit, because the foreign price has nothing in it except landing cost and the duty, no importers' profit, no jobbers' profit, no wholesalers' profits, but only the manufacturers' profit, and that alone.

Mr. SMOOT. If under this paragraph there was only one commodity the figures, of course, would show that the unit value of that one commodity was $1.03, and then, if we made only one article to compete with it in the United States, and we knew the price of that article in the United States I could answer the Senator's question; but the average price of $1.03 is not computed from one commodity alone but from a number of them falling under this paragraph, whether in tubes, or in pans, or in cakes, or in any other form. So no one can say how much of each of the various article was imported under the rate named by the Senator. Therefore I can not tell the Senator what the price of any particular commodity would be. It would be impossible.

Mr. SIMMONS. Mr. President, if the Senator can not tell me what is the difference between the cost of production here and abroad, if he can not tell me what is the difference between the price in this market of the domestic article and of the foreign article, then it does not seem to me that the Senator was in possession of sufficient information to enable him to fix this rate.

Mr. SMOOT. The Senator was in possession of the information that on ordinary, common pigments, made in immense quantities in the United States, the difference was 25 per cent, and they carried a rate of 25 per cent. These, as I have already said, are the very finest of paints, and the Senator knows that it takes more labor to make them than it takes to make the ordinary, common pigments and paints, and that 5 per cent above the 25 per cent is no more than necessary to make the differential between the coarse, ordinary pigments and the fine artists' paints. There is not any doubt about that.

Mr. SIMMONS. Mr. President, the Senator has told us before that this was not ordinary paint. He said that this was extraordinary paint; that this was the highest class of paint.

Mr. SMOOT. That is what I say now.

Mr. SIMMONS. Of course, the Senator, in making his duties, is not going to compare this extraordinary, fine, fancy paint with these common paints that I can take a brush and put on a wall as well, perhaps, as anybody else.

Mr. SMOOT. If I did, the duty would be 25 per cent ad valorem; but if I am going to compare the finer ones, then there is that differential of 5 per cent and that is all, and that is the difference between 25 and 30 per cent.

Mr. SIMMONS. But with reference to this particular article, the Senator is not in a position to tell the Senate what is the difference between the cost of production here and the cost of production abroad, and what is the difference between the price of the domestic article and the price of the foreign article in this market.

Mr. SMOOT. I will say to the Senator that there is not one particular article. That is the average price of all the importations of the numerous articles.

Mr. SIMMONS. Mr. President, I desire to offer an amendment. In line 25, page 25, I move to strike out "30" and insert in lieu thereof "20."

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

The ASSISTANT SECRETARY. On page 25, line 25, in lieu of the sum proposed to be inserted by the committee, "30," it is proposed to insert "20," so as to read:

Paints, colors, and pigments commonly known as artists' paints or colors, whether in tubes, pans, cakes, or other forms, 20 per cent ad valorem—

And so forth.

Mr. WATSON of Georgia addressed the Senate. After having spoken for some time,

Mr. WILLIS. Mr. President——

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

Mr. WATSON of Georgia. I yield.

Mr. WILLIS. The Senator knows how much I dislike to interrupt him, because I enjoy particularly his historic discourses, but I must leave the Chamber in a few minutes to be gone for a number of days, and there are two items in the bill which I think can be voted on in a few minutes. Will the Senator permit us to vote on them?

Mr. WATSON of Georgia. That will be perfectly agreeable to me.

Mr. WILLIS. I ask for a vote on the amendment on page 25, line 25.

Mr. SIMMONS. I ask that the Secretary may state the amendment.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 25, line 25, the committee proposed to strike out "25" and to insert the words "and not specially provided for, 30." It is now proposed to strike out "30," proposed to be inserted by the committee, and to insert "20," so that, if amended, it will read:

Paints, colors, and pigments, commonly known as artists' paints or colors, whether in tubes, pans, cakes, or other forms, and not specially provided for, 20 per cent ad valorem.

Mr. SIMMONS. Mr. President, I shall not ask for a yea-and-nay vote on this amendment, because I know what the result of a yea-and-nay vote would probably be, and I do not ask it more particularly because I know the Senator from Ohio is very anxious to have the matter acted upon expeditiously.

Mr. SMOOT. I ask that the amendment to the amendment be disagreed to.

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

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the committee amendment.

The amendment was agreed to.

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

Mr. SMOOT. At the end of paragraph 62, on line 25, page 25, the committee proposed to amend by adding a proviso as follows:

Provided, That any of the foregoing articles which are composed in chief value of coal-tar dyes or colors shall be classified for duty under paragraph 26.

I ask that that amendment be disagreed to.

The amendment was rejected.

Mr. SMOOT. Now, I would like to turn to paragraph 82, on page 30, where, in the paragraph providing for strontium, the committee proposed to strike out "25" and to insert "50." I ask that that amendment be disagreed to, so that the rate will be 25 per cent ad valorem.

Mr. WILLIS. In order to simplify the matter, I will withdraw the amendment I offered to that paragraph.

Mr. SIMMONS. What is the amendment offered by the committee?

Mr. SMOOT. The committee asks that the House figure, "25," be stricken out and that the rate be made 50 per cent ad valorem. I now ask that that amendment be disagreed to, so that it will leave it 25 per cent, just as the House fixed it.

Mr. SIMMONS. Of course, I am not going to object to the committee cutting in two the rate it has placed upon this particular item, but I would like to know what light has come to the committee since it put this duty of 50 per cent on, which it now desires changed to 25 per cent.

The VICE PRESIDENT. The question is on agreeing to the committee amendment as modified.

Mr. SIMMONS. I have asked for some information from the Senator in charge of the bill. This is a very remarkable situation. The committee, after a few months' deliberation, decided to raise the duty as adopted by the House from 25 per cent to 50 per cent. Now they want to cut their own rate down from 50 to 25 per cent, and I ask the Senator from Utah what new situation has developed, what new information he has, which influences him to want to make that change, and why, if the House rate is correct, they doubled it?

Mr. SMOOT. The rate was changed to 50 per cent on the foreign valuation, as against 25 per cent on the American valuation. In the Reynolds report the Senator will find that that does not justify the difference between the 25 and the 50, even as it is shown in that report. Again, the committee had already recommended 40 per cent instead of 50, and with the importations as I stated, and it being virtually controlled by one corporation, the committee thought they could get along with 25 per cent. Therefore they ask that the Senate disagree to the committee amendment.

Mr. SIMMONS. Does the Senator mean the committee found that a trust had charge of this thing?

Mr. SMOOT. No; I did not say that. They have not. There are four concerns in the United States, but, as I said on the floor of the Senate the other day, most of it is made by the Du Pont Co.

Mr. SIMMONS. Then this doubling of the House rate was not because it was ascertained that the cost of production here and abroad, or the difference in the selling price of the domestic and foreign article in the American market, would justify a 50 per cent rate?

Mr. SMOOT. The Reynolds report showed that it would take at least 60 to 100 per cent at the time the Reynolds report was made, but the price has declined not only in Europe but also in this country, and under the rates existing to-day, this product being made as it is, the committee decided that it should carry only the 25 per cent.

Mr. SIMMONS. The moderation of the Senator amazes me to such an extent that I am almost persuaded not to make any further disturbance about it.

Mr. SMOOT. The Senator can make all the disturbance he desires.

Mr. SIMMONS. It was reported that 60 per cent would not have been too much of a duty; but, notwithstanding that, the Senator is willing to cut the 50 per cent duty in half. I am glad to know there is one item in the bill as to which the Senator is satisfied with a duty he thinks is less than is necessary. I must imagine that some influence on the other side of the Chamber—it may be coming from the junior Senator from Ohio [Mr. WILLIS], who shows great solicitude about this particular item—has prevailed upon the Senator from Utah and his colleagues to be moderate and considerate of the taxpayers of the country.

Mr. SMOOT. I want the Senator to know that this is not the only rate that would be cut if I had my way.

Mr. SIMMONS. The Senator says if he had his way he would cut all the balance of them?

Mr. SMOOT. I did not say any such thing.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 30, line 8.

The amendment was rejected.

Mr. WILLIS. I want to ask my friend from Georgia to yield just a moment longer, in order that I may express to the Senator from Georgia, the Senator from North Carolina, and the members of the committee in charge of the bill my very great appreciation of their exceedingly great courtesy in this matter.

Mr. WATSON of Georgia resumed and concluded his speech, which is entire as follows:

THE RUSSIAN SITUATION.

Mr. WATSON of Georgia. Mr. President, in this afternoon's News, on the last page, at the bottom of the second column, I find this feature article:

SENATE WARNED—MUST KEEP HANDS OFF IN RUSSIAN POLICY IS INTIMATED.

The administration desires the Senate to keep its hands off the question of Russian recognition, according to intimations conveyed to Senators to-day.

For this reason Senator BORAH'S resolution putting the Senate on record as favoring recognition of the soviet government will either be rejected, or action on it will be blocked, Republican leaders indicated.

Mr. President, I happened to be looking over a collection of the speeches of Daniel Webster this afternoon, and I was interested to find on page 60 of Volume V of this particular collection, dedicated to Mrs. Caroline Le Roy Webster, the wife of the great statesman, the following resolution offered by Mr. Webster in the other House, of which he was then a Member:

Resolved, That provision ought to be made by law for defraying the expense incident to the appointment of an agent or commissioner to Greece whenever the President shall deem it expedient to make such appointment.

That is the end of the resolution. The comment on it by the editor of this edition of the speeches is as follows:

These, it is believed, are the first official expressions favorable to the independence of Greece uttered by any of the Governments of Christendom, and no doubt contributed powerfully toward the creation of that feeling throughout the civilized world which eventually led to the Battle of Navarino and the liberation of a portion of Greece from the Turkish yoke.

The House of Representatives having, on the 19th of January, resolved itself into a Committee of the Whole and this resolution being taken into consideration, Mr. Webster spoke to the following effect—

Then follows the speech delivered on the 19th day of January, 1824. The trend of the speech—and it is a very noble oration, apparently prepared with care—is all in favor of the recognition of the success of the revolution in Greece. I wish I had time to read it. It would be a splendid contribution to the literature of the discussion concerning the Russian situation. Mr. Webster was not admonished by President Monroe to let alone the matter of the recognition of a revolutionary government.

In the life of James Monroe, by Gilman, on page 160, I find that the President makes a grateful reference to the friendship which had always been shown by the Russian people to those of America.

On page 190, the President in his message referred to the South American States which were in rebellion against the King of Spain, and the President said:

Recent events have made it manifest that the colonies not only possess independence but are certain to retain it, and that the recognition of their independence by us should now be made; that it can not be regarded by Spain as improper, and may help shorten the struggle.

Mr. President, our Government is the only one that still maintains the fiction of the existence of the Kerensky government in Russia. That government sent to ours an ambassador, Bakhmeteff; he is still recognized as the ambassador of a government notoriously extinct; and our Government throws around this man, who is accused of having embezzled for his own purpose about $80,000,000 of American money, all the immunities of an ambassador.

Mr. President, there is not another government on earth that recognizes an ambassador sent by Kerensky. Ours is the only one that does it. Naturally, the question arises, Why do we do it? England does not do it. France does not do it. No other government on earth does it.

Mr. President, there has been a de facto government in Russia for more than four years. That government has its armies, its civil administration, its courts, its system of finance, its factories going, a complete machinery of modern civilization, yet we decline to recognize it.

When in 1910 there was a revolution in Portugal, following the assassination of a king, the Taft administration, without very much delay, recognized the new Republic.

If you compare the policy of this administration with that of President Washington in dealing with revolutionary France, you will be amazed at the difference. You will naturally have some curiosity to know what is the reason for this.

I have made a note of some of the events of the French Revolution, giving the dates.

In October, 1789, the great mob of women went out to the palace of Versailles, took the king a prisoner, and carried him into Paris. He never again returned to the great palace of Versailles.

In September, 1791, the national assembly adopted a constitution.

On August 10, 1792, the women of Marseille and the great mob of Paris marched upon the Tuileries, where the king had been lodged, stormed it, massacred the Swiss, and drove the king out of that palace into the hall where the assembly was sitting, from which hall he went to a prison, and from that prison went to the guillotine, he and his queen. This happened in December, 1792.

The French massacred the prisoners who were in jail, 1,089 of them, men and women, 30 of them being Roman Catholic priests.

The French confiscated the land both of the nobles and of the church.

Mr. President, the Russians did not massacre any prisoners. They did not massacre any priests. They went no further in confiscating property than the French did. That confiscated property of the church was never restored. Only in part was the property of the nobles returned, and that was done by Napoleon Bonaparte. He found that certain portions of that property, mostly those great old ancestral chateaus, had not been disposed of; and when be brought back to their homes those nobles who had gone into voluntary exile at the beginning of the revolution, he restored these family seats to those returned emigrés; and that accounts for the fact that so many of them now are in possession of the homes that were those of their ancestors a thousand or more years ago.

I find in this volume of the Messages and Papers of the Presidents, covering the period from 1789 to 1817, that President Washington was dealing with this Government the whole time. Never once did he sever relations with the French. Gouverneur Morris stayed there as our minister.

UNITED STATES, *March 5, 1792.*

Gentlemen of the Senate and of the House of Representatives:

Knowing the friendly interest you take in whatever may promote the happiness and prosperity of the French nation, it is with pleasure that I lay before you the translation of a letter which I have received from His Most Christian Majesty, announcing to the United States of America his acceptance of the constitution presented to him by his nation.

At that time the king was virtually a prisoner. He tested it by an attempt to escape in the direction of Varennes. He was pursued, overtaken, and brought back.

Here is a message on March 18, 1794:

Gentlemen of the Senate and of the House of Representatives:

The minister plenipotentiary of the French Republic having requested an advance of money, I transmit to Congress certain documents relative to that subject.

GEORGE WASHINGTON.

So you see, Mr. President, Washington had not only recognized the French Republic, whose garments dripped with blood, but he put up to Congress in a respectful way an application for a loan.

Here is the letter in reference to the French minister, Genet:

UNITED STATES, *January 20, 1794.*

Gentlemen of the Senate and of the House of Representatives:

Having already laid before you a letter of the 16th of August, 1793, from the Secretary of State to our minister at Paris, stating the conduct and urging the recall of the minister plenipotentiary of the Republic of France, I now communicate to you that his conduct has been unequivocally disapproved and that the strongest assurances have been given that his recall should be expedited without delay.

This letter which refers to Genet, who came over here as the minister of the French revolutionary government, and who made indiscreet speeches from the time he landed at Charleston until he got to Philadelphia, where the capital then was. Washington asked his recall of this revolutionary government, and he was dismissed.

Mr. President, before proceeding to say anything about the system of land ownership in Russia, I am reminded that according to the newspapers Lord Northcliffe praised the policy of this administration in not giving recognition to the soviet government. Lord Northcliffe owns 28 of the leading daily papers of this country, and he has by some means secured control of the foreign policy of the Saturday Evening Post. An investigation was made some time ago as to the ownership of all the leading daily papers in this country, and it is stated that, almost without exception, there is an English representative on the staff of every one of those papers. Therefore it seems we may be in danger of becoming English colonies again and having our foreign policy dictated from Downing Street.

Mr. President, I do not know whether Northcliffe has bought one of those confiscated estates which so many Englishmen bought after King Henry VIII confiscated the property of the Roman Catholic Church, but we all know that Westminster Abbey was once Roman Catholic property, and the seat of the Bryon family, Newstead Abbey, was once a monastery, and Welbeck Abbey another. There are hundreds and hundreds of those great estates whose titles began in confiscation, and it seems to me that before the virtuous statesmen of England and France say too much about Russian confiscation they had better study the origin of land titles in their own countries.

But, Mr. President, I want to say a word about Russia. On page 382 of McKenzie's Nineteenth Century is this statement:

Forty-eight million Russian peasants were in bondage—subject to the arbitrary will of an owner—bought and sold with the properties on which they labored. This unhappy system was no great antiquity, for it was not till the close of the sixteenth century that the Russian peasant became a serf. The evil institution had begun to die out in the west before it was legalized in Russia.

I read that for this purpose: It is only fair to remember that at least one-fourth of the population of Russia has never had any chance to experiment in government. The French peasant was outrageously mistreated, but I will not take the time of the Senate to enumerate the horrible conditions under which he lived, but the French peasant was never whipped to make him pay his taxes. He might be stripped of his substance until he starved or became a criminal, preying upon society; but in Russia the cruel knout, used by brutal Cossacks, scourged the peasant into paying his taxes either in labor or in kind or in cash.

Now we come to the land system, and I think it will be found interesting to the Senate and to the country:

The position of the Russian serf, although it had much to degrade, was without the repulsive features of ordinary slavery. The estate of the Russian landowner was divided into two portions. The smaller of the two—usually not more than one-third—was retained for the use of the proprietor. The larger was made over to the village community, by whom it was cultivated and to whom its fruits belonged. The members of that community were all serfs, owned by the great lord and subject to his will. He could punish them by stripes when they displeased him; when he sold his lands he sold also the population. He could make or enforce such claims upon their labor as seemed good to him. Custom, however, had imposed reasonable limitations on such claims. He selected a portion of his serfs to cultivate his field and form his retinue. The remainder divided their time equally between his fields and their own—three days in each week belonged to their master and three days belonged to themselves.

Again:

The continued occupation was not voluntary but compulsory; and no peasant may withdraw without consent of the whole community, which in the northern parts of the empire is gained only by purchase. The lands thus acquired are not owned by individuals but by the community. All obligations to the former proprietor or to the State are obligations of the associated villagers. The land system of the greater portion of Russia is thus a system of communism.

I think it important, Mr. President, that we should understand that communism has always existed amongs the Slavs, and once existed, from time immemorial, in the Orient. The Russians, as I understand it, are not departing so violently or so radically from their past system. What is happening is this: The aristocrats and the Czar have gone, and the people are there. True, they committed a foul crime when they murdered the Czar and his family. But what was it when the French sent to the guillotine the harmless Louis XVI, and afterwards sent his white-haired queen? What was it in England when Charles I was sent to the block?

Let us not affect too much saintliness. Are our skirts entirely clear of wrongdoing in Hawaii, the Philippines, and in San Domingo? Was there ever a time in the history of our country when there were more different crimes, of a more horrible character? Was there ever so much poverty, so much vice, so much murder, so much robbery? The police authorities are in despair. The law courts are well-nigh paralyzed; we hear sermon after sermon and read article after article about crime waves.

Why is it we do not recognize Russia as a de facto government? Why do we not see what is visible to the world? As a matter of fact, most of the world is dealing with her now, and we are letting pass unused golden opportunities for enlarged commerce and the consumption of American products.

Mr. President, the speech of Mr. Webster on the question of Grecian independence is not very long, and it is so very timely that I ask unanimous consent that it be printed in the RECORD following my remarks, and that it be set in 8-point type.

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

The matter referred to is as follows:

(Speech delivered in the House of Representatives of the United States, January 19, 1824.)

Mr. Webster spoke to the following effect:

I am afraid, Mr. Chairman, that, so far as my part in this discussion is concerned, those expectations which the public excitement existing on the subject and certain associations easily suggested by it have conspired to raise may be disappointed. An occasion which calls the attention to a spot so distinguished, so connected with interesting recollections, as Greece may naturally create something of warmth and enthusiasm. In a grave political discussion, however, it is necessary that those feelings should be chastised. I shall endeavor properly to repress them, although it is impossible that they should be altogether extinguished. We must, indeed, fly beyond the civilized world; we must pass the dominion of law and the boundaries of knowledge; we must, more especially, withdraw ourselves from this place and the scenes and objects which here surround us if we would separate ourselves entirely from the influence of all those memorials of herself which ancient Greece has transmitted for the admiration and the benefit of mankind. This free form of government, this popular assembly, the common council held for the common good—where have we contemplated its earliest models? This practice of free debate and public discussion, the contest of mind with mind, and that popular eloquence which, if it were now here, on a subject like this would move the stones of the Capitol—whose was the language in which all these were first exhibited? Even the edifice in which we assemble, these proportioned columns, this ornamented architecture—all remind us that Greece has existed and that we, like the rest of mankind, are greatly her debtors. (The interior of the Hall of the House of Representatives is surrounded by a magnificent colonnade of the composite order.)

But I have not introduced this motion in the vain hope of discharging anything of this accumulated debt of centuries. I have not acted upon the expectation that we, who have inherited this obligation from our ancestors, should now attempt to pay it to those who may seem to have inherited from their ancestors a right to receive payment. My object is nearer and more immediate. I wish to take occasion of the struggle of an interesting and gallant people in the cause of liberty and Christianity, to draw the attention of the House to the circumstances which have accompanied that struggle and to the principles which appear to have governed the conduct of the great States of Europe in regard to it, and to the effects and consequences of these principles upon the independence of nations and especially upon the institutions of free governments. What I have to say of Greece, therefore, concerns the modern, not the ancient; the living, and not the dead. It regards her, not as she exists in history, triumphant over time and tyranny and ignorance, but as she now is, contending against fearful odds for being and for the common privileges of human nature.

As it is never difficult to recite commonplace remarks and trite aphorisms, so it may be easy, I am aware, on this occasion to remind me of the wisdom which dictates to men a care of their own affairs and admonishes them, instead of searching for adventures abroad, to leave other men's concerns in their own hands. It may be easy to call this resolution Quixotic, the emanation of a crusading or propagandist spirit. All this and more may be readily said, but all this and more will not be allowed to fix a character upon this proceeding until that is proved which it takes for granted. Let it first be shown that in this question there is nothing which can affect the interest, the character, or the duty of this country. Let it be proved that we are not called upon by either of these considerations to express an opinion on the subject to which the resolution relates. Let this be proved, and then it will indeed be made out that neither ought this resolution to pass nor ought the subject of it to have been mentioned in the communication of the President to us. But, in my opinion, this can not be shown. In my judgment the subject is interesting to the people and the Government of this country, and we are called upon by considerations of great weight and moment to express our opinions upon it. These considerations, I think, spring from a sense of our own duty, our character, and our own interest. I wish to treat the subject on such grounds exclusively as are truly American; but then, in considering it as an American question, I can not forget the age in which we live, the prevailing spirit of the age, the interesting questions which agitate it and our own peculiar relation in regard to these interesting questions. Let this be, then, and as far as I am concerned I hope it will be, purely an American discussion; but let it embrace, nevertheless, everything that fairly concerns America. Let it comprehend not merely her present advantage but her permanent interest, her elevated character as one of the free States of the world, and her duty toward those great principles which have hitherto maintained the relative independence of nations and which have, more especially, made her what she is.

At the commencement of the session the President, in the discharge of the high duties of his office, called our attention to the subject to which this resolution refers. "A strong hope," says that communication, "has been long entertained, founded on the heroic struggle of the Greeks, that they would succeed in their contest and resume their equal station among the nations of the earth. It is believed that the whole civilized world takes a deep interest in their welfare. Although no power has declared in their favor, yet none, according to our information, has taken part against them. Their cause and their name have protected them from dangers which might ere this have overwhelmed any other people. The ordinary calculations of interest, and of acquisition with a view to aggrandizement, which mingle so much in the transactions of nations, seem to have had no effect in regard to them. From the facts which have come to our knowledge, there is good cause to believe that their enemy has lost forever all dominion over them; that Greece will become again an independent nation."

It has appeared to me that the House should adopt some resolution reciprocating these sentiments, so far as it shall approve them. More than twenty years have elapsed since Congress first ceased to receive such a communication from the President as could properly be made the subject of a general answer. I do not mean to find fault with this relinquishment of a former and an ancient practice. It may have been attended with inconveniences which justified its abolition. But certainly there was one advantage belonging to it; and that is, that it furnished a fit opportunity for the expression of the opinion of the Houses of Congress upon those topics in the executive communication which were not expected to be made the immediate subjects of direct legislation. Since, therefore, the President's message does not now receive a general answer, it has seemed to me to be proper that in some mode agreeable to our own usual form of proceeding we should express our sentiments upon the important and interesting topics on which it treats.

If the sentiments of the message in respect to Greece be proper, it is equally proper that this House should reciprocate those sentiments. The present resolution is designed to have that extent, and no more. If it pass, it will leave any future proceeding where it now is, in the discretion of the executive government. It is but an expression, under those forms in which the House is accustomed to act, of the satisfaction of the House with the general sentiments expressed in regard to this subject in the message and of its readiness to defray the expense incident to any inquiry for the purpose of further information,

or any other agency which the President, in his discretion, shall see fit, in whatever manner and at whatever time to institute. The whole matter is still left in his judgment, and this resolution can in no way restrain its unlimited exercise.

I might well, Mr. Chairman, avoid the responsibility of this measure if it had, in my judgment, any tendency to change the policy of the country. With the general course of that policy I am quite satisfied. The Nation is prosperous, peaceful, and happy; and I should very reluctantly put its peace, prosperity, or happiness at risk. It appears to me, however, that this resolution is strictly conformable to our general policy and not only consistent with our interest, but even demanded by a large and liberal view of those interests.

It is certainly true that the just policy of this country is, in the first place, a peaceful policy. No nation ever had less to expect from forcible aggrandizement. The mighty agents which are working out our greatness are time, industry, and the arts. Our augmentation is by growth, not by acquisition; by internal development, not by external accession. No schemes can be suggested to us so magnificent as the prospects which a sober contemplation of our own condition, unaided by projects, uninfluenced by ambition, fairly spreads before us. A country of such vast extent, with such varieties of soil and climate, with so much public spirit and private enterprise, with a population increasing so much beyond former example, with capacities of improvement not only unapplied or unexhausted, but even in a great measure, as yet unexplored—so free in its institutions, so mild in its laws, so secure in the title it confers on every man to his own acquisitions—needs nothing but time and peace to carry it forward to almost any point of advancement.

In the next place, I take it for granted that the policy of this country, springing from the nature of our Government and the spirit of all our institutions is, so far as it respects the interesting questions which agitate the present age, on the side of liberal and enlightened sentiments. The age is extraordinary; the spirit that actuates it is peculiar and marked; and our own relation to the times we live in, and to the questions which interest them, is equally marked and peculiar. We are placed, by our good fortune and the wisdom and valor of our ancestors, in a condition in which we can act no obscure part. Be it for honor, or be it for dishonor, whatever we do is sure to attract the observation of the world. As one of the free States among the nations, as a great and rapidly rising Republic, it would be impossible for us, if we were so disposed, to prevent our principles, our sentiments, and our examples from producing some effect upon the opinions and hopes of society throughout the civilized world. It rests probably with ourselves to determine whether the influence of these shall be salutary or pernicious.

It can not be denied that the great political question of this age is that between absolute and regulated governments. The substance of the controversy is whether society shall have any part in its own government. Whether the form of government shall be that of limited monarchy, with more or less mixture of hereditary power, or wholly elective or representative, may perhaps be considered as subordinate. The main controversy is between that absolute rule which, while it promises to govern well, means, nevertheless, to govern without control, and that constitutional system which restrains sovereign discretion, and asserts that society may claim as matter of right some effective power in the establishment of the laws which are to regulate it. The spirit of the times sets with a most powerful current in favor of these last-mentioned opinions. It is opposed, however, whenever and wherever it shows itself, by certain of the great potentates of Europe; and it is opposed on grounds as applicable in one civilized nation as in another, and which would justify such opposition in relation to the United States, as well as in relation to any other State or nation, if time and circumstances should render such opposition expedient.

What part it becomes this country to take on a question of this sort, so far as it is called upon to take any part, can not be doubtful. Our side of this question is settled for us, even without our own volition. Our history, our situation, our character, necessarily decide our position and our course, before we have even time to ask whether we have an option. Our place is on the side of free institutions. From the earliest settlement of these States, their inhabitants were accustomed, in a greater or less degree, to the enjoyment of the powers of self-government; and for the last half century they have sustained systems of government entirely representative, yielding to themselves the greatest possible prosperity, and not leaving them without distinction and respect among the nations of the earth. This system we are not likely to abandon; and while we shall no further recommend its adoption to other nations, in whole or in part, than it may recommend itself by its visible influence on our own growth and prosperity, we are nevertheless interested to resist the establishment of doctrines which deny the legality of its foundations. We stand as an equal among nations, claiming the full benefit of the established international law; and it is our duty to oppose, from the earliest to the latest moment, any innovations upon that code which shall bring into doubt or question our own equal and independent rights.

I will now, Mr. Chairman, advert to those pretensions put forth by the allied sovereigns of continental Europe, which seem to me calculated, if unresisted, to bring into disrepute the principles of our Government, and, indeed, to be wholly incompatible with any degree of national independence. I do not introduce these considerations for the sake of topics. I am not about to declaim against crowned heads, nor to quarrel with any country for preferring a form of government different from our own. The right of choice that we exercise for ourselves I am quite willing to leave also to others. But it appears to me that the pretensions to which I have alluded are wholly inconsistent with the independence of nations generally, without regard to the question whether their governments be absolute, monarchial and limited, or purely popular and representative. I have a most deep and thorough conviction that a new era has arisen in the world, that new and dangerous combinations are taking place promulgating doctrines and fraught with consequences wholly subversive in their tendency of the public law of nations and of the general liberties of mankind. Whether this be so or not is the question which I now propose to examine upon such grounds of information as are afforded by the common and public means of knowledge.

Everybody knows that since the final restoration of the Bourbons to the throne of France the continental powers have entered into sundry alliances, which have been made public, and have held several meetings or congresses, at which the principles of their political conduct have been declared. These things must necessarily have an effect upon the international law of the States of the world. If that effect be good and according to the principles of that law, they deserve to be applauded. If, on the contrary, their effect and tendency be most dangerous, their principles wholly inadmissible, their pretensions such as would abolish every degree of national independence, then they are to be resisted.

I begin, Mr. Chairman, by drawing your attention to the treaty concluded at Paris in September, 1815, between Russia, Prussia, and Austria, commonly called the Holy Alliance. This singular alliance appears to have originated with the Emperor of Russia; for we are informed that a draft of it was exhibited by him, personally, to a plenipotentiary of one of the great powers of Europe, before it was presented to the other sovereigns who ultimately signed it. (See Lord Castlereagh's speech in the House of Commons, February 3, 1816. Debates in Parliament, vol. 36, p. 355; where, also, the treaty may be found at length.) This instrument professes nothing, certainly, which is not extremely commendable and praiseworthy. It promises only that the contracting parties, both in relation to other States and in regard to their own subjects, will observe the rules of justice and Christianity. In confirmation of these promises, it makes the most solemn and devout religious invocations. Now, although such an alliance is a novelty in European history, the world seems to have received this treaty, upon its first promulgation, with general charity. It was commonly understood as little or nothing more than an expression of thanks for the successful termination of the momentous contest in which those sovereigns had been engaged. It still seems somewhat unaccountable, however, that these good resolutions should require to be confirmed by treaty. Who doubted that these august sovereigns would treat each other with justice, and rule their own subjects in mercy? And what necessity was there for a solemn stipulation by treaty to insure the performance of that which is no more than the ordinary duty of every government? It would hardly be admitted by these sovereigns that by this compact they consider themselves bound to introduce an entire change, or any change, in the course of their own conduct. Nothing substantially new, certainly, can be supposed to have been intended. What principle, or what practice, therefore, called for this solemn declaration of the intention of the parties to observe the rules of religion and justice?

It is not a little remarkable that a writer of reputation upon the public law described, many years ago, not inaccurately, the character of this alliance. I allude to Puffendorf. "It seems useless," says he, "to frame any pacts or leagues barely for the defense and support of universal peace; for by such a league nothing is superadded to the obligation of natural law, and no agreement is made for the performance of anything which the parties were not previously bound to perform; nor is the original obligation rendered firmer or stronger by such an addition. Men of any tolerable culture and civilization might well be

ashamed of entering into any such compact, the conditions of which imply only that the parties concerned shall not offend in any clear point of duty. Besides, we should be guilty of great irreverence toward God should we suppose that His injunctions had not already laid a sufficient obligation upon us to act justly, unless we ourselves voluntarily consented to the same engagement; as if our obligation to obey His will depended upon our own pleasure.

"If one engage to serve another, he does not set it down expressly and particularly among the terms and conditions of the bargain, that he will not betray nor murder him, nor pillage nor burn his house. For the same reason that would be a dishonorable engagement, in which men should bind themselves to act properly and decently and not break the peace." (Law of Nature and Nations, Book II, ch. 2, sec. 11.)

Such were the sentiments of that eminent writer. How nearly he had anticipated the case of the Holy Alliance will appear from the preamble to that alliance. After stating that the allied sovereigns had become persuaded, by the events of the last three years, that "their relations with each other ought to be regulated exclusively by the sublime truths taught by the eternal religion of God the Saviour," they solemnly declare their fixed resolution "to adopt as the sole rule of their conduct, both in the administration of their respective States, and in their political relations with every other government, the precepts of that holy religion, namely, the precepts of justice, charity, and peace, which, far from being applicable to private life alone, ought, on the contrary, to have a direct influence upon the counsels of princes, and guide all their steps, as being the only means of consolidating human institutions, and remedying their imperfections." (Martens, Recueil des Traités, Tome XIII, p. 656.)

This measure, however, appears principally important, as it was the first of a series, and was followed afterwards by others of a more marked and practical nature. These measures, taken together, profess to establish two principles, which the allied powers would introduce as a part of the law of the civilized world and the establishment of which is to be enforced by a million and a half of bayonets.

The first of these principles is that all popular or constitutional rights are held no otherwise than as grants from the Crown. Society, upon this principle, has no rights of its own; it takes good government, when it gets it, as a boon and a concession, but can demand nothing. It is to live by that favor which emanates from royal authority, and if it have the misfortune to lose that favor, there is nothing to protect it against any degree of injustice and oppression. It can rightfully make no endeavor for a change by itself; its whole privilege is to receive the favors that may be dispensed by the sovereign power, and all its duty is described in the single word submission. This is the plain result of the principal continental State papers; indeed, it is nearly the identical text of some of them.

The circular dispatch addressed by the sovereigns assembled at Laybach in the spring of 1821 to their ministers at foreign courts alleges "that useful and necessary changes in legislation and in the administration of States ought only to emanate from the free will and intelligent and well-weighed conviction of those whom God has rendered responsible for power. All that deviates from this line necessarily leads to disorder, commotions, and evils far more insufferable than those which they pretend to remedy." (Annual Register for 1821, p. 601.) Now, sir, this principle would carry Europe back again at once into the middle of the Dark Ages. It is the old doctrine of the divine right of kings, advanced now by new advocates, and sustained by a formidable array of power. That the people hold their fundamental privileges as matter of concession or indulgence from the sovereign power, is a sentiment not easy to be diffused in this age any further than it is enforced by the direct operation of military means. It is true, certainly, that some six centuries ago the early founders of English liberty called the instrument which secured their rights a charter. It was, indeed, a concession; they had obtained it sword in hand from the king; and in many other cases whatever was obtained favorable to human rights from the tyranny and despotism of the feudal sovereigns was called by the names of privileges and liberties as being matter of special favor. Though we retain this language at the present time, the principle itself belongs to ages that have long passed by us. The civilized world has done with "the enormous faith of many made for one." Society asserts its own rights, and alleges them to be original, sacred, and inalienable. It is not satisfied with having kind masters; it demands a participation in its own government; and in States much advanced in civilization it urges this demand with a constancy and an energy that can not well nor long be resisted. There are, happily, enough of regulated governments in the world, and those among the most distinguished, to operate as constant examples and to keep alive an unceasing panting in the bosoms of men for the enjoyment of similar free institutions.

When the English revolution of 1688 took place the English people did not content themselves with the example of Runnymede; they did not build their hopes upon royal charters; they did not, like the authors of the Laybach circular, suppose that all useful changes in constitutions and laws must proceed from those only whom God has rendered responsible for power. They were somewhat better instructed in the principles of civil liberty, or at least they were better lovers of those principles than the sovereigns of Laybach. Instead of petitioning for charters, they declared their rights, and while they offered to the Prince of Orange the crown with one hand, they held in the other an enumeration of those privileges which they did not profess to hold as favors, but which they demanded and insisted upon as their undoubted rights.

I need not stop to observe, Mr. Chairman, how totally hostile are these doctrines of Laybach to the fundamental principles of our Government. They are in direct contradiction; the principles of good and evil are hardly more opposite. If these principles of the sovereigns be true, we are but in a state of rebellion or of anarchy, and are only tolerated among civilzed States because it has not yet been convenient to reduce us to the true standard.

But the second and, if possible, the still more objectionable principle avowed in these papers is the right of forcible interference in the affairs of other States. A right to control nations in their desire to change their own Government, wherever it may be conjectured or pretended that such change might furnish an example to the subjects of other States is plainly and distinctly asserted. The same Congress that made the declaration at Laybach had declared, before its removal from Troppau, "that the powers have an undoubted right to take a hostile attitude in regard to those States in which the overthrow of the Government may operate as an example."

There can not, as I think, be conceived a more flagrant violation of public law or national independence, than is contained in this short declaration.

No matter what be the character of the Government resisted, no matter with what weight the foot of the oppressor bears on the neck of the oppressed, if he struggle or if he complain, he sets a dangerous example of resistance, and from that moment he becomes an object of hostility to the most powerful potentates of the earth. I want words to express my abhorrence of this abominable principle. I trust every enlightened man throughout the world will oppose it, and that especially those who, like ourselves, are fortunately out of the reach of the bayonets that enforce it, will proclaim their detestation of it in a tone both loud and decisive. The avowed object of such declarations is to preserve the peace of the world. But by what means is it proposed to preserve this peace? Simply by bringing the power of all Governments to bear against all subjects. Here is to be established a sort of double or treble or quadruple or, for aught I know, quintuple allegiance. An offense against one king is to be an offense against all kings, and the power of all is to be put forth for the punishment of the offender. A right to interfere in extreme cases, in the case of contiguous States, and where imminent danger is threatened to one by what is occurring in another, is not without precedent in modern times, upon what has been called the law of vicinage; and when confined to extreme cases, and limited to a certain extent, it may perhaps be defended upon principles of necessity and self-defense. But to maintain that sovereigns may go to war upon the subjects of another State to repress an example, is monstrous indeed. What is to be the limit to such a principle, or to the practice growing out of it? What, in any case, but sovereign pleasure, is to decide whether the example be good or bad? And what, under the operation of such a rule, may be thought of our example? Why are we not as fair objects for the operation of the new principle as any of those who may attempt a reform of government on the other side of the Atlantic?

The ultimate effect of this alliance of sovereigns, for objects personal to themselves, or respecting only the permanence of their own power, must be the destruction of all just feeling and all natural sympathy between those who exercise the power of government and those who are subject to it. The old channels of mutual regard and confidence are to be dried up or cut off. Obedience can now be expected no longer than it is enforced. Instead of relying on the affections of the governed, sovereigns are to rely on the affections and friendship of other sovereigns. There are, in short, no longer to be nations.

Princes and people are no longer to unite for interests common to them both. There is to be an end of all patriotism as a distinct national feeling. Society is to be divided horizontally; all sovereigns above and all subjects below, the former coalescing for their own security and for the more certain subjection of the undistinguished multitude beneath. This, sir, is no picture drawn by imagination.

I have hardly used language stronger than that in which the authors of this new system have commented on their own work. M. de Chateaubriand in his speech in the French Chamber of Deputies in February last decared that he had a conference with the Emperor of Russia at Verona, in which that august sovereign uttered sentiments which appeared to him so precious that he immediately hastened home and wrote them down while yet fresh in his recollection. "The Emperor declared," said he, "that there can no longer be such a thing as an English, French, Russian, Prussian, or Austrian policy; there is henceforth but one policy, which, for the safety of all, should be adopted both by people and kings. It was for me first to show myself convinced of the principles upon which I founded the alliance; an occasion offered itself—the rising in Greece. Nothing certainly could occur more for my interests, for the interests of my people; nothing more acceptable to my country than a religious war in Turkey. But I have thought I perceived in the troubles of the Morea the sign of revolution, and I have held back. Providence has not put under my command 800,000 soldiers to satisfy my ambition, but to protect religion, morality, and justice, and to secure the prevalence of those principles of order on which human society rests. It may well be permitted that kings may have public alliances to defend themselves against secret enemies."

These, sir, are the words which the French minister thought so important that they deserved to be recorded; and I, too, sir, am of the same opinion. But if it be true that there is hereafter to be neither a Russian policy, nor a Prussian policy, nor an Austrian policy, nor a French policy, nor even, which yet I will not believe, an English policy, there will be, I trust in God, an American policy. If the authority of all these Governments be hereafter to be mixed and blended, and to flow in one augmented current of prerogative over the face of Europe, sweeping away all resistance in its course, it will yet remain for us to secure our own happiness by the preservation of our own principles, which I hope we shall have the manliness to express on all proper occasions and the spirit to defend in every extremity. The end and scope of this amalgamated policy are neither more nor less than this, to interfere by force for any government against any people who may resist it. Be the state of the people what it may, they shall not rise; be the government what it will, it shall not be opposed.

The practical commentary has corresponded with the plain language of the text. Look at Spain and at Greece. If men may not resist the Spanish inquisition and the Turkish cimeter, what is there to which humanity must not submit? Stronger cases can never arise. Is it not proper for us at all times, is it not our duty at this time to come forth and deny and condemn these monstrous principles? Where but here and in one other place are they likely to be resisted? They are advanced with equal coolness and boldness, and they are supported by immense power. The timid will shrink and give way, and many of the brave may be compelled to yield to force. Human liberty may yet, perhaps, be obliged to repose its principal hopes on the intelligence and the vigor of the Saxon race. As far as depends on us, at least, I trust those hopes will not be disappointed, and that, to the extent which may consist with our own settled, pacific policy, our opinions and sentiments may be brought to act on the right side and to the right end on an occasion which is in truth nothing less than a momentous question between an intelligent age, full of knowledge, thirsting for improvement, and quickened by a thousand impulses on one side, and the most arbitrary pretensions, sustained by unprecedented power, on the other.

This asserted right of forcible intervention in the affairs of other nations is in open violation of the public law of the world. Who has authorized these learned doctors of Troppau to establish new articles in this code? Whence are their diplomas? Is the whole world expected to acquiesce in principles which entirely subvert the independence of nations? On the basis of this independence has been reared the beautiful fabric of international law. On the principle of this independence Europe has seen a family of nations flourishing within its limits, the small among the large, protected not always by power but by a principle above power, by a sense of propriety and justice. On this principle the great commonwealth of civilized States has been hitherto upheld. There have been occasional departures or violations, and always disastrous, as in the case of Poland; but in general the harmony of the system has been wonderfully preserved. In the production and preservation of this sense of justice, this predominating principle, the Christian religion has acted a main part. Christianity and civilization have labored together; it seems, indeed, to be a law of our human condition that they can live and flourish only together. From their blended influence has arisen that delightful spectacle of the prevalence of reason and principle over power and interest, so well described by one who was an honor to the age—

> And sovereign law, the State's collected will,
> O'er thrones and globes elate,
> Sits empress, crowning good, repressing ill:
> Smit by her sacred frown,
> The fiend, Discretion, like a vapor, sinks,
> And e'en the all-dazzling crown,
> Hides his faint rays, and at her bidding shrinks—

but this vision is past. While the teachers of Laybach give the rule, there will be no law but the law of the strongest.

It may now be required of me to show what interest we have in resisting this new system. What is it to us, it may be asked, upon what principles, or what pretenses, the European Governments assert a right of interfering in the affairs of their neighbors? The thunder, it may be said, rolls at a distance. The wide Atlantic is between us and danger, and, however others may suffer, we shall remain safe.

I think it is a sufficient answer to this to say that we are one of the nations of the earth; that we have an interest, therefore, in the preservation of that system of national law and national intercourse which has heretofore subsisted so beneficially for all. Our system of government, it should also be remembered, is throughout founded on principles utterly hostile to the new code, and if we remain undisturbed by its operation we shall owe our security either to our situation or our spirit. The enterprising character of the age, our own active commercial spirit, the great increase which has taken place in the intercourse among civilized and commercial States, have necessarily connected us with other nations and given us a high concern in the preservation of those salutary principles upon which that intercourse is founded. We have as clear an interest in international law as individuals have in the laws of society.

But apart from the soundness of the policy, on the ground of direct interest, we have, sir, a duty connected with this subject which, I trust, we are willing to perform. What do we not owe to the cause of civil and religious liberty? To the principle of lawful resistance? To the principle that society has a right to partake in its own Government? As the leading Republic of the world, living and breathing in these principles and advanced by their operation with unequaled rapidity in our career, shall we give our consent to bring them into disrepute and disgrace? It is neither ostentation nor boasting to say that there lies before this country, in immediate prospect, a great extent and height of power. We are borne along toward this without effort and not always even with a full knowledge of the rapidity of our own motion. Circumstances which never combined before have cooperated in our favor, and a mighty current is setting us forward which we could not resist even if we would, and which, while we would stop to make an observation and take the sun, has set us, at the end of the operation, far in advance of the place where we commenced it. Does it not become us, then—is it not a duty imposed on us—to give our weight to the side of liberty and justice, to let mankind know that we are not tired of our own institutions, and to protest against the asserted power of altering at pleasure the law of the civilized world?

But whatever we do in this respect it becomes us to do upon clear and consistent principles. There is an important topic in the message to which I have yet hardly alluded. I mean the rumored combination of the European continental sovereigns against the newly established free States of South America. Whatever position this Government may take on that subject, I trust it will be one which can be defended on known and acknowledged grounds of right. The near approach or the remote distance of danger may affect policy but can not change principle. The same reason that would authorize us to protest against unwarrantable combinations to interfere between Spain and her former colonies would authorize us equally to protest if the same combination were directed against the smallest State in Europe, although our duty to ourselves, our policy, and wisdom might indicate very different courses as fit to be pursued by us in the two cases. We shall not, I trust, act upon the notion of dividing the world with the Holy Alliance and complain of nothing done by them in their hemisphere if they will not interfere with ours. At least this would not be such a course of policy as I could recommend or support. We

have not offended, and I hope we do not intend to offend, in regard to South America against any principle of national independence or of public law. We have done nothing, we shall do nothing, that we need to hush up or to compromise by forbearing to express our sympathy for the cause of the Greeks or our opinion of the course which other Governments have adopted in regard to them.

It may in the next place be asked perhaps, Supposing all this to be true, what can we do? Are we to go to war? Are we to interfere in the Greek cause or any other European cause? Are we to endanger our pacific relations? No; certainly not. What, then, the question recurs, remains for us? If we will not endanger our own peace, if we will neither furnish armies nor navies to the cause which we think the just one, what is there within our power?

Sir, this reasoning mistakes the age. The time has been, indeed, when fleets and armies and subsidies were the principal reliances even in the best cause. But, happily for mankind, a great change has taken place in this respect. Moral causes come into consideration in proportion as the progress of knowledge is advanced; and the public opinion of the civilized world is rapidly gaining an ascendency over mere brutal force. It is already able to oppose the most formidable obstruction to the progress of injustice and oppression, and as it grows more intelligent and more intense it will be more and more formidable. It may be silenced by military power, but it can not be conquered. It is elastic, irrepressible, and invulnerable to the weapons of ordinary warfare. It is that impassible, unextinguishable enemy of mere violence and arbitrary rule, which, like Milton's angels,

> Vital in every part, * * *
> Can not, but by annihilating, die.

Until this be propitiated or satisfied it is vain for power to talk either of triumphs or of repose. No matter what fields are desolated, what fortresses surrendered, what armies subdued, or what provinces overrun. In the history of the year that has passed by us, and in the instance of unhappy Spain, we have seen the vanity of all triumphs in a cause which violates the general sense of justice of the civilized world. It is nothing that the troops of France have passed from the Pyrenees to Cadiz; it is nothing that an unhappy and prostrate nation has fallen before them; it is nothing that arrests and confiscation and execution sweep away the little remnant of national resistance. There is an enemy that still exists to check the glory of these triumphs. It follows the conqueror back to the very scene of his ovations; it calls upon him to take notice that Europe, though silent, is yet indignant; it shows him that the scepter of his victory is a barren scepter; that it shall confer neither joy nor honor, but shall molder to dry ashes in his grasp. In the midst of his exultation it pierces his ear with the cry of injured justice; it denounces against him the indignation of an enlightened and civilized age; it turns to bitterness the cup of his rejoicing and wounds him with the sting which belongs to the consciousness of having outraged the opinion of mankind.

In my opinion, sir, the Spanish nation is now nearer, not only in point of time but in point of circumstance, to the acquisition of a regulated government than at the moment of the French invasion. Nations must, no doubt, undergo these trials in their progress to the establishment of free institutions. The very trials benefit them and render them more capable both of obtaining and of enjoying the object which they seek.

I shall not detain the committee, sir, by laying before it any statistical, geographical, or commercial account of Greece. I have no knowledge on these subjects which is not common to all. It is universally admitted that, within the last 30 or 40 years, the condition of Greece has been greatly improved. Her marine is at present respectable, containing the best sailors in the Mediterranean, better even, in that sea, than our own, as more accustomed to the long quarantines and other regulations which prevail in its ports. The number of her seamen has been estimated as high as 50,000, but I suppose that estimate must be much too large. She has probably 150,000 tons of shipping. It is not easy to ascertain the amount of the Greek population. The Turkish Government does not trouble itself with any of the calculations of political economy, and there has never been such a thing as an accurate census probably in any part of the Turkish Empire. In the absence of all official information, private opinions widely differ. By the tables which have been communicated, it would seem that there are 2,400,000 Greeks in Greece proper and the islands; an amount, as I am inclined to think, somewhat overrated. There are probably in the whole of European Turkey 5,000,000 Greeks and 2,000,000 more in the Asiatic dominions of that power.

The moral and intellectual progress of this numerous population, under the horrible oppression which crushes it, has been such as may well excite regard. Slaves, under barbarous masters, the Greeks have still aspired after the blessings of knowledge and civilization. Before the breaking out of the present revolution they had established schools, and colleges, and libraries, and the press. Wherever, as in Scio, owing to particular circumstances, the weight of oppression was mitigated, the natural vivacity of the Greeks and their aptitude for the arts were evinced. Though certainly not on an equality with the civilized and Christian States of Europe—and how is it possible, under such oppression as they endured, that they should be?—they yet furnished a striking contrast with their Tartar masters. It has been well said that it is not easy to form a just conception of the nature of the despotism exercised over them. Conquest and subjugation, as known among European States, are inadequate modes of expression by which to denote the dominion of the Turks. A conquest in the civilized world is generally no more than an acquisition of a new dominion to the conquering country. It does not imply a never-ending bondage imposed upon the conquered, a perpetual mark—an opprobrious distinction between them and their masters; a bitter and unending persecution of their religion; a habitual violation of their rights of person and property, and the unrestrained indulgence toward them of every passion which belongs to the character of a barbarous soldiery. Yet such is the state of Greece. The Ottoman power over them, obtained originally by the sword, is constantly preserved by the same means. Wherever it exists, it is a mere military power. The religious and civil code of the State being both fixed in the Koran, and equally the object of an ignorant and furious faith, have been found equally incapable of change. "The Turk," it has been said, "has been encamped in Europe for four centuries." He has hardly any more participation in European manners, knowledge, and arts than when he crossed the Bosphorus. But this is not the worst. The power of the Empire is fallen into anarchy, and as the principle which belongs to the head belongs also to the parts, there are as many despots as there are pachas, beys, and viziers. Wars are almost perpetual between the Sultan and some rebellious governor of a Province; and in the conflict of these despotisms the people are necessarily ground between the upper and the nether millstone. In short, the Christian subjects of the Sublime Porte feel daily all the miseries which flow from despotism, from anarchy, from slavery, and from religious persecution. If anything yet remains to heighten such a picture, let it be added that every office in the Government is not only actually but professedly venal; the pachalics, the vizierates, the cadiships, and whatsoever other denomination may denote the depositary of power. In the whole world, sir, there is no such oppression felt as by the Christian Greeks. In various parts of India, to be sure, the Government is bad enough; but then it is the government of barbarians over barbarians, and the feeling of oppression is, of course, not so keen. There the oppressed are perhaps not better than their oppressors; but in the case of Greece, there are millions of Christian men, not without knowledge, not without refinement, not without a strong thirst for all the pleasures of civilized life, trampled into the very earth, century after century, by a pillaging, savage, relentless soldiery. Sir, the case is unique. There exists, and has existed, nothing like it. The world has no such misery to show; there is no case in which Christian communities can be called upon with such emphasis of appeal.

But I have said enough, Mr. Chairman—indeed I need have said nothing—to satisfy the House that it must be some new combination of circumstances, or new views of policy in the cabinets of Europe, which have caused this interesting struggle not merely to be regarded with indifference but to be marked with opprobrium. The very statement of the case, as a contest between the Turks and Greeks, sufficiently indicates what must be the feeling of every individual and every government that is not biased by a particular interest or a particular feeling to disregard the dictates of justice and humanity.

And now, sir, what has been the conduct pursued by the allied powers in regard to this contest?

When the revolution broke out the sovereigns were assembled in congress at Laybach, and the papers of that assembly sufficiently manifest their sentiments. They proclaimed their abhorrence of those "criminal combinations which had been formed in the eastern parts of Europe"; and, although it is possible that this denunciation was aimed more particularly at the disturbances in the Provinces of Wallachia and Moldavia, yet no exception is made from its general terms in favor of those events in Greece which were properly the commencement of her revolution, and which could not but be well known at Laybach before the date of these declarations. Now it must

be remembered that Russia was a leading party in this denunciation of the efforts of the Greeks to achieve their liberation; and it can not but be expected by Russia that the world should also remember what part she herself has heretofore acted in the same concern. It is notorious that within the last half century she has again and again excited the Greeks to rebellion against the Porte, and that she has constantly kept alive in them the hope that she would, one day, by her own great power, break the yoke of their oppressor. Indeed, the earnest attention with which Russia has regarded Greece goes much further back than to the time I have mentioned. Ivan the Third, in 1482, having espoused a Grecian princess, heiress of the last Greek Emperor, discarded St. George from the Russian arms and adopted the Greek two-headed black eagle, which has continued in the Russian arms to the present day. In virtue of the same marriage the Russian princes claim the Greek throne as their inheritance.

Under Peter the Great the policy of Russia developed itself more fully. In 1696 he rendered himself master of Azof, and in 1698 obtained the right to pass the Dardanelles and to maintain, by that route, commercial intercourse with the Mediterranean. He had emissaries throughout Greece, and particularly applied himself to gain the clergy. He adopted the Labarum of Constantine, "In hoc signo vinces," and medals were struck, with the inscription, "Petrus I, Russo-Græcorum Imperator." In whatever new direction the principles of the Holy Alliance may now lead the politics of Russia, or whatever course she may suppose Christianity now prescribes to her in regard to the Greek cause, the time has been when she professed to be contending for that cause as identical with Christianity. The white banner under which the soldiers of Peter the First usually fought bore, as its inscription, "In the name of the Prince, and for our country." Relying on the aid of the Greeks in his war with the Porte, he changed the white flag to red and displayed on it the words "In the name of God, and for Christianity." The unfortunate issue of this war is well known. Though Anne and Elizabeth, the successors of Peter, did not possess his active character, they kept up a constant communication with Greece, and held out hopes of restoring the Greek Empire. Catharine the Second, as is well known, excited a general revolt in 1769. A Russian fleet appeared in the Mediterranean and a Russian army was landed in the Morea. The Greeks in the end were disgusted at being expected to take an oath of allegiance to Russia, and the Empress was disgusted because they refused to take it. In 1774 peace was signed between Russia and the Porte, and the Greeks of the Morea were left to their fate. By this treaty the Porte acknowledged the independence of the Kahn of the Crimea—a preliminary step to the acquisition of that country by Russia. It is not unworthy of remark as a circumstance which distinguished this from most other diplomatic transactions, that it conceded to the cabinet of St. Petersburg the right of intervention in the interior affairs of Turkey, in regard to whatever concerned the religion of the Greeks. The cruelties and massacres that happened to the Greeks after the peace between Russia and the Porte, notwithstanding the general pardon which had been stipulated for them, need not now be recited. Instead of retracing the deplorable picture, it is enough to say that in this respect the past is justly reflected in the present. The Empress soon after invaded and conquered the Crimea, and on one of the gates of Kerson, its capital, caused to be inscribed "The road to Byzantium." The present Emperor, on his accession to the throne, manifested an intention to adopt the policy of Catharine the Second as his own, and the world has not been right in all its suspicions if a project for the partition of Turkey did not form a part of the negotiations of Napoleon and Alexander at Tilsit.

All this course of policy seems suddenly to be changed. Turkey is no longer regarded, it would appear, as an object of partition or acquisition, and Greek revolts have all at once become, according to the declaration of Laybach, "criminal combinations."

The recent congress at Verona exceeded its predecessor at Laybach in its denunciations of the Greek struggle. In the circular of the 14th of December, 1822, it declared the Grecian resistance to the Turkish power to be rash and culpable, and lamented that "the firebrand of rebellion had been thrown into the Ottoman Empire." This rebuke and crimination we know to have proceeded on those settled principles of conduct which the continental powers had prescribed for themselves. The sovereigns saw, as well as others, the real condition of the Greeks; they knew as well as others that it was most natural and most justifiable that they should endeavor, at whatever hazard, to change that condition. They knew that they themselves, or at least one of them, had more than once urged the Greeks to similar efforts; that they themselves had thrown the same firebrand into the midst of the Ottoman Empire. And yet, so much does it seem to be their fixed object to discountenance whatsoever threatens to disturb the actual government of any country, that, Christians as they were, and allied, as they professed to be, for purposes most important to human happiness and religion, they have not hesitated to declare to the world that they have wholly forborne to exercise any compassion to the Greeks, simply because they thought that they saw in the struggles of the Morea the sign of revolution. This, then, is coming to a plain, practical result. The Grecian revolution has been discouraged, discountenanced, and denounced solely because it is a revolution. Independent of all inquiry into the reasonableness of its causes or the enormity of the oppression which produced it, regardless of the peculiar claims which Greece possesses upon the civilized world, and regardless of what has been their own conduct toward her for a century, regardless of the interest of the Christian religion, the sovereigns at Verona seized upon the case of the Greek revolution as one above all others calculated to illustrate the fixed principles of their policy. The abominable rule of the Porte on one side, the value and the sufferings of the Christian Greeks on the other, furnished a case likely to convince even an incredulous world of the sincerity of the professions of the allied powers. They embraced the occasion with apparent ardor, and the world, I trust, is satisfied.

We see here, Mr. Chairman, the direct and actual application of that system which I have attempted to describe. We see it in the very case of Greece. We learn, authentically and indisputably, that the allied powers, holding that all changes in legislation and administration ought to proceed from kings alone, were wholly inexorable to the sufferings of the Greeks and entirely hostile to their success. Now, it is upon this practical result of the principle of the continental powers that I wish this House to intimate its opinion. The great question is a question of principle. Greece is only the signal instance of the application of that principle. If the principle be right, if we esteem it conformable to the law of nations, if we have nothing to say against it, or if we deem ourselves unfit to express an opinion on the subject, then, of course, no resolution ought to pass. If, on the other hand, we see in the declarations of the allied powers principles not only utterly hostile to our own free institutions but hostile also to the independence of all nations and altogether opposed to the improvement of the condition of human nature; if in the instance before us we see a most striking exposition and application of those principles, and if we deem our opinions to be entitled to any weight in the estimation of mankind, then I think it is our duty to adopt some such measure as the proposed resolution.

It is worthy of observation, sir, that as early as July, 1821, Baron Strogonoff, the Russian minister at Constantinople, represented to the Porte that if the undistinguished massacres of the Greeks, both of such as were in open resistance and of those who remained patient in their submission, were continued and should become a settled habit, they would give just cause of war against the Porte to all Christian states. This was in 1821. (Annual Register for 1821, p. 251.) It was followed early in the next year by that indescribable enormity, that appalling monument of barbarian cruelty, the destruction of Scio, a scene I shall not attempt to describe; a scene from which human nature shrinks, shuddering, away; a scene having hardly a parallel in the history of fallen man. This scene, too, was quickly followed by the massacres in Cyprus; and all these things were perfectly known to the Christian powers assembled at Verona. Yet these powers, instead of acting upon the case supposed by Baron Strogonoff and which one would think had been then fully made out; instead of being moved by any compassion for the sufferings of the Greeks, these powers, these Christian powers, rebuke their gallantry and insult their sufferings by accusing them of "throwing a firebrand into the Ottoman Empire." Such, sir, appear to me to be the principles on which the continental powers of Europe have agreed hereafter to act, and this an eminent instance of the application of those principles.

I shall not detain the committee, Mr. Chairman, by any attempt to recite the events of the Greek struggle up to the present time. Its origin may be found, doubtless, in that improved state of knowledge which, for some years, has been gradually taking place in that country. The emancipation of the Greeks has been a subject frequently discussed in modern times. They themselves are represented as having a vivid remembrance of the distinction of their ancestors, not unmixed with an indignant feeling that civilized and Christian Europe should not ere now have aided them in breaking their intolerable fetters.

In 1816 a society was founded in Vienna for the encouragement of Grecian literature. It was connected with a similar in-

stitution at Athens, and another in Thessaly, called the "Gymnasium of Mount Pelion." The treasury and general office of the institution were established at Munich. No political object was avowed by these institutions, probably none contemplated. Still, however, they had their effect, no doubt, in hastening that condition of things in which the Greeks felt competent to the establishment of their independence. Many young men have been for years annually sent to the universities in the western States of Europe for their education; and, after the general pacification of Europe, many military men, discharged from other employment, were ready to enter even into so unpromising a service as that of the revolutionary Greeks.

In 1820 war commenced between the Porte and Ali, the well-known Pacha of Albania. Differences existed also with Persia and with Russia. In this state of things, at the beginning of 1821 an insurrection broke out in Moldavia, under the direction of Alexander Ypsilanti, a well-educated soldier, who had been major general in the Russian service. From his character, and the number of those who seemed inclined to join him, he was supposed to be countenanced by the court at St. Petersburg. This, however, was a great mistake, which the Emperor, then at Laybach, took an early opportunity to rectify. The Turkish Government was alarmed at these occurrences in the northern Provinces of European Turkey, and caused search to be made of all vessels entering the Black Sea, lest arms or other military means should be sent in that manner to the insurgents. This proved inconvenient to the commerce of Russia, and caused some unsatisfactory correspondence between the two powers. It may be worthy of remark, as an exhibition of national character, that, agitated by these appearances of intestine commotion, the Sultan issued a proclamation calling on all true Mussulmans to renounce the pleasures of social life, to prepare arms and horses, and to return to the manner of their ancestors, the life of the plains. The Turk seems to have thought that he had, at last, caught something of the dangerous contagion of European civilization, and that it was necessary to reform his habits, by recurring to the original manners of military roving barbarians.

It was about this time, that is to say, at the commencement of 1821, that the revolution burst out in various parts of Greece and the isles. Circumstances, certainly, were not unfavorable to the movement, as one portion of the Turkish Army was employed in the war against Ali Pacha in Albania, and another part in the Provinces north of the Danube. The Greeks soon possessed themselves of the open country of the Morea, and drove their enemy into the fortresses. Of these, that of Tripolitza, with the city, fell into their hands in the course of the summer. Having after these first movements obtained time to breathe, it became, of course, an early object to establish a government. For this purpose delegates of the people assembled, under that name which describes the assembly in which we ourselves sit, that name which "freed the Atlantic," a congress. A writer, who undertakes to render to the civilized world that service which was once performed by Edmund Burke—I mean the compiler of the English Annual Register—asks by what authority this assembly could call itself a congress. Simply, sir, by the same authority by which the people of the United States have given the same name to their own legislature. We, at least, should be naturally inclined to think, not only as far as names, but things also, are concerned, that the Greeks could hardly have begun their revolution under better auspices, since they have endeavored to render applicable to themselves the general principles of our form of government as well as its name.

This constitution went into operation at the commencement of the next year. In the meantime the war with Ali Pasha was ended, he having surrendered, and being afterwards assassinated by an instance of treachery and perfidy, which, if it had happened elsewhere than under the government of the Turks, would have deserved notice. The negotiations with Russia, too, took a turn unfavorable to the Greeks. The great point upon which Russia insisted, beside the abandonment of the measure of searching vessels bound to the Black Sea, was that the Porte should withdraw its armies from the neighborhood of the Russian frontiers; and the immediate consequence of this, when effected, was to add so much more to the disposable force ready to be employed against the Greeks. These events seemed to have left the whole force of the Ottoman Empire, at the commencement of 1822, in a condition to be employed against the Greek rebellion; and, accordingly, very many anticipated the immediate destruction of the cause. The event, however, was ordered otherwise. Where the greatest effort was made it was met and defeated. Entering the Morea with an army which seemed capable of bearing down all resistance, the Turks were nevertheless defeated and driven back, and pursued beyond the isthmus, within which, as far as it appears, from that time to the present, they have not been able to set their foot.

It was in April of this year that the destruction of Scio took place. That island, a sort of appanage of the Sultana mother, enjoyed many privileges peculiar to itself. In a population of 130,000 or 140,000 it had no more than 2,000 or 3,000 Turks; indeed, by some accounts, not near as many. The absence of these ruffian masters had in some degree allowed opportunity for the promotion of knowledge, the accumulation of wealth, and the general cultivation of society. Here was the seat of modern Greek literature; here were libraries, printing presses, and other establishments, which indicate some advancement in refinement and knowledge. Certain of the inhabitants of Samos, it would seem, envious of this comparative happiness of Scio, landed upon the island in an irregular multitude, for the purpose of compelling its inhabitants to make common cause with their countrymen against their oppressors. These, being joined by the peasantry, marched to the city and drove the Turks into the castle. The Turkish fleet, lately reinforced from Egypt, happened to be in the neighboring seas, and, learning these events, landed a force on the island of 15,000 men. There was nothing to resist such an army. These troops immediately entered the city and began an indiscriminate massacre. The city was fired; and in four days the fire and sword of the Turk rendered the beautiful Scio a clotted mass of blood and ashes. These details are too shocking to be recited. Forty thousand women and children, unhappily saved from the general destruction, were afterwards sold in the market of Smyrna and sent off into distant and hopeless servitude. Even on the wharves of our own cities, it has been said, have been sold the utensils of these hearths which now exist no longer. Of the whole population which I have mentioned, not above 900 persons were left living upon the island. I will only repeat, sir, that these tragical scenes were as fully known at the Congress of Verona as they are now known to us, and it is not too much to call on the powers that constituted that congress, in the name of conscience and in the name of humanity, to tell us if there be nothing even in these unparalleled excesses of Turkish barbarity to excite a sentiment of compassion; nothing which they regard as so objectionable as even the very idea of popular resistance to power.

The events of the year which has just passed by, as far as they have become known to us, have been even more favorable to the Greeks than those of the year preceding. I omit all details as being as well known to others as to myself. Suffice it to say that with no other enemy to contend with and no diversion of his force to other objects, the Porte has not been able to carry the war into the Morea; and that, by the last accounts, its armies were acting defensively in Thessaly. I pass over, also, the naval engagements of the Greeks, although that is a mode of warfare in which they are calculated to excel, and in which they have already performed actions of such distinguished skill and bravery as would draw applause upon the best mariners in the world. The present state of the war would seem to be that the Greeks possess the whole of the Morea, with the exception of the three fortresses of Patras, Coron, and Modon; all Candia, but one fortress, and most of the other islands. They possess the citadel of Athens, Missolonghi, and several other places in Livadia. They have been able to act on the offensive, and to carry the war beyond the isthmus. There is no reason to believe their marine is weakened; more probably, it is strengthened; but, what is most important of all, they have obtained time and experience. They have awakened a sympathy throughout Europe and throughout America, and they have formed a government which seems suited to the emergency of their condition.

Sir, they have done much. It would be great injustice to compare their achievements with our own. We began our Revolution, already possessed of government, and, comparatively, of civil liberty. Our ancestors had from the first been accustomed in a great measure to govern themselves. They were familiar with popular elections and legislative assemblies, and well acquainted with the general principles and practice of free governments. They had little else to do than to throw off the paramount authority of the parent State. Enough was still left, both of law and of organization, to conduct society in its accustomed course, and to unite men together for a common object. The Greeks, of course, could act with little concert at the beginning; they were unaccustomed to the exercise of power, without experience, with limited knowledge, without aid, and surrounded by nations which, whatever claims the Greeks might seem to have upon them, have afforded them nothing but discouragement and reproach. They have held out, however, for three campaigns; and that, at least, is something. Constantinople and the northern Provinces have sent forth thousands of troops—they have been defeated. Tripoli, and Algiers, and Egypt, have contributed their marine contingents—they have not

kept the ocean. Hordes of Tartars have crossed the Bosphorus—they have died where the Persians died. The powerful monarchies in the neighborhood have denounced their cause and admonished them to abandon it and submit to their fate. They have answered them, that, although 200,000 of their countrymen have offered up their lives, there yet remain lives to offer; and that it is the determination of all, "yes, of all," to persevere until they shall have established their liberty, or until the power of their oppressors shall have relieved them from the burden of existence.

It may now be asked, perhaps, whether the expression of our own sympathy, and that of the country, may do them good? I hope it may. It may give them courage and spirit, it may assure them of public regard, teach them that they are not wholly forgotten by the civilized world, and inspire them with constancy in the pursuit of their great end. At any rate, sir, it appears to me that the measure which I have proposed is due to our own character and called for by our own duty. When we shall have discharged that duty, we may leave the rest to the disposition of Providence.

I do not see how it can be doubted that this measure is entirely pacific. I profess my inability to perceive that it has any possible tendency to involve our neutral relations. If the resolution pass, it is not of necessity to be immediately acted on. It will not be acted on at all, unless, in the opinion of the President, a proper and safe occasion for acting upon it shall arise. If we adopt the resolution to-day, our relations with every foreign State will be to-morrow precisely what they now are. The resolution will be sufficient to express our sentiments on the subjects to which I have adverted. Useful for that purpose, it can be mischievous for no purpose. If the topic were properly introduced into the message, it can not be improperly introduced into discussion in this House. If it were proper, which no one doubts, for the President to express his opinions upon it, it can not, I think, be improper for us to express ours. The only certain effect of this resolution is to signify, in a form usual in bodies constituted like this, our approbation of the general sentiment of the message. Do we wish to withhold that approbation? The resolution confers on the President no new power, nor does it enjoin on him the exercise of any new duty; nor does it hasten him in the discharge of any existing duty.

I can not imagine that this resolution can add anything to those excitements which it has been supposed, I think very causelessly, might possibly provoke the Turkish Government to acts of hostility. There is already the message, expressing the hope of success to the Greeks and disaster to the Turks, in a much stronger manner than is to be implied from the terms of this resolution. There is the correspondence between the Secretary of State and the Greek agent in London, already made public, in which similar wishes are expressed, and a continuance of the correspondence apparently invited. I might add to this the unexampled burst of feeling which this cause has called forth from all classes of society, and the notorious fact of pecuniary contributions made throughout the country for its aid and advancement. After all this, whoever can see cause of danger to our pacific relations from the adoption of this resolution has a keener vision than I can pretend to. Sir, there is no augmented danger; there is no danger. The question comes at last to this, whether, on a subject of this sort, this House holds an opinion which is worthy to be expressed.

Even suppose, sir, an agent or commissioner were to be immediately sent—a measure which I myself believe to be the proper one—there is no breach of neutrality nor any just cause of offense. Such an agent, of course, would not be accredited; he would not be a public minister. The object would be inquiry and information; inquiry which we have a right to make, information which we are interested to possess. If a dismemberment of the Turkish Empire be taking place or has already taken place; if a new State be rising or be already risen in the Mediterranean, who can doubt that, without any breach of neutrality, we may inform ourselves of these events for the government of our own concerns? The Greeks have declared the Turkish coasts in a state of blockade; may we not inform ourselves whether this blockade be nominal or real, and, of course, whether it shall be regarded or disregarded? The greater our trade may happen to be with Smyrna, a consideration which seems to have alarmed some gentlemen, the greater is the reason, in my opinion, why we should seek to be accurately informed of those events which may affect its safety. It seems to me impossible, therefore, for any reasonable man to imagine that this resolution can expose us to the resentment of the Sublime Porte.

As little reason is there for fearing its consequences upon the conduct of the allied powers. They may, very naturally, dislike our sentiments upon the subject of the Greek revolution; but what those sentiments are they will much more explicitly learn in the President's message than in this resolution. They might, indeed, prefer that we should express no dissent from the doctrines which they have avowed and the application which they have made of those doctrines to the case of Greece. But I trust we are not disposed to leave them in any doubt as to our sentiments upon these important subjects. They have expressed their opinions and do not call that expression of opinion an interference, in which respect they are right, as the expression of opinion in such cases is not such an interference as would justify the Greeks in considering the powers at war with them. For the same reason any expression which we may make of different principles and different sympathies is no interference. No one would call the President's message an interference, and yet it is much stronger in that respect than this resolution. If either of them could be construed to be an interference no doubt it would be improper; at least it would be so according to my view of the subject, for the very thing which I have attempted to resist in the course of these observations is the right of foreign interference. But neither the message nor the resolution has that character. There is not a power in Europe which can suppose that, in expressing our opinions on this occasion, we are governed by any desire of aggrandizing ourselves or of injuring others. We do no more than to maintain those established principles in which we have an interest in common with other nations and to resist the introduction of new principles and new rules calculated to destroy the relative independence of States, and particularly hostile to the whole fabric of our Government.

I close then, sir, with repeating that the object of this resolution is to avail ourselves of the interesting occasion of the Greek revolution to make our protest against the doctrines of the allied powers, both as they are laid down in principle and as they are applied in practice. I think it right, too, sir, not to be unseasonable in the expression of our regard, and, as far as that goes, in a manifestation of our sympathy with a long oppressed and now struggling people. I am not of those who would, in the hour of utmost peril, withhold such encouragement as might be properly and lawfully given, and, when the crisis should be past, overwhelm the rescued sufferer with kindness and caresses. The Greeks address the civilized world with a pathos not easy to be resisted. They invoke our favor by more moving considerations than can well belong to the condition of any other people. They stretch out their arms to the Christian communities of the earth, beseeching them, by a generous recollection of their ancestors, by the consideration of their desolated and ruined cities and villages, by their wives and children sold into an accursed slavery, by their blood, which they seem willing to pour out like water, by the common faith, and in the name which unites all Christians, that they would extend to them at least some token of compassionate regard.

THE TARIFF.

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

The VICE PRESIDENT. What amendment does the Senator from North Dakota wish to take up now?

Mr. McCUMBER. On page 34, line 10.

The ASSISTANT SECRETARY. On page 34, line 10, after the word "fluorspar" and the comma, the committee proposes to strike out "$5 per ton of 2,000 pounds: *Provided*, That after the expiration of one year beginning on the day following the passage of this act, the duty on fluorspar shall be $4 per ton of 2,000 pounds," and to insert in lieu thereof "$5.60 per ton," so as to read:

Fluorspar, $5.60 per ton.

Mr. SIMMONS. Mr. President, I will say to the Senator from Utah [Mr. SMOOT] that the Senator from New Mexico [Mr. JONES] came down this morning expecting that this item of fluorspar would be called up. He wanted to present some remarks to the Senate. He stayed here a while, and the Senate then took up some other matter in which the Senators from California were interested. The Senator from New Mexico then left the Chamber and said he would probably not be able to return during the day. I have just called him on the telephone, and he requested me to ask that this item go over until to-morrow morning.

Mr. McCUMBER. Very well. If that is the desire, and if we are ready to go on with some other item, I have no objection.

Mr. SIMMONS. Mr. President, I make the point of no quorum. I was going to suggest to the Senator from North Dakota that if we could take up the item of carbon, the Senator from Texas [Mr. SHEPPARD] is ready to proceed, but the Sena-

tors who are to discuss some of the other items happen to be temporarily out of the Chamber. If it will satisfy the Senators in charge to take up the item of carbon, I am perfectly willing to withdraw the request for a quorum.

Mr. McCUMBER. What paragraph is it the Senator desires to take up?

Mr. SIMMONS. Paragraph 216, carbons and electrodes. I suggest to the Senator from North Dakota that we are ready to proceed with that paragraph. If the Senator is willing to take up that paragraph, we are ready to go on; otherwise I shall have to call for a quorum to bring here the Senators who can discuss some of the other paragraphs.

Mr. McCUMBER. Here, again, I think the Senator from Washington [Mr. POINDEXTER] is interested in graphite.

Mr. SHEPPARD. It is not the graphite paragraph to which the Senator from North Carolina is referring.

Mr. McCUMBER. It relates to articles or wares composed wholly or in part of carbon or graphite.

Mr. SHEPPARD. I will state, however, that the report of the Tariff Commission suggests that that clause be eliminated, as it is unnecessary and does not affect the sense of the paragraph. However, if the Senator feels that the Senator from Washington [Mr. POINDEXTER] is interested in it, I shall not insist on going ahead with it.

Mr. McCUMBER. If the Senator desires to go on with the discussion of paragraph 216, I have no objection to taking that up.

Mr. FLETCHER. Do I understand that paragraphs 211 and 213a are to go over until the Senator from Washington can be here? I think they might be considered together, as they bear on the same subject.

Mr. SMOOT. Why should paragraph 210 go over, then?

Mr. SHEPPARD. The Senator from North Carolina stated that certain Senators on this side of the Chamber are interested in paragraph 210, but are not here, and therefore he wanted it to go over.

Mr. McCUMBER. Does the Senator from North Carolina want paragraph 210 passed over?

Mr. SIMMONS. Yes; temporarily.

Mr. McCUMBER. Then I will ask that we may consider paragraph 216, and afterwards we will go back to paragraph 210.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. On page 38, paragraph 216, carbons and electrodes, in line 19, the committee proposes to strike out the parenthesis and the word "composed" and insert in lieu thereof the word "composed"; in line 20, to strike out the parenthesis and the word "graphite" and insert in lieu the word "graphite"; and in line 21 to change "35" to "45" before the words "per cent ad valorem."

Mr. SHEPPARD. Mr. President, the carbon industry has four divisions or classifications, relating, respectivly, to light, heat, power applied to electrical apparatus, and miscellaneous specialties, including all remaining forms of manufactured carbon.

The first division includes all forms of electric-lighting carbon. These carbons are cylindrical rods, and are used in making the arc light, of which there are three types; first, that made from petroleum coke carbon, the light once used so generally for street illumination, but now almost out of fashion; second, that made from lampblack or flaming-arc carbon, and used for many purposes, notably every kind of photography, motion-picture projections, and searchlights of the most powerful grades; third, that made from homogeneous or solid flaming-arc carbons, and of which very little is used. There are practically no importations of carbons used in making the first and third type of electric light, but of those used in making the second type the importations had a value in 1919 of $20,967, while the home production exceeded $1,200,000.

Mr. A. C. Morrison, representing the carbon section of the Associated Manufacturers of Electrical Supplies, New York City, testified before the Ways and Means Committee of the House that the domestic demand of 20,000,000 carbons for motion-picture purposes was being handled by the American industry, and handled satisfactorily.

The second division of the carbon industry, the division relating to heat, comprises the production of electrodes; that is, carbon bars of various dimensions, some weighing as much as a ton. They are essential to the operation of electric furnaces, batteries, and to electrochemical or electrolytical processes; that is, processes whereby chemicals are deomposed with an electric current.

The third division comprises the manufacture of what is known as the carbon brush—a combination of small pieces of carbon which transmit the electric current from the dynamo to motors, generators, and similar machines. They are essential, therefore, to every form of electric power. Without them no dynamo could be utilized and no electric mechanism could be operated. Their production requires the highest skill and care as well as scientific and technical knowledge of the most accomplished nature. To so many uses is electricity put in modern times that there are about 8,000 different sizes and kinds of these carbon brushes.

The fourth division comprises all other carbon products, and are known as carbon specialties. They are so numerous that it is impracticable to cover them in a tariff law except through an ad valorem duty. Among these specialties are the carbon circuit-breaking contacts of electric elevators and of many other kinds of electrical equipment, carbon for electric welding, bearings, bushings, lightning arresters, hollow granules about three one-hundredths of an inch in diameter used in ear phones for the deaf, actuated carbon with the quality of absorbing poisonous gases to a larger degree than any other substance, packing rings, essential to the operation of turbine engines, minute carbon grains and carbon disks for telephones, and innumerable other articles leading into almost every detail of this mechanical and electric age.

I have already given the imports in the first division. In the other three the imports had a value in 1919 as follows: Electrodes, $6,209, as against a home production of $5,846,594; brushes, $173,122, as against a home production of $4,088,411.40; carbon specialties, about $62,000, as against a home production of over a million dollars; total imports for the entire industry in 1919, $254,298; total home production, $13,292,000; exports, $1,391,765. Total imports for 1920 were $484,020; exports, $1,477,831. I have not the figure for the home production, but it is safe to say that it has continued to increase. Total imports for the first nine months of 1921 were $325,000; exports, $347,306. I have not been able to find the production figures for 1921, but it may be reasonably inferred that the industry continued to grow and continued to outstrip imports in a ratio of something like 40 to 1. With home production forty times greater than imports a feeble case indeed has been made for protection.

The House committee decided that a rate of 35 per cent ad valorem should be imposed on all these carbon products, and its action was sustained by the House.

The Senate committee increased the rate to 45 per cent, without any hearing, in so far as I have been able to ascertain. I can not find any hearings on the earthenware schedule before the Senate Committee on Finance where the subject was mentioned, and yet the Senate committee increased the rate allowed by the House committee and adopted by the House from 35 per cent ad valorem to 45 per cent ad valorem.

Mr. President, it is the statement of Mr. Ingalls, one of the most reliable and careful students of American industry, that the electrical industry in all its phases is one of the most prosperous of all American industries; that it has grown literally by leaps and bounds; that it has doubled itself every five years within the last 20 or 30 years.

The existing law imposes an ad valorem rate of about 25 per cent on carbons. The act of 1909 imposed a rate on certain forms of carbon of 30 per cent ad valorem, and on other forms of carbon of 20 per cent ad valorem, and on still other forms it imposed a specific duty. Under the Treasury decisions, however, those who are interested in this industry claim that they have not been able to obtain the benefit of those duties; and yet, despite the adverse Treasury decisions, despite the low rates which were levied on competing imports, this industry has grown more rapidly perhaps than has any other industry in America. Nevertheless, the House committee increased the rate to 35 per cent ad valorem, and the Senate committee, evidently without any further evidence, increased the rate on the industry and on various forms of carbon to 45 per cent ad valorem.

The Senate committee has made out no case whatever for protection. It may be that a certain amount of revenue could be raised from a duty of 20 or 25 per cent ad valorem. Therefore I move to amend the amendment of the committee by striking out "45 per cent" and inserting "25 per cent," which is the existing rate, and under which the industry has continued to grow and prosper as, perhaps, has no other industry in the country. On the amendment I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. WARREN in the chair). There is a committee amendment in the paragraph before the point indicated by the Senator from Texas. The committee amendment will be stated.

The READING CLERK. On page 38, line 19, after the word "whereas," it is proposed to strike out "(composed" and to insert the word "composed."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 38, line 20, after the words "carbon or," to strike out "graphite) " and insert "graphite."

Mr. SHEPPARD. Mr. President, I desire at this point to direct the attention of the chairman of the committee to the suggestion in the Summary of the Tariff Commission on page 306.

Mr. McCUMBER. It is with a view to the change suggested by the Tariff Commission on page 306 of the Tariff Summary that we propose to strike out the parenthesis.

Mr. SHEPPARD. The committee has made that motion?

Mr. McCUMBER. That is the amendment now under consideration.

Mr. WALSH of Montana. Mr. President, I do not desire to discuss this provision further than to call attention to the fact——

Mr. McCUMBER. If the Senator will excuse me for a moment, I wish to know whether we have agreed to the first amendment, whereby "(composed" was stricken out and the word "composed," without the parenthesis, inserted in lieu thereof?

The PRESIDING OFFICER. That has been agreed to.

Mr. McCUMBER. Then, if there is no objection, I hope we may agree to the amendment proposing to strike out "(graphite" and to insert in lieu thereof the word "graphite" without the parenthesis.

The PRESIDING OFFICER. Without objection, that amendment is agreed to.

The READING CLERK. The next amendment of the Committee on Finance is on page 38, line 21——

Mr. WALSH of Montana. Mr. President, graphite, of course, enters very largely into the construction of electrodes, as is indicated in the paragraph under consideration.

Mr. McCUMBER. Mr. President, I will ask the Senator if he has any objection to the amendment striking out the parenthesis?

Mr. WALSH of Montana. No; I have no objection to that amendment.

The PRESIDING OFFICER. The amendment was agreed to in the absence of objection.

Mr. WALSH of Montana. I merely wish to call attention to the provisions of the bill included in the parentheses which are now eliminated and to the feature of this paragraph embracing the consideration of the subject of graphite which is taken care of by paragraph 213a on the preceding page. I shall have something more to say on that subject when we reach it, but I simply remark here that a very high quality of graphite, equal to the best Ceylon graphite, is produced in the State of Montana. The industry was developed during the war. The ordinary American graphite is not very serviceable in the manufacture of crucibles for use in the production of steel and other foundry products, but the Montana graphite meets all the specifications. It is an infant industry and one that might very properly be encouraged.

Mr. McCUMBER. I do not want to disturb the Senator, but may I ask him if he is not considering the lump or plumbago graphite provided for in paragraph 213a?

Mr. WALSH of Montana. No. I have said that when that paragraph is reached I shall speak on it in some detail. I am now simply calling attention to the fact that the producers of the domestic material, the development of which certainly ought to be encouraged in every possible way, were denied anything like protection upon their product. They are given 10 per cent ad valorem, which means nothing at all, but the manufactured article, electrodes, into which this raw product enters, is protected by a duty of 45 per cent.

We understand, by repeated asseverations upon the other side, that the purpose is to encourage and protect every American industry, and that the manufacturer is not to be preferred at all over the producer of the raw material. I have invited attention heretofore to the fact that manganese, another important product of the State of Montana, utilized in the manufacture of steel and entering into its composition, has been placed upon the free list. Graphite, another raw product of my State used in the same industry, has been given a rate of duty of 10 per cent, while the manufactured product of which the graphite is a large constituent is given 45 per cent under the provision we are now considering.

Mr. FRELINGHUYSEN. Mr. President, may I ask the Senator a question? Is the finer quality of amorphous graphite produced in his State? Has he information to that effect? I understood that the crystalline flake graphite was a coarser graphite, used by the steel makers in making crucible steel in this country, but that the finer graphite, used for lubricating, was not produced in this country, and that was the information the committee had. It will be highly interesting if it is so.

Mr. WALSH of Montana. The competition comes largely from the Ceylon graphite, which is particularly valuable in the construction of crucibles.

Mr. FRELINGHUYSEN. Is it similar to the Ceylon graphite?

Mr. WALSH of Montana. It is similar to the Ceylon graphite, and that comes in in large quantities, and during the war shipments were made from Montana directly to Pittsburgh.

Mr. FRELINGHUYSEN. That is very interesting, indeed, as I was informed that none of that type of graphite was produced in this country, or very little.

Mr. WALSH of Montana. The documents available to the Senator disclose the fact as I have stated it.

Mr. SHEPPARD. Mr. President, did the Senator from Montana understand that the language within the parentheses was eliminated?

Mr. WALSH of Montana. Oh, no. As I understand, it reads now—

> And articles or wares composed wholly or in part of carbon or graphite, wholly or partly manufactured, not specially provided for, 45 per cent ad valorem.

Mr. SHEPPARD. That is correct.

Mr. WALSH of Montana. That is to say, the miner is given a 10 per cent duty on the graphite, but the manufacturer of electrodes is given 45 per cent on the product into which this graphite enters. Can the Senator tell me what State produces the greatest quantity of this product?

Mr. SHEPPARD. Does the Senator mean the raw material of carbon?

Mr. WALSH of Montana. No, no; the carbons and electrodes.

Mr. SHEPPARD. A number of States—Pennsylvania, West Virginia, New York—produce these articles, but in exactly what proportion I am unable to say.

Mr. WALSH of Montana. The General Electric Co.?

Mr. SHEPPARD. The General Electric Co. in New York may make some of these products.

Mr. WALSH of Montana. So that the General Electric Co. is protected to the extent of 45 per cent and the Montana miner to the extent of 10 per cent?

Mr. SHEPPARD. Exactly. The companies making the finished product get this preference.

Mr. SMOOT. Mr. President, of course the Senator knows that that is crystalline lump, chip, or dust, 20 per cent ad valorem, in paragraph 213a, and before they can be manufactured they have to go through that process.

Mr. WALSH. Oh, but that is the manufactured article.

Mr. SMOOT. No, no.

Mr. WALSH of Montana. Yes; that is crystalline lump.

Mr. SMOOT. That is the ore made into crystalline lump, chip, or dust.

Mr. WALSH of Montana. To be sure; it is treated.

Mr. SMOOT. Then the carbons and electrodes are manufactured from that product, and there is not the difference that the Senator says.

Mr. SHEPPARD. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The Senator from Texas proposes an amendment to the amendment of the committee, which will be stated.

The READING CLERK. On page 38, line 21, in the committee amendment, the Senator from Texas proposes to strike out "45" and to insert "25."

The PRESIDING OFFICER. On that amendment the Senator from Texas requests the yeas and nays.

The yeas and nays were ordered.

Mr. McCUMBER. Mr. President, I simply want to call attention to one table in the report of the Tariff Commission covering the articles included under the term "composed chiefly of lampblack or retort carbon."

I notice that in 1918 we imported 2,400 feet; in 1919, 322,400 feet; and a like increase in 1920. Then, in the first nine months of 1921, we imported 55,572,300 feet. At the same rate the year's importations for 1921 would be 74,096,400 feet, as against 2,400 feet in 1918. Nineteen hundred and eighteen, of course, was during the war, and the importations would necessarily, as they mostly come from Germany, be very light; but taking the highest importations prior to the war, they were 17,600,380 feet, and this has suddenly jumped in a single year to 74,096,400, or about 500 per cent.

Mr. SHEPPARD. Can the Senator give us the home production for the first nine months of 1921?

Mr. McCUMBER. I have not it right here.

Mr. SHEPPARD. Why does the Senator say "55,000,000"? The figures seem to be "555,000."

Mr. McCUMBER. No; that is multiplied by 100. Those represent that many hundred feet.

Mr. SHEPPARD. Where is the statement to that effect?

Mr. McCUMBER. Right at the head of the column. If the Senator will run the column up to the head, he will see that it says "100 feet," and therefore where it says "4" I gave it as "400 feet."

Mr. SHEPPARD. Does the same thing apply to the next column, in the matter of dollars—$177,000,000 instead of $177,000?

Mr. McCUMBER. No; not on dollars. This hundred is simply added in the case of feet. This is so many hundred feet. It goes by hundred feet rather than simply by so many feet. By multiplying by 100 in the case of each item you have the figures which I have just given.

Mr. SHEPPARD. Then I want to call the Senator's attention to an apparent contradiction in the figures there. Referring to the year 1920, the table states that 41,000—or 41,000,000 feet, as the Senator would read it—were imported, valued at $217,000.

Mr. McCUMBER. That would be 4,100,000, if you multiply that by 100.

Mr. SHEPPARD. And the valuation was $217,000; yet, for the first nine months of 1921—where, as the Senator states, the imports were 55,000,000 feet—the value is only $177,000.

Mr. McCUMBER. That would indicate just the reason why we are asking for this protection. The Senator will see that 4,186,800 feet were landed in 1920 at a cost of $217,947, whereas the 55,572,300 feet in 1921 came in at only $177,428, showing the enormous reduction in cost in Germany and in the inventory as the articles are brought into the United States.

Mr. SHEPPARD. Unless the Senator can give us the figures of the home production and the value of the home production we are not in position to judge the situation accurately. Besides, he is referring to but one of the carbon products, and the industry is treated as a whole in the bill. The rate proposed applies to all these carbon products.

Mr. McCUMBER. I have not the home production of this particular article. The value of the carbons for electric lighting produced in the United States in 1914 was only about $800,000; but in the case of the lampblack or retort carbons, these amounted in 1913 to 17,600,000 feet and in 1914 to 15,690,763 feet, whereas at the present time we have 74,096,000 feet of importations and at a price so low that that amount does not produce anything near what only a small fraction of the same importation produced in 1920.

Mr. NORRIS. Mr. President, I should like to ask the Senator from Texas or the Senator from North Dakota if there was a corresponding decline in the value of the domestic production? Evidently, from the figures the Senator from North Dakota has given, after the war the foreign article came down in value; but no figures have been given to show whether or not the same thing happened here.

Mr. SHEPPARD. Not at all as to this particular form of carbon.

Mr. McCUMBER. Mr. President, necessarily they either must go down in order to compete when the articles compete in price, or else they have to close business. One of two things must necessarily follow.

Mr. NORRIS. I assume that they have gone down.

Mr. McCUMBER. I have no doubt that they have gone down enormously since then.

Mr. NORRIS. Yes. In other words, I fear that the House rate is based on a war price in America, compared to an after-war price in a foreign country.

Mr. SHEPPARD. I call the attention of the Senator from Nebraska to the fact that during the first nine months of 1921 we exported these carbons to the value of $347,000; so it would seem that the industry has not been seriously affected by the importation.

Mr. NORRIS. In those nine months we exported, as I remember, more than we imported. Is that correct?

Mr. SHEPPARD. Yes; that is true. So it would seem that the industry is not suffering on account of the importations.

Mr. NORRIS. It would seem to me from that that it would not be necessary to make this wonderfully high increase here.

Mr. SHEPPARD. That is my contention.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Texas to the amendment of the committee, on which the yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

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

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

Mr. DIAL (when Mr. ROBINSON's name was called). I make the same announcement as to the pair of the Senator from Arkansas [Mr. ROBINSON] as on the previous vote. If he were present and not paired, he would vote "yea."

Mr. STERLING (when his name was called). Transferring my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Delaware [Mr. DU PONT], I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. WATSON of Georgia (when his name was called). I transfer my general pair with the junior Senator from Arizona [Mr. CAMERON] to the senior Senator from Missouri [Mr. REED] and vote "yea."

The roll call was concluded.

Mr. McKINLEY. I transfer my pair with the junior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Pennsylvania [Mr. PEPPER] and vote "nay."

Mr. LODGE. I transfer my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the senior Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. HARRIS. I transfer my pair with the junior Senator from New York [Mr. CALDER] to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. GLASS. Making the same transfer of my pair as on the preceding vote, I vote "yea."

Mr. HARRISON. Has the junior Senator from West Virginia [Mr. ELKINS] voted?

The VICE PRESIDENT. He has not voted.

Mr. HARRISON. I transfer my pair with that Senator to the senior Senator from Tennessee [Mr. SHIELDS] and vote "yea."

The roll call resulted—yeas 16, nays 31—as follows:

YEAS—16.

Dial	Harrison	Overman	Stanley
Fletcher	Heflin	Ransdell	Walsh, Mass.
Glass	Hitchcock	Sheppard	Walsh, Mont.
Harris	Norris	Simmons	Watson, Ga.

NAYS—31.

Ball	Hale	McCumber	Phipps
Brandegee	Jones, Wash.	McKinley	Poindexter
Capper	Kellogg	McLean	Smoot
Curtis	Kendrick	McNary	Sterling
Ernst	Keyes	Nelson	Sutherland
France	Ladd	Newberry	Townsend
Frelinghuysen	Lenroot	Nicholson	Warren
Gooding	Lodge	Oddie	

NOT VOTING—49.

Ashurst	Edge	New	Spencer
Borah	Elkins	Norbeck	Stanfield
Broussard	Fernald	Owen	Swanson
Bursum	Gerry	Page	Trammell
Calder	Harreld	Pepper	Underwood
Cameron	Johnson	Pittman	Wadsworth
Caraway	Jones, N. Mex.	Pomerene	Watson, Ind.
Colt	King	Rawson	Weller
Crow	La Follette	Reed	Williams
Culberson	McCormick	Robinson	Willis
Cummins	McKellar	Shields	
Dillingham	Moses	Shortridge	
du Pont	Myers	Smith	

The VICE PRESIDENT. On this question the yeas are 16 and the nays are 31. A quorum has not voted. The Secretary will call the roll.

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

Ball	Harris	McKinley	Sheppard
Brandegee	Harrison	McLean	Simmons
Capper	Heflin	McNary	Smoot
Curtis	Hitchcock	Newberry	Stanley
Dial	Jones, Wash	Nicholson	Sterling
Ernst	Kellogg	Norris	Sutherland
Fletcher	Kendrick	Oddie	Townsend
France	Keyes	Overman	Wadsworth
Frelinghuysen	Ladd	Phipps	Walsh, Mass.
Gooding	Lodge	Poindexter	Walsh, Mont.
Hale	McCumber	Ransdell	Warren

The VICE PRESIDENT. Forty-four Senators have 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. LENROOT answered to his name when called.

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

The VICE PRESIDENT. Forty-six Senators have answered to their names. A quorum is not present.

Mr. McCUMBER. Mr. President, I move that the Sergeant at Arms be directed to procure the attendance immediately of those Senators who are absenting themselves from the Chamber.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms is so ordered.

Mr. LA FOLLETTE, Mr. SHIELDS, Mr. BURSUM, and Mr. RAWSON entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment of the Senator from Texas [Mr. SHEPPARD] to the committee amendment, on which the yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

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

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

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

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

Mr. LODGE (when his name was called). Making the same transfer of my pair as before, I vote "nay."

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

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

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. DIAL. I desire to make the same announcement as to the Senator from Arkansas [Mr. ROBINSON] as on former votes. If the Senator from Arkansas were present, he would vote "yea."

Mr. CURTIS. I am requested to announce the following pairs:

The Senator from Arizona [Mr. CAMERON] with the Senator from Georgia [Mr. WATSON];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

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

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. MCKELLAR];

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

The junior Senator from Ohio [Mr. WILLIS] with the senior Senator from Ohio [Mr. POMERENE].

The result was announced—yeas 15, nays 35, as follows:

YEAS—15.

Dial	Heflin	Ransdell	Stanley
Fletcher	La Follette	Sheppard	Walsh, Mass.
Harris	Norris	Shields	Walsh, Mont.
Harrison	Overman	Simmons	

NAYS—35.

Ball	Gooding	McCumber	Rawson
Brandegee	Hale	McKinley	Shortridge
Broussard	Jones, Wash.	McLean	Smoot
Bursum	Kellogg	McNary	Sterling
Capper	Kendrick	Newberry	Sutherland
Curtis	Keyes	Nicholson	Townsend
Ernst	Ladd	Oddie	Wadsworth
France	Lenroot	Phipps	Warren
Frelinghuysen	Lodge	Poindexter	

NOT VOTING—46.

Ashurst	Elkins	Myers	Spencer
Borah	Fernald	Nelson	Stanfield
Calder	Gerry	New	Swanson
Cameron	Glass	Norbeck	Trammell
Caraway	Harreld	Owen	Underwood
Colt	Hitchcock	Page	Watson, Ga.
Crow	Johnson	Pepper	Watson, Ind.
Culberson	Jones, N. Mex.	Pittman	Weller
Cummins	King	Pomerene	Williams
Dillingham	McCormick	Reed	Willis
du Pont	McKellar	Robinson	
Edge	Moses	Smith	

So Mr. SHEPPARD'S amendment to the committee amendment was rejected.

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

The amendment was agreed to.

Mr. McCUMBER. Mr. President, I hope the Sergeant at Arms will not consider that the order which has been made ceases to be in force when there has been no recision on the part of the Senate. I shall ask later in the evening that the Sergeant at Arms make a report, because we ought to know why we can not keep Senators in the Chamber when there are more than a sufficient number to make a quorum at all times.

Mr. President, I now ask that the Senate consider paragraph 210.

The VICE PRESIDENT. The first amendment of the Committee on Finance in the paragraph will be stated.

The READING CLERK. On page 35, paragraph 210, line 19, after the word "manner," it is proposed to insert "25 per cent ad valorem; ornamented, incised, or decorated in any manner."

Mr. FLETCHER. Mr. President——

Mr. McCUMBER. Mr. President, before the Senator from Florida proceeds, let me explain that there are practically three classes of articles with different rates of duty embraced in the paragraph as it now stands with the amendment. On a certain class the duty proposed is 25 per cent ad valorem, as compared to a rate under the Underwood law of 15 per cent ad valorem. On another class, namely, decorated, the duty under the Underwood law is 20 per cent ad valorem, and under the Senate committee amendment 40 per cent ad valorem. Rockingham earthenware under the present Underwood law carries a 30 per cent ad valorem duty.

Now, I desire to make some changes in this paragraph. The first change will be to modify the first Senate committee amendment by striking out the numeral "25" and inserting in lieu thereof the numeral "15."

The duty will then be just the same as that in the present law. Secondly, I shall ask that the Senate disagree to the amendment on page 35, line 22. That will reinstate the Underwood law rate of 20 per cent. The third amendment will be to add at the end of line 23 the words "and Rockingham earthenware, 25 per cent ad valorem." That will be a less rate than that imposed by the present Underwood law. So on two classes of commodities the rate will be the same as in the Underwood law and on the third class the rate would be 5 per cent ad valorem less than in the Underwood law.

I will first move, on page 35, line 19, to strike out "25" and to insert in lieu thereof "15."

Mr. FLETCHER. Mr. President, I desired to make an inquiry of the Senator from North Dakota. I did not rise for the purpose of discussing the paragraph now before the Senate. I wished to inquire of the Senator from North Dakota whether he was going to pass over for the present paragraphs 211 and 213a? I have been requested to pay some attention to those paragraphs, and I wish to regulate my own movements. I want to ascertain whether or not those paragraphs will come up to-night?

Mr. McCUMBER. The Senator from North Carolina [Mr. SIMMONS] has asked that we pass over to paragraph 227, and I have agreed to do that. That is the paragraph relative to optical glasses.

Mr. FLETCHER. So the paragraphs to which I refer will not come up until after that paragraph shall have been considered?

Mr. McCUMBER. No; not just now.

Mr. FLETCHER. But will it come up later during the evening or will it go over until to-morrow? I should like to know.

Mr. McCUMBER. That is the paragraph which the Senator from Washington [Mr. POINDEXTER] desired to discuss, and as he has not been very well recently, I have agreed to let the paragraph go over for a day or two.

Mr. POINDEXTER. To which paragraph is the Senator from Florida referring?

Mr. FLETCHER. I had reference to paragraphs 211 and 213a. They might be considered now.

Mr. POINDEXTER. I am not asking that those paragraphs go over. The paragraph of magnesite is the only one that I asked to have go over.

Mr. FLETCHER. That is paragraph 204a.

Mr. McCUMBER. We may then return to paragraph 211 after we shall have considered paragraph 227, if that is agreeable.

The first amendment which I offer is to strike out "25" and insert in lieu thereof "15," in paragraph 210.

Mr. WALSH of Montana. Mr. President, I congratulate the chairman of the committee—and the country, for that matter—upon the change which he has suggested. I find that it is difficult to understand how the committee could ever have been led to suggest the amendments which they propose. This paragraph deals with "common yellow, brown, or gray earthenware made of natural, unwashed, and unmixed clay, plain or embossed; common salt-glazed stoneware; stoneware and earthenware crucibles," and so forth and so forth—the ordinary dishes of the household, cups and saucers, plates, and other like vessels that are necessities in every home. These articles under the

Underwood law carried duties of 15 and 20 per cent; that is, 15 per cent when they are plain and 20 per cent when they are ornamented or decorated in any way. The House bill imposed a duty of 20 per cent on all of them without distinction as to decoration or ornamentation, but the Senate committee concluded to increase the rate fixed by the Underwood law upon the plain crockery 66⅔ per cent and on the decorated or ornamented crockery 100 per cent, making the rates 25 per cent and 40 per cent, respectively.

Mr. McCUMBER. Mr. President, the Senator should modify his last statement. His first statement, of course, is correct, but in connection with his last statement he must recall that the House rate is 20 per cent upon the American valuation, and 40 per cent on the foreign valuation would not be any increase of duty of at least 100 per cent.

Mr. WALSH of Montana. I was comparing the rate proposed by the Senate committee with the rate fixed in the existing law.

Mr. SMOOT. The Senator is right from that standpoint.

Mr. WALSH of Montana. The Senate committee propose an increase upon the plain ware of 66⅔ per cent over the present rate and on the ornamented or decorated ware of 100 per cent over the existing rate, increasing the duty from 20 per cent to 40 per cent, and that, Mr. President, in view of the fact that the domestic production is enormous and the imports are negligible.

Mr. DIAL. Mr. President——

Mr. WALSH of Montana. I yield to the Senator.

Mr. DIAL. Is that the material out of which flower jars are made?

Mr. WALSH of Montana. Yes; that is, plain flower jars. There are fancy flower jars which are taken care of in two subsequent paragraphs.

Mr. DIAL. So that it would seem that we shall not be able to have a few flowers without a tariff duty being imposed on the flower jars.

Mr. WALSH of Montana. No. "Red earthenware, usually porous, is made from red burning clays." That is the material of which flower pots are usually made, and that is covered by this paragraph.

Mr. SMOOT. Mr. President, do I understand the Senator to intimate that he desires to reduce these rates lower than those of the existing law?

Mr. WALSH of Montana. No; I am quite content to leave them as the committee now propose to fix them.

Let me call attention to the fact that of this particular kind of ware there was produced in this country, in 1914, $4,409,205 worth; in 1916, $4,852,639 worth; in 1918, $5,361,025 worth; and in 1920, $7,242,579 worth—a very gratifying growth, as will be observed, in the production. On the other hand, the importations were as follows:

In 1918 earthenware not decorated, ornamented, or incised in any manner to the extent of $5,251 was introduced.

The importations of earthenware, decorated, ornamented, or incised in any manner, and manufactures of such ware, in 1918 were $2,726. The importations of crucibles of stone and earthenware in 1918 were $3,019. So that practically $10,000 worth of these things was imported in 1918; in 1919 there was a little more; in 1920 there was about $30,000 worth; in 1921 about $21,000 worth, the quantity being entirely negligible.

I suppose this must have been a mere inadvertence on the part of the committee, because I can not conceive that, considering the facts laid before them by the Tariff Commission, they would ever have thought of imposing this tremendous burden upon a household necessity and upon every household in the country; so I feel highly gratified and pleased that the Senate committee has concluded not to raise the rates on this class of articles.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from North Dakota, on behalf of the committee, to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. McCUMBER. I ask that the Senate disagree to the committee amendment on page 35, line 22.

Mr. WALSH of Montana. Would not the proper procedure be simply to submit the amendment?

Mr. McCUMBER. I am not going to make a formal motion, but I simply ask the Senate to disagree to the committee amendment.

The VICE PRESIDENT. The next amendment will be stated.

The next amendment was, on page 35, line 22, after the words "provided for," to strike out "20" and insert "and Rockingham earthenware, 40," so as to read:

And manufactures wholly or in chief value of such ware, not specially provided for, and Rockingham earthenware, 40 per cent ad valorem.

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

The amendment was rejected.

Mr. McCUMBER. I now move to add, after the words "ad valorem," the words "and Rockingham earthenware, 25 per cent ad valorem."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota on behalf of the committee.

The amendment was agreed to.

Mr. McCUMBER. I now ask that we turn to page 45, paragraph 227.

Mr. WALSH of Montana. Mr. President, before passing to that, something was said concerning paragraph 211 and the related paragraph 213a. There are a number of Senators who desire to say something on those paragraphs who are not prepared to discuss them this evening. I should like to inquire of the Senator if it would be agreeable to him to let those stand over?

Mr. McCUMBER. I understand that there was some Senator—I do not remember now which one it was—who desired to have those passed over some time ago. I do not know whether that Senator is ready to go on or not.

Mr. NICHOLSON. I wanted to go on to-morrow morning.

Mr. McCUMBER. The Senator from Colorado informs me that he desires to take up that subject to-morrow morning; and the Senator from North Carolina has asked that we consider paragraph 227, if it is agreeable. I ask that the Secretary state the first amendment in paragraph 227.

The PRINCIPAL LEGISLATIVE CLERK. On page 45, line 19, after the word "optical," it is proposed to strike out "glass" with a comma, and to insert "glass."

The amendment was agreed to.

The PRINCIPAL LEGISLATIVE CLERK. On page 45, line 21, it is proposed to strike out "equipment" and to insert "equipment" with a comma.

The amendment was agreed to.

The PRINCIPAL LEGISLATIVE CLERK. On the same line, after the word "or," where it occurs the second time, it is proposed to insert the word "for."

The amendment was agreed to.

The PRINCIPAL LEGISLATIVE CLERK. On page 45, line 22, it is proposed to strike out "35" and to insert "55," so as to make the paragraph read:

Optical glass or glass used in the manufacture of lenses or prisms for spectacles, or for optical instruments or equipment, or for optical parts, scientific or commercial, in any and all forms, 55 per cent ad valorem.

Mr. SHEPPARD. I move to amend the committee amendment by inserting, in lieu of "55," the figures "25."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Texas to the amendment of the committee.

Mr. SHEPPARD. Mr. President, the Republican tariff act of 1919 contained a paragraph to the effect that glass plates or disks, rough cut or unwrought, for use in the manufacture of optical instruments, spectacles, and eyeglasses, and suitable only for such use, should be admitted free of duty, provided that such disks exceeding 8 inches in diameter might be polished sufficiently to enable the character of the glass to be determined.

The Democratic tariff act of 1913, the act now in force, reenacted this paragraph without change. In other words, the Payne-Aldrich Act of 1909 placed this article on the free list. The Democratic tariff act of 1913 contained the same provision.

Mr. SMOOT. Mr. President, I suppose the Senator knows that at that time we had no industry in the United States. It has been developed entirely since that date.

Mr. SHEPPARD. I am coming to that. I am merely referring to these former acts in order to give the recent history of the tariff on this question.

The Republican tariff bill of 1922, as it passed the House, levies a duty of 35 per cent ad valorem on optical glass or glass used in the manufacture of lenses or prisms for spectacles, or for optical instruments or equipment or optical parts, scientific or commercial, in any and all forms.

This Republican bill of 1922, as reported to the Senate, increases the House rate from 35 per cent ad valorem to 55 per cent ad valorem.

Optical glass is one of the most important articles of human use. It is one of the supreme physical essentials of scientific progress. It has supplemented and strengthened the fragile organs of mortal vision to an extent almost impossible to measure. It has made possible the microscope, the telescope, the field glass, the range finder, the modern gun sight, the periscope, the aiming circle, the photographic lens, the control and direction of troop movements, and artillery fire. It is

therefore a fundamental element of national defense. In supporting and relieving the eye it becomes a beneficient factor in the health and efficiency of humankind.

It was not produced in any substantial degree in the United States before 1918. Our entry into the war the year before necessitated urgent endeavors to establish industries here for the making of optical glass. With the assistance of the Government and certain noted scientists, four establishments were erected with a combined capacity equal to our requirements. During the seven months, from April to October, 1918, these establishments turned out 475,924 pounds of this glass.

American manufacturers, according to the Tariff Commission, have developed formulas and processes for practically every kind of optical glass. There are practically no exports, while imports for the first 10 months of 1920 had a value of nearly $750,000. Imports from England amounted to $393,967, from Germany $152,166, from France $136,456. Home production amounts to about $250,000 per annum, if my inferences from the meager testimony on this phase of the subject are correct.

I have been unable to find in any of the data before Congress and the Senate and House committees a definite statement as to the amount of home production in 1920.

I ask the Senator from Utah if he has any data as to the home production of this article in 1920?

Mr. SMOOT. I do not think we have any information since that time.

Mr. SHEPPARD. I have been unable to find the home production for 1920 in any of the hearings or reports.

Mr. SMOOT. The Senator will notice, however, the great increase in imports.

Mr. SHEPPARD. That is true; and I am also coming to that phase of the question.

Mr. SMOOT. As soon as the Senator gets through, I will make a short statement.

Mr. SHEPPARD. This is undoubtedly a new industry in the United States, and undoubtedly some measure of protection is justifiable from a sound economic viewpoint. It will be illuminating at this point to give the Senate the comment of the Tariff Commission on this particular phase of the subject:

Says the Tariff Commission:

> This new industry in the United States has the materials, the scientific knowledge, the equipment, and the capacity to compete with some of the best products of foreign manufacture. During the past three years Germany has been shut out of our market and American manufactures have perfected and increased their output.
>
> We have not as yet produced all of the varieties required for domestic consumption; we are still (1918) obliged to import about one-half of the normal amounts (1913–14) of unwrought and rough cut optical glass and in addition large quantities of optical glass in a finished condition as parts of optical instruments. In December, 1917, we were making but a few fundamental varieties of optical glass. At that time a scientific authority stated—

And I desire to say that that authority was the Metallurgical and Chemical Engineering Journal for December 15, 1917—

> At that time a scientific authority stated that "the four most necessary varieties of glass, to wit, a very light and transparent crown suitable for field-glass prisms, an ordinary crown of slightly higher index, a typical heavy flint, and a typical light flint, are already in production. The two next in importance are a heavy baryta crown and a light baryta flint used particularly in photographic lenses, and these, we learn, are under way, with every prospect of reaching suitable commercial developments. If a good supply of well-annealed material, even of the half-dozen sorts here enumerated, can be had, the country will be in pretty good shape to make its own optical instruments. The matter of suitable mixing and annealing for the production of disks of large size may be trusted to the future."
>
> It was not until after five years of scientific research and experiment that the Jena works, of Germany, developed 28 new kinds of optical glass. This firm had the advantage of 25 years' experience in producing optical glass, and in this field was practically without a competitor. It is not reasonable to expect that American manufacturers and scientists could in less than three years attain the required standards of knowledge and efficiency to meet the demands of domestic consumption and the inroads of foreign competition.
>
> During the war the optical industries of Germany, France, and England have been driven to a high state of industrial activity and the scientific precision essential in the production of perfect optical glass. Under the tariff act of 1913 optical glass is admitted free of duty into the United States. The new American industry under such conditions is unequal to the task of engaging in successful competition with the output of the highly developed industry and the experienced scientists and manufacturers of the countries named.

Such is the comment of the Tariff Commission on the condition of this industry at the present time. Undoubtedly the superior experience and the long period of operation of factories in foreign countries make it impracticable at present for the new enterprises in this country, industries only three or four years old, to compete with them successfully. Consequently, the question is, What is a reasonable tariff rate?

One of the manufacturers of this article, optical glass, appeared before the Ways and Means Committee of the House and stated that as nearly as he could determine, and as nearly as his company could determine, European prices ranged from 40 to 70 per cent of our prices. That gentleman was Mr. Harvey N. Ott, of the Spencer Lens Co., of Buffalo, N. Y.

It seems that the House committee took him practically at his word. It would seem to be the part of prudence, in granting protection, to discount to some extent the claims of those directly interested. Nobody else appeared before the House committee except this interested manufacturer, and the House committee gave him practically what he asked—35 per cent. I take it that it would be a prudent thing to discount what he said at least 10 per cent, and that a rate of 25 per cent would be proper and legitimate under the circumstances.

When the bill reached the Senate, the same gentleman appeared before the Senate Finance Committee and asked for protection on optical glass by a rate of 50 per cent, and the Senate committee gave him 55 per cent.

Mr. SMOOT. He asked 50 per cent on the American valuation.

Mr. SHEPPARD. This is his testimony before the Senate Finance Committee.

Mr. SMOOT. I am perfectly aware of that; and it was on the American valuation.

Mr. SHEPPARD. He said nothing about that in his testimony.

Mr. SMOOT. If the Senator desires, I can call his attention to it, and then he will not make such a statement.

Mr. SHEPPARD. I will read the testimony.

Mr. SMOOT. I have it here.

Mr. SHEPPARD. I have it, too.

Mr. SMOOT. He said:

> In the present bill, as it passed the House, there is a duty of 35 per cent ad valorem on optical glass. That is, of course, based on the American valuation. It helps out considerably over what it would be under the old valuation, but the unfortunate part of it is that of six of the more important kinds of optical glass our average cost is now $2.43 per pound, due to some extent to recent increase in cost of natural gas. On the other hand, the average import price, or quotations, other dealers have been getting on these glasses plus 35 per cent ad valorem American valuation amounts to $2.20 per pound. In other words, the average cost of these six kinds of glass is 23 cents more than they can be imported for on the 35 per cent ad valorem rate. We therefore ask for a 50 per cent duty—

On the American valuation.

Mr. SHEPPARD. Then he must have been asking for an outrageously high rate. It is clear from his testimony that his request of the House committee was based on the House standard—that is, American valuation—but that his request of the Senate committee was based on the Senate committee's standard. The percentages, if added to the American valuation, will be much higher than they are when based on the standard adopted by the Senate committee. But he asked for a higher rate from the Senate committee.

Mr. SMOOT. I am perfectly aware of that. I wanted the Senator to know that he asked for 50 per cent on the American valuation, and that the Senate committee gave him 55 on the foreign valuation.

Mr. SHEPPARD. I intended to quote from his testimony and to make the point that a man who would ask for a rate of that kind could not well be trusted to present the situation accurately and properly. I mean no personal reflection. He would be unconsciously influenced by self-interest.

Mr. SMOOT. I want to say to the Senator that his testimony was not all that we had before the committee. Some of the Government officials were very much interested in this item. The Senator, of course, knows that we were left almost helpless when the war came on, and the Government of the United States, in order to get the industry established at all, advanced money for that very purpose.

Mr. SHEPPARD. I have outlined the difficulties we encountered during the war, and I have said that this industry having been developed during the war, and being of great importance, ought to have a rate which would aid it to develop until it could compete with the foreigners. The only testimony in the hearings is the testimony of this interested manufacturer, and the other testimony to which the Senator refers is not in these hearings.

I ask for the yeas and nays on my amendment.

Mr. SMOOT. What is the Senator's amendment?

Mr. SHEPPARD. To reduce the rate to 25 per cent.

The yeas and nays were ordered.

Mr. FRELINGHUYSEN. Mr. President, before the yeas and nays are called, I want to say to the Senator from Texas that he does not understand the plight this country was in when we entered the war, and the imports of this optical glass from Germany were cut off.

Mr. SHEPPARD. I have referred to that.

Mr. FRELINGHUYSEN. There were four manufacturers in this country who undertook, under the direction of scientists

and Army officers, to supply the demand. This glass is very necessary in warfare, as the Senator knows. These industries were established, and to-day, with Germany practically having had control of the market prior to the war, this highly technical industry having been established in the United States, the question is whether we are to be independent of any foreign country, develop the industry here, and protect ourselves against the low-production cost in Germany.

From the standpoint of national defense, it is necessary that this proper protection be given. Of course, if the Senator wants to imperil the industry by putting a rate of 25 per cent on the article, which I am informed is too low, he is entitled to his viewpoint, but after the House had studied the question of the American valuation, they gave them 25 per cent on the American valuation. We are competing with very low production costs abroad in this optical-glass matter, and 55 per cent is the essential tariff, based upon the foreign valuation.

Mr. SHEPPARD. The representative of the optical glass firm who appeared before the committee asked for only 50 per cent. They gave him 55. He asked for bread, and they gave him cake.

The principal legislative clerk proceeded to call the roll.

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

Mr. JONES of Washington (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. McKINLEY (when his name was called). I have a permanent pair with the junior Senator from Arkansas [Mr. CARAWAY], which I transfer to the senior Senator from California [Mr. JOHNSON], and vote "nay."

Mr. DIAL (when Mr. ROBINSON's name was called). I make the same announcement as before with reference to the pair of the Senator from Arkansas [Mr. ROBINSON]. If he were present and not paired, he would vote "yea."

Mr. STERLING (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

Mr. SUTHERLAND (when his name was called). I make the same announcement as on the previous vote with reference to my pair and its transfer, and vote "nay."

Mr. WATSON of Georgia (when his name was called). I transfer my pair with the junior Senator from Arizona [Mr. CAMERON] to the junior Senator from Rhode Island [Mr. GERRY] and vote "yea."

The roll call was concluded.

Mr. LODGE. Making the same announcement as before as to the transfer of my pair, I vote "nay."

Mr. EDGE (after having voted in the negative). I transfer my general pair with the senior Senator from Oklahoma [Mr. OWEN] to the senior Senator from Iowa [Mr. CUMMINS] and allow my vote to stand.

Mr. HARRIS. Making the same announcement as before, I vote "yea."

Mr. HARRISON. I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Nebraska [Mr. HITCHCOCK] and vote "yea."

Mr. JONES of New Mexico. Making the same announcement as previously with reference to the transfer of my pair, I vote "yea."

The result was announced—yeas 14, nays 38, as follows:

YEAS—14.

Dial	Heflin	Sheppard	Walsh, Mass.
Fletcher	Jones, N. Mex.	Shields	Watson, Ga.
Harris	La Follette	Simmons	
Harrison	Overman	Stanley	

NAYS—38.

Ball	Hale	McKinley	Rawson
Brandegee	Harreld	McLean	Shortridge
Bursum	Jones, Wash.	McNary	Smoot
Capper	Kellogg	Moses	Sterling
Curtis	Kendrick	Newberry	Sutherland
Edge	Keyes	Nicholson	Townsend
Ernst	Ladd	Oddie	Wadsworth
France	Lenroot	Page	Warren
Frelinghuysen	Lodge	Pepper	
Gooding	McCumber	Phipps	

NOT VOTING—44.

Ashurst	du Pont	Nelson	Smith
Borah	Elkins	New	Spencer
Broussard	Fernald	Norbeck	Stanfield
Calder	Gerry	Norris	Swanson
Cameron	Glass	Owen	Trammell
Caraway	Hitchcock	Pittman	Underwood
Colt	Johnson	Poindexter	Walsh, Mont.
Crow	King	Pomerene	Watson, Ind.
Culberson	McCormick	Ransdell	Weller
Cummins	McKellar	Reed	Williams
Dillingham	Myers	Robinson	Willis

So Mr. SHEPPARD's amendment to the committee amendment was rejected.

Mr. McCUMBER. Mr. President, I wish to move to reduce the rate of duty proposed by the Senate committee, but before doing so desire to read a portion of the testimony that was given before the Ways and Means Committee of the House. I read from the testimony of Mr. Harvey N. Ott, of the Spencer Lens Co., of Buffalo, N. Y.:

I am a member of the Spencer Lens Co., of Buffalo, and I am here particularly interested in the optical glass question, and I have a brief which I want to leave with you, but there are two or three points which I want to stress to you a little further. That is the fact that the foreign optical glass concerns increased their facilities during the war very greatly, and very naturally they are looking now for a place to unload it, and they have been coming to this country with prices which, with their years of experience and their organization, etc., we, as a new industry, are not able to meet. No optical glass was made in this country before the war, and it is an entirely new industry that we have developed here. It is one of the infant industries, and it is something that has taken a lot of work and a lot of investigation and a lot of hard knocks. We have succeeded, so far as quality is concerned, in making as good optical glass as we were ever able to import. We have not been able to make it at prices at which we can compete with the foreign glass as it is now coming in.

Two years ago we imported something like $217,000 worth of optical glass. During the first 10 months of 1920 we imported $817,000 worth of optical glass. We ourselves made and sold, including what we used, perhaps $125,000 worth of optical glass. But as the year advanced and as more and more of the European competition was felt our business has correspondingly dropped off. We must have some protection in this optical glass. You know how serious the condition was during the war. You have not forgotten that during the war you people sent out a call for field glasses, opera glasses, and spyglasses and everything else, because we did not have the optical glass in this country.

Further on Mr. Ott said:

A month ago the factory manager of one of our largest competitors in Germany visited us in Buffalo, and he told me that they were paying skilled mechanics 400 marks a week. Well, 400 marks a week at the present value of the mark, which ranges anywhere from a cent and a third to a cent and a half, will make that man getting anywhere from $5 to $6 a week, as against our skilled workmen that we pay from $35 to $40 a week. Of course, this rate of exchange we are all hoping will be better, and it won't be as bad in the future, but that is the condition we are facing now, and the same thing is true of all of our scientific apparatus.

As stated, this is an infant industry—an industry that has been just started in this country. The sore need of having such an industry was manifested when we went into the war. We want to keep the industry, now that we have established it. We want to give the protection that is necessary to maintain that industry in the United States. After looking over the testimony again I am satisfied, however, that we have given a rate somewhat higher than is absolutely necessary for protection. Taking the testimony altogether, although they asked for 50 per cent ad valorem on the American valuation, I think the testimony of Mr. Ott himself shows that 45 per cent upon the foreign valuation will sufficiently protect the American manufacturer.

I therefore move to amend by striking out the figures "55" and inserting in lieu thereof the figures "45."

The PRESIDING OFFICER (Mr. LADD in the chair). The amendment to the amendment will be stated.

The READING CLERK. On page 45, line 19, strike out "55," as proposed by the committee, and insert in lieu thereof "45."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SHEPPARD. Mr. President, I desire to ask the Senator in charge of the bill if the next paragraph, 228, which relates evidently to this question and relates to instruments that are made of optical glass, can not also be disposed of at this time. I suggest that we might dispose of it now.

Mr. McCUMBER. I think we can go to the next paragraph at this time. I will move to amend that by striking out the figures "55," as proposed by the committee, and inserting in lieu thereof "45"; but there is an amendment in the beginning that should be agreed to first, which I ask may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 45, line 24, paragraph 228, the committee proposes to strike out the word "photographic" and insert in lieu thereof "azimuth mirrors, sextants, and octants; photographic."

The amendment was agreed to.

The next amendment of the committee was, on page 46, line 1, to strike out the words "surveying instrument" and the comma.

The amendment was agreed to.

Mr. McCUMBER. On page 46, line 3, I move to strike out the numerals "55" and to insert in lieu thereof the numerals "45."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. McCUMBER. Mr. President, we are ready to take up paragraph 214.

Mr. FLETCHER. Mr. President, I understood the Senator was going to take up paragraphs 211 and 213a.

Mr. McCUMBER. The Senator from North Carolina asked that these paragraphs should go over.

Mr. FLETCHER. Does the Senator from North Carolina understand that I am ready to go on with paragraphs 211 and 213? I thought the Senator perhaps was thinking someone else was going to discuss those paragraphs.

Mr. SIMMONS. My recollection is that I was told those paragraphs were to go over on account of the Senator from Washington [Mr. POINDEXTER].

Mr. SMOOT. He asked that they should go over.

Mr. FLETCHER. The Senator from Washington said to-night that he did not ask to have them go over. He said that what he had reference to was paragraph 204a, and that he did not ask to have paragraph 211 go over.

Mr. SMOOT. The Senator from Colorado [Mr. NICHOLSON] asked that it go over.

Mr. NICHOLSON. Mr. President, I have asked to have this item go over until to-morrow morning. There are some data which I desire to present that I can not secure until that time.

Mr. FLETCHER. This is a new Richmond in the field. I never heard of the Senator from Colorado making the request. I knew that the Senator from North Dakota supposed that the Senator from Washington wanted it to go over, but I was present when the Senator from Washington said he did not desire to have it go over. Consequently, I was prepared to take it up and I understood that we were going to return to that paragraph.

Mr. McCUMBER. The Senator from Colorado [Mr. NICHOLSON] said that he did, and so I allowed it to go over.

Mr. FLETCHER. I did not understand that the Senator from Colorado wanted it to go over. When last it was mentioned I think it was stated that the Senator from North Carolina [Mr. SIMMONS] wanted it to go over.

Mr. McCUMBER. I simply wish to call up paragraph 214; that is all; and then I will yield the floor.

Mr. FLETCHER. I do not know whether or not the Senator from North Carolina desires to take up another paragraph.

Mr. SIMMONS. I am in no hurry.

Mr. FLETCHER. Would the Senator from North Dakota mind, so long as we have gotten down to paragraph 230, going on with paragraphs 230 and 231? I think we might go on with those paragraphs now.

Mr. McCUMBER. Is there any objection to going on with paragraph 214? Is there any Senator who desires that it be passed over? If so, why?

Mr. FLETCHER. I understood that paragraph had been passed over.

Mr. SIMMONS. If the Senator from Florida is ready to have that paragraph taken up, I hope the Senator from North Dakota will let him do so.

Mr. McCUMBER. Certainly; I will do so, if it is asked. What paragraph does the Senator from Florida desire to be now taken up?

Mr. FLETCHER. Paragraph 230. It is a continuation of the paragraph we have just finished.

Mr. McCUMBER. Very well. Then I will ask that we proceed to consider paragraph 230.

The PRESIDING OFFICER. The amendment proposed by the Committee on Finance to paragraph 230 will be stated.

The ASSISTANT SECRETARY. On page 46, paragraph 230, line 8, the Committee on Finance proposes to strike out "all mirrors" and to insert "and all mirrors not specially provided for."

Mr. FLETCHER. I think there is no objection to that amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to. The next amendment proposed by the committee in paragraph 230 will be stated.

The ASSISTANT SECRETARY. On page 46, line 10, it is proposed to strike out the word "cases" and to insert "cases, 60 per cent ad valorem."

Mr. FLETCHER. Mr. President, with regard to that amendment, I wish to submit some data which I have gathered from such investigation as I have been able to make of the paragraph. The first observation I will make in reference to it is that under the act of 1913 the duty was 30 per cent ad valorem on all this glass. The act of 1913 reads:

PAR. 95. Stained or painted glass windows or parts thereof and all mirrors not exceeding in size 144 square inches, with or without frames or cases; * * * and all glass or manufactures of glass or paste or of which glass or paste is the component material of chief value, not specially provided for in this section, 30 per cent ad valorem.

The act of 1909 covered identically the same classification so far as I can see from reading it over, but the duty under the act of 1909 was 45 per cent ad valorem. The pending bill, House bill 7456, as it came from the other House, provided for a 30 per cent ad valorem duty. That is the same duty, so far as I can see, as was provided for under the act of 1913. Now the Senate committee proposes to change the rate of the House bill so that "stained or painted glass windows and parts thereof and all mirrors not specially provided for, not exceeding in size 144 square inches, with or without frames or cases," shall bear a duty of 60 per cent ad valorem.

That is twice what the House rate was; it is twice what the act of 1913 provided and 15 per cent greater than the duty imposed by the act of 1909. The amendment following in this same paragraph provides for a 60 per cent ad valorem duty on "all glass or manufactures of glass or paste, or of which glass or paste is the component material of chief value, not specially provided for."

That is just twice the amount of the duty which is carried in the act of 1913 and is 15 per cent higher than the duty carried by the act of 1909.

It seems to me that these increases are unwarranted and that there is no occasion for them; that there can be no good results follow either by way of adding to the amount of revenue coming into the Treasury from the imposition of the duties or even by way of protection to any worthy industry in this country.

I quote from the Tariff Information Summary as follows:

Stained glass windows are made of small pieces of glass colored in any of the ways mentioned and held together by strips of lead. Sometimes pictorial effects are obtained by painting on single pieces of glass.

In this country in 1912 the gross production "is estimated at about $7,000,000, which would include articles other than stained-glass windows. Competition is principally from Germany and Austria."

The imports of stained glass, or parts, and small mirrors amounted to $418,445, the maximum, in 1914.

In the subsequent years there was a very decided falling off in the imports. In 1918 the value of the imports was $24,173; in 1919 it was $26,999; in 1920 it was $94,861; and for nine months of 1921 it was $92,640.

There has been some revenue produced under the 30 per cent duty of the act of 1913. In 1918 the amount of revenue was $7,252, in 1919 it was $8,100, and in 1920 it was $28,458.

The raising of that duty to 60 per cent, it seems to me, would more than likely very greatly decrease the importations; and, as I have said, there would be no gain by way of increase in the revenue by adding to the duty, because the importations are now very small, the total importations during nine months of 1921 amounting only to $92,640. The exports are not given in the Summary of Tariff Information.

With reference to the second amendment proposed by the committee increasing the duty from 30 per cent to 60 per cent ad valorem on manufactures of glass or paste we find that the "paste is specially prepared glass," which is "known also as 'strass' from which imitation gems are manufactured. The requisite qualities of purity, transparency, and high refractivity are comprised in the highest degree in lead-flint glass of unusual density because of the large percentage of lead it contains."

The imports "represent the combined figures for manufactures of glass and of paste not specially provided for, amounting to $427,391 in 1914." In the later years the importations fell off. In 1918 their value was $117,794; in 1919 it was $121,834; in 1920 it was $273,295; and in 1921 it was $260,863.

Under the duty of 30 per cent a certain amount of revenue came into the Treasury. Imports, as will be seen, are comparatively small, and if we raise the duty to twice the present rate and make it 60 per cent in all probability we shall so reduce the imports that we shall get no revenue. The American industry does not require or demand the protection proposed. Therefore I can not see the occasion for making these increases.

The exports of glass and glassware not specially provided for have been as follows:

Calendar year: 1918, $5,401,395; 1919, $8,328,944; 1920, $12,874,614; and the first nine months of 1921, $6,295,511.

In other words, against small importations, ranging from $117,000 to $273,000 a year, we have been exporting $5,000,000 worth, $8,000,000 worth, $12,000,000 worth, and during the last nine months over $6,000,000 worth of these goods.

The exports have been principally to Canada, to the United Kingdom, to Cuba, and to Mexico. I can not see, therefore, any sort of argument to support the increased rates suggested by the committee. The imporations are almost nominal now, and they are coming in under the rate of 30 per cent ad valorem. The proposition of the committee is to raise that rate to 60 per cent ad valorem. If that is done, it can not be hoped to have any imports at all. It seems to me it would be proposing a prohibitive tariff.

There is no need for this duty, as I have said, by reason of its protective effect, because the exportations show that we are

producing vast quantities of these commodities which we do not require in this country, and we are exporting to other countries which I have mentioned vast quantities, in value running into the millions and millions of dollars, whereas the importations are practically nominal.

For these reasons, Mr. President, I object to the changes suggested by this proposed amendment. I think 30 per cent ad valorem is an amply high rate of duty, and that we shall derive more revenue by retaining that duty than we shall by imposing a higher rate of duty; and we shall not in anywise be jeopardizing the interest of any industry or manufacturing enterprise in this country. If there is any reason for these proposed increases, I should be very glad to be enlightened in reference to them.

Mr. SMOOT. Mr. President, this paragraph must be taken into consideration in connection with paragraph 1688. Paragraph 1688 places certain stained window glass on the free list, all above $15 per square foot. As the bill passed the House, some of the representatives of the religious denominations were rather perturbed over the effects of the bill. The manufacturers of stained glass felt quite sure that if there was not an amendment to section 1688 the stained-glass industry would be completely destroyed in the United States, as 90 per cent of all of the stained glass manufactured or imported into the United States goes into houses of worship.

The committee had before it a delegation of laboring men representing every manufacturer of stained window glass in the United States, and I understand that after the committee of laboring men met with the committee and pleaded for their industry they did meet with certain representatives of religious organizations, particularly the representatives of the Catholic Church.

Your committee was informed, not only by the laboring men but by the representatives of the religious denominations who appeared before it, that they recognized the fact that the industry was an important one in the United States; that 70 per cent of the cost of the stained window is labor, and they were perfectly satisfied if the committee would limit the free entry to stained window glass that cost over $15, as I remember, per square foot; and then as to the balance of it, whatever they used, that was made in this country—and really more could be made here than was used in this country—they had no objection whatever to the rates provided for in this bill.

This is the substance of the testimony that was given in connection with what the Tariff Commission reports:

> Labor in the United States for the stained-glass window industry averages $1 per hour. Floor painters receive $1.50, as against 20 cents in Germany. The entire manufacturing operation is handwork, no machinery being used or possible. Labor forms 70 per cent of total cost of production.
>
> In 1914 the production of stained-glass windows in the United States amounted to $212,000. In 1920, owing to the exclusion brought about by the war, the production had increased to $500,000. To-day orders have been placed in Germany to the extent of $800,000 and domestic plants are running at 30 per cent capacity.
>
> American stained-glass windows are comparable to any produced abroad.
>
> Rates suggested: On stained-glass windows, 63 per cent ad valorem and the elimination of the provision of paragraph 1688 permitting the importation of stained-glass windows without payment of duty if imported for presentation to houses of worship. The suggested ad valorem rate was obtained by a comparison of costs on the same window manufactured in the United States and in a representative German plant, as explained in detail in the Ways and Means Committee hearings, page 1673.

Mr. FLETCHER. What paragraph is that?

Mr. SMOOT. Paragraph 1688.

Mr. President, I have a comparison, made by the officials of our Government, showing the result of an investigation that was made as to the mirrors spoken of in this paragraph, made in Germany; and, allowing the importer a profit of 33⅓ per cent on his invoice price, and comparing it with the price of the American product, it would require an ad valorem duty of 350 per cent to equalize the two. This is the result, and I will ask the Senator to note it.

Mirrors in Germany by the dozen were 27¼ cents; the landing charges were 5.1 cents; the selling price of the imported article in the United States was $1.11. The selling price of a comparable article made in America was $1.72. With 33⅓ per cent profit, it would require an ad valorem duty of 350 per cent to equalize the two articles. We are not asking for that, nor did the workingmen ask for it; but these smaller, less valuable mirrors and stained glass can be handled in the United States in connection with the larger ones, and it was finally agreed by all interested parties, both the representatives of the religious denominations and the labor people themselves, that they would be satisfied with the 60 per cent, the labor people claiming that they would try to make ends meet with that and the representatives of the religious denominations saying that they were perfectly willing to meet that situation.

It is rather a grave situation as the conditions exist to-day, and if we intend to keep that industry here I want to say frankly to the Senator from Florida that it can not be done at less than a duty of 60 per cent on the foreign valuation.

Mr. FLETCHER. Mr. President, I can not quite understand that. Of course I do not question what the Senator has said as to the statements by these various witnesses, parties appearing in their own interest, and all that sort of thing, which we ought always to consider; but if we look at the statistics bearing on this item, I can not believe that there is any great threatening of the industry in this country, because we are evidently manufacturing a great deal more of the product than we need, and we are exporting it, according to these figures, by the millions of dollars' worth, and importing it by the hundreds of dollars' worth.

Mr. SMOOT. I will say to the Senator that the testimony from those who ought to know, as they represented the church organizations, showed that there had been placed during this year, at the time they appeared before the committee, orders in Germany alone for $800,000 worth of this glass. The Senator knows that, of course, it takes some time to make those stained windows. They are works of art, and sometimes it takes six months, sometimes more than that to prepare them for shipment.

Mr. FLETCHER. I can understand that; but in 1914 the greatest amount of importation was only $418,425 under the first head of stained or painted glass windows and small mirrors, and under the second head of manufactures of glass or paste the importations in 1914 were $427,391 of value. That was when we had a duty of 30 per cent, showing that in the past we have not been troubled very much by these importations; that a duty of 30 per cent was ample protection, evidently, for this industry, because we made a great deal more than we required in this country, and we brought very little into the country.

The provision with regard to the churches, which the Senator mentions, does not seem to me to be very helpful. For instance, it provides, in paragraph 1688:

> Works of art, productions of American artists residing temporarily abroad, or other works of art, including pictorial paintings on glass, imported expressly for presentation to a national institution or to any State or municipal corporation or incorporated religious society—

Of course, thus far we do not get any benefit; we have not reached the subject, except to a limited degree, where these commodities are manufactured expressly as gifts; but, going on further—

> college, or other public institution, including stained or painted window glass or stained or painted glass windows—

And there we reach this subject—

> which are works of art and valued at $15 or more per square foot, when imported to be used in houses of worship.

That limits this product very materially. In order to come in free it must be a work of art; it must be valued at $15 per square foot or more.

Mr. SMOOT. I will assure the Senator that there is hardly any of it that ever goes into a church that does not cost more than $15 a square foot; and that was perfectly satisfactory to the representatives of the religious denominations in this country.

Mr. FLETCHER. But where is this to be valued—valued over yonder at $15 per square foot?

Mr. SMOOT. Yes; but if the Senator has ever bought any art stained-glass windows, or any kind of art stained glass, he will find out that he, or whoever did pay for it, paid much more than $15 a square foot. I will say to the Senator that many times it runs to $200 and $250 and $300 per square foot.

Mr. FLETCHER. Of course, then it is really a work of art.

Mr. SMOOT. All of this is a luxury. Everything that is in the paragraph is a luxury.

Mr. FLETCHER. Yes; but where it is for the benefit of churches, houses of worship, it is confined to material valued at over $15 a square foot over there. That means that the price here would be $45, $50, or $60 a square foot.

Mr. SMOOT. If there is anything that comes in here that is claimed to be art work, and costs less than $15 per square foot, you can depend upon it that there is not very much art in it, or there is not very much work attached to it. It can not be done by machinery. The glass itself has to be cut many times in the smallest particles, and colored just so.

The figures are made out of glass. Many times a figure is composed of a thousand pieces of glass, every piece fitting so closely with the others that the eye can not see that there is such a thing as a joining. It takes a master hand to make

these things. It takes an artist of the very highest type. It would perhaps take him five or six weeks, in some cases nearly a year, to make one of these masterpieces. So I assure the Senator that the church representatives are perfectly satisfied with the $15 a square foot provision. The importations under existing law to which the Senator has referred are of commodities which come in free.

The figures quoted relate to an article which came in under a duty of 30 per cent and went into the general commerce of the country. I am sure that this is one of the paragraphs under which nobody is going to be hurt.

The men engaged in this pursuit qualify for this work, and none other. They begin when they are young, as apprentices. They live in it. They know nothing whatever other than the work of preparing the stained glass, and when they are thrown out of employment they are in the same situation in which an ordinary common laborer finds himself. No matter how much it has cost them to learn the trade, no matter how many years they have served at it, if the industry ceases in the United States they are just as helpless, if they are 50 years old, as a man who has never done a particle of work up to the time he is 50 years old, never had to work at a thing, and all at once is thrown upon his own responsibility to make a living. They would be the most helpless of men.

Mr. FLETCHER. Mr. President, this paragraph covers something more than mere works of art. You may call them works of art if you like, but it covers other things than these works which should be worth from $15 up to $200 a square foot. Under the act of 1913 there was a paragraph to this effect:

Works of art, productions of American artists residing temporarily abroad, or other works of art, including pictorial paintings on glass, imported expressly for presentation to a national institution or to any State or municipal corporation or incorporated religious society, college, or other public institution, including stained or painted window glass or stained or painted glass windows imported to be used in houses of worship, and excluding any article, in whole or in part, molded, cast, or mechanically wrought from metal within 20 years prior to importation; but such exemption shall be subject to such regulations as the Secretary of the Treasury may prescribe [free].

This paragraph now is changed so as to limit it to this painted window glass, "including stained or painted window glass or stained or painted glass windows which are works of art and valued at $15 or more per square foot, when imported to be used in houses of worship," and so forth. That is added to the provision of a similar character in the act of 1913. They not only must be imported now to go into houses of worship, but they must be worth $15 a square foot before they come in free.

I was pointing out that as this paragraph reads it is pretty broad. It covers not only such articles as I think the Senator from Utah has mentioned and described, but all manufactures of which glass or paste is the component material of chief value, not specially provided for, 60 per cent ad valorem. That is a very broad description, and covers something more than what, strictly speaking, may be called works of art. This paste material is not so much for glass windows and works of art, but it is used to make what they call imitation gems. It is that from which imitation gems are manufactured, and that is largely what the paste is used for. But, as I say, the paragraph is so broad as, it seems to me, to open the door wide for something more than the mere handling of these works of art or glass of this extraordinary kind and character, but requires that any sort of glass or manufactures of glass of which glass or paste is a component part shall pay a duty of 60 per cent.

Undoubtedly one effect is going to be to advance the price in this country if this duty is levied. I do not think there is any question about that. I do not believe that is to the interest of the general public, and I do not believe the industry requires any such result. The manufacturers doing that business, of course, are inclined to keep out all foreign competition, and we again hear Germany spoken of as a competitor which will run these manufactures out unless they are amply protected. They never did it when the duty was 30 per cent, and I do not see how it is possible for them to do it now, with the industry thoroughly established and with the exportations far exceeding the importations of these commodities, and in view of the broad description here I can not escape the feeling that the effect will be not in any wise to increase the revenue coming to the Government, but the effect will be to enable them to raise their prices to the consumers of this country.

That paragraph in the free list, paragraph 1688, only gives admission free duty to those works of art and that kind of glass of the value of $15 a square foot, and brought in for use of churches exclusively. It does not include a very large proportion of the manufactures from this material.

I do not care to say anything further about it. I still feel that 30 per cent is ample, and I move that in line 10 the numeral "60" be stricken out and the numeral "30" be inserted.

The PRESIDING OFFICER. The Secretary will state the amendment to the amendment.

The ASSISTANT SECRETARY. On page 46, line 10, strike out "60" and insert "30."

Mr. FLETCHER. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. COLT (when his name was called). Making the same announcement in regard to my pair and its transfer, I vote "nay."

Mr. HARRISON (when his name was called). I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the senior Senator from Nebraska [Mr. HITCHCOCK], and vote "yea."

Mr. FRELINGHUYSEN (when his name was called). I transfer my pair with the junior Senator from Montana [Mr. WALSH] to the junior Senator from Washington [Mr. POINDEXTER], and vote "nay."

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

Mr. JONES of Washington (when his name was called). Making the same announcement as heretofore with reference to my pair and its transfer, I vote "nay."

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

Mr. MCKINLEY (when his name was called). I transfer my pair from the junior Senator from Arkansas [Mr. CARAWAY] to the senior Senator from Minnesota [Mr. NELSON], and vote "nay."

Mr. STERLING (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before in reference to my pair and its transfer, I vote "nay."

Mr. WATSON of Georgia (when his name was called). Transferring my pair with the junior Senator from Arizona [Mr. CAMERON] to the junior Senator from Rhode Island [Mr. GERRY], I vote "yea."

The roll call was concluded.

Mr. HARRIS. Making the same announcement as to my pair, I vote "yea."

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

Mr. EDGE. I transfer my general pair with the Senator from Oklahoma [Mr. OWEN] to the Senator from South Dakota [Mr. NORBECK] and vote "nay."

Mr. ERNST. I transfer my pair with the senior Senator from Kentucky [Mr. STANLEY] to the junior Senator from Oklahoma [Mr. HARRELD] and vote "nay."

The result was announced—yeas 13, nays 41, as follows:

YEAS—13.

Dial	Jones, N. Mex.	Sheppard	Watson, Ga.
Fletcher	La Follette	Shields	
Harris	Overman	Simmons	
Harrison	Robinson	Underwood	

NAYS—41.

Ball	Frelinghuysen	McCumber	Rawson
Brandegee	Gooding	McKinley	Shortridge
Bursum	Hale	McLean	Smoot
Capper	Johnson	McNary	Sterling
Colt	Jones, Wash.	Moses	Sutherland
Cummins	Kellogg	Newberry	Townsend
Curtis	Kendrick	Nicholson	Wadsworth
Edge	Keyes	Oddie	Warren
Elkins	Ladd	Page	
Ernst	Lenroot	Pepper	
France	Lodge	Phipps	

NOT VOTING—42.

Ashurst	Gerry	Norbeck	Stanley
Borah	Glass	Norris	Swanson
Broussard	Harreld	Owen	Trammell
Calder	Heflin	Pittman	Walsh, Mass.
Cameron	Hitchcock	Poindexter	Walsh, Mont.
Caraway	King	Pomerene	Watson, Ind.
Crow	McCormick	Ransdell	Weller
Culberson	McKellar	Reed	Williams
Dillingham	Myers	Smith	Willis
du Pont	Nelson	Spencer	
Fernald	New	Stanfield	

So Mr. FLETCHER's amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The ASSISTANT SECRETARY. On page 46, line 13, the committee proposes to strike out "30" and to insert "60," so as to read:

And all glass or manufactures of glass or paste, or of which glass or paste is the component material of chief value, not specially provided for, 60 per cent ad valorem.

Mr. FLETCHER. Mr. President, I think that the 30 per cent ad valorem rate as carried in the bill as it came from the House is excessive. It is really higher than it should be, but instead of making a motion to change the 60 per cent as proposed by the committee to 30 per cent I shall merely ask that the committee amendment be not agreed to.

This amendment has reference to "all glass or manufactures of glass or paste, or of which glass or paste is a component material of chief value, not specially provided for," and the bill as it came from the House carries a rate of 30 per cent. The Finance Committee proposes to change it to 60 per cent, which is twice as much as the bill carried as it came from the House, twice what the House considered a proper rate, which is twice the rate provided by the law of 1913, and which is 15 per cent more than the law provided in 1909.

Therefore, I ask for the yeas and nays on the question of agreeing to the Senate committee amendment. I think the committee amendment ought to be disagreed to.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

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

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

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

Mr. FRELINGHUYSEN (when his name was called). I transfer my pair with the Senator from Montana [Mr. WALSH] to the Senator from Washington [Mr. POINDEXTER] and vote "yea."

Mr. HARRIS (when his name was called). Making the same announcement as to my pair and transfer, I vote "nay."

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

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

Mr. WATSON of Georgia (when his name was called). Making the same announcement as before as to my pair and transfer, I vote "nay."

The roll call was concluded.

Mr. McKINLEY. Making the same announcement as before, I vote "yea."

Mr. CURTIS. I wish to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. MCKELLAR];

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

The junior Senator from Ohio [Mr. WILLIS] with the senior Senator from Ohio [Mr. POMERENE].

The result was announced—yeas 42, nays 14, as follows:

YEAS—42.

Ball	France	Lenroot	Phipps
Brandegee	Frelinghuysen	Lodge	Rawson
Broussard	Gooding	McCumber	Shortridge
Bursum	Hale	McKinley	Smoot
Capper	Harreld	McLean	Sterling
Colt	Johnson	McNary	Sutherland
Cummins	Jones, Wash.	Moses	Townsend
Curtis	Kellogg	Newberry	Wadsworth
Edge	Kendrick	Nicholson	Warren
Elkins	Keyes	Oddie	
Ernst	Ladd	Page	

NAYS—14.

Dial	La Follette	Sheppard	Underwood
Fletcher	Overman	Shields	Watson, Ga.
Harris	Pepper	Simmons	
Heflin	Robinson	Stanley	

NOT VOTING—40.

Ashurst	Gerry	New	Spencer
Borah	Glass	Norbeck	Stanfield
Calder	Harrison	Norris	Swanson
Cameron	Hitchcock	Owen	Trammell
Caraway	Jones, N. Mex.	Pittman	Walsh, Mass.
Crow	King	Poindexter	Walsh, Mont.
Culberson	McCormick	Pomerene	Watson, Ind.
Dillingham	McKellar	Ransdell	Weller
du Pont	Myers	Reed	Williams
Fernald	Nelson	Smith	Willis

So the committee amendment was agreed to.

Mr. FLETCHER. If the chairman of the committee desires, I am ready to proceed with the next paragraph.

Mr. McCUMBER. Very well.

The ASSISTANT SECRETARY. On page 46, line 17, the committee proposes to strike out "23" and insert "30," so that if amended the paragraph will read:

PAR. 231. Smalts, frostings, and all ceramic and glass colors, fluxes, glazes, and enamels, all the foregoing, ground or pulverized, 30 per cent ad valorem.

Mr. FLETCHER. Mr. President, this is not a very large industry and I shall not take a great deal of the time of the Senate in a discussion of the paragraph. I desire to call attention, however, to the fact that the bill, as it came from the House, carried very considerable increases in this paragraph over the rates provided in the act of 1913. The committee amendment proposes very greatly to increase the duties as levied by the bill as it came from the House.

The description of this commodity is as follows:

Smalt is a deep-blue pigment made by fusing the oxide of cobalt with silica and potash to form a glass. This product is reduced to a powder and used in the arts, although at present it is largely replaced by cobalt blue and artificial ultramarine. Frostings are made from coarsely powdered, thin flakes of glass and are used for decorative work, signs and the like.

Under the head of "Production" the Summary of Tariff Information informs us that—

Data as to domestic production have not been obtained, but it is not large.

I said in the beginning this is not a very large industry—

This is due partly to the comparatively small output of hand-decorated china and to the use of imported ceramic colors and decalcomanias (see par. 1306) for decorating domestic pottery. England, France, and Germany have developed the manufacture of these colors to a high degree.

Now, this is the significant thing:

Reduction of duty (1913) from 30 per cent to 15 per cent was followed by an increase in imports of fluxes, glazes, enamels, and colors, ceramic and glass. The average import during the three years, 1911 to 1913, was $13,589, and the average annual revenue for the same period under the 30 per cent rate was $4,077. In 1915–16 the average was valued at $67,460, and the revenue was $10,119 per year. In 1917–18, owing to war conditions, the imports and consequently the revenue were considerably lower.

In other words, the act of 1909 carried a duty of 30 per cent and the importations under that act, under the duty of 30 per cent, were only $13,589 a year, yielding revenue of only $4,077 a year. The Underwood-Simmons Act of 1913 reduced that duty to 15 per cent, and the result following, as shown by the statistics, was that in 1915–16 the average of importations was valued at $67,460 a year, instead of $13,589 as under the act of 1909, and the revenue derived from those importations and flowing into the Treasury of the United States was $10,119 per year under the rate of 15 per cent, whereas it was only $4,077 a year under the rate of 30 per cent.

The reduction from 30 per cent ad valorem to 15 per cent ad valorem resulted in nearly three times the amount of importations and three times the revenue.

Now it is proposed to raise this duty from 15 per cent to 30 per cent. It is proposed to go back to the rate provided in the act of 1909; and what can we expect? Here is the actual experience under these two laws. So far as I know, the facts are not disputed; they can not be questioned at all. There is a clear demonstration that the Government derived more revenue under the 15 per cent duty than it did under the 30 per cent duty—nearly three times as much—and now it is proposed to go back to the 30 per cent duty. What can we expect? Necessarily that the importations will drop down practically to where they were before, of only $13,589 worth a year, yielding revenue of only $4,077; and, of course, the other result follows—that is, an increase in the price of these articles to the consumer.

Later statistics for 1918 show that the value of the imports was $21,854, yielding $3,281 of revenue; in 1919 the imports were $30,137 in value, 25,841 pounds, yielding a revenue of $4,521. That was under the 15 per cent rate. In 1920 the importations were 63,202 pounds, with a value of $63,588 and a revenue of $9,538; and for the nine months of 1921 the importations were 25,791 pounds, of a value of $31,510. There was an increase in the unit of value of these commodities to some extent.

The exports are not recorded. The proposition now is to take no advantage of that experience and what has been demonstrated to us, that we derived nearly three times as much revenue under a duty of 15 per cent on this article as we did under a duty of 30 per cent, but it is now proposed to abandon the 15 per cent ad valorem rate of the present law and go back to the 30 per cent ad valorem rate of the act of 1909. That is the proposition.

The other proposal is to change the rate on fusible and glass enamel, not specially provided for otherwise, from 20 per cent

ad valorem, as in the present law, to 40 per cent ad valorem. The House fixed the rate at 35 per cent, but the Senate committee now proposes to increase that 35 per cent to 40 per cent.

The third proposal in this paragraph is to change the present law so far as it applies to "opal enamel or cylinder glass, tiles, tiling, and rods" from 30 per cent ad valorem to 40 per cent ad valorem.

The House fixed the rate at 35 per cent ad valorem, but the Senate committee propose to increase it to 40 per cent ad valorem. Under the act of 1909 the duty on fusible enamel was 25 per cent ad valorem, and on opal or cylinder glass tiles or tiling 60 per cent ad valorem. It is now proposed to make those rates, respectively, 40 per cent and 40 per cent.

As I have said, Mr. President, the industry is not a very extensive one. As to the production of enamel in this country, in 1914 there were 77 establishments engaged in the industry, with a production valued at $2,166,000; in 1919 the corresponding figures were 74 establishments, with a production valued at $2,645,000. The imports in 1914 amounted to $18,028, and in 1918 to $8,052. The largest amount in the period from 1908 to 1918 was $21,431, which was in 1909.

Later statistics show that in 1918 the importations were valued at $4,106, from which we derived a revenue of only $821 under the ad valorem rate of 20 per cent. In 1919 the value of the importations was $17,727; in 1920, $31,331; and for 9 months in 1921, $9,478. The figures refer to enamel, which is described as—

Glass applied by fusion as a coating to any substance which will bear the necessary heat, especially to metals and to pottery.

Now, the proposal is to increase the duty to 40 per cent. Under the present rate of 20 per cent the importations are nominal, very little of the goods coming into the country and there being little revenue derived. I can not see any justification at all for the increased duties proposed in the paragraph. I do not think I shall delay the Senate by asking for yea-and-nay votes on the committee amendments, but I move to amend the committee amendment on page 46, line 17, by striking out "30" and inserting "15." The rate of 30 per cent recommended by the Senate committee on smalts, frostings, and all ceramic and glass colors, and so forth, is an increase of 7 per cent over the rate proposed by the House committee.

The PRESIDING OFFICER. The amendment proposed by the Senator from Florida to the amendment reported by the committee will be stated.

The ASSISTANT SECRETARY. In the committee amendment, on page 46, line 17, after the word "pulverized," it is proposed to strike out "30" and insert "15," so as to read:

PAR. 231. Smalts, frostings, and all ceramic and glass colors, fluxes, glazes, and enamels, all the foregoing, ground or pulverized, 15 per cent ad valorem.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment reported by the committee.

Mr. McCUMBER. Mr. President, just a word on the items in general embraced in paragraph 231. There was a very considerable increase in the importations when we reduced the duty from 30 per cent ad valorem to 15 per cent ad valorem, as is shown by the Tariff Commission's report. The war followed, and all industry and commerce were shattered. Germany has not regained her place as yet; but is there any possible reason for believing that she can not produce now, with an even lower labor cost, as cheaply as she could prior to the war. The average wages paid in Germany are below pre-war levels. I assume, therefore, this being a home product, the raw materials of which she does not have to import, that she can produce the commodity at least as cheaply as she could prior to the war. We have got to take those factors into consideration. Furthermore, we have got to frame this bill with the idea that we will return to stable and to a more nearly normal condition than we are in to-day. What may we expect?

I think I can give a pretty fair illustration by taking up two or three of these items statistics for which are furnished by the Reynolds report. Taking the very first item, which is smalts, coarse ground, I find that the price in Germany at the time the report was prepared—which was in August, 1921—to be 7 cents a pound; the landing cost seven-tenths of a cent; the foreign article was sold in this country for 15 cents. The comparable American article is sold for 20 cents. To bring the foreign article up to the selling price of the domestic article, after allowing 33⅓ per cent profit to the importer, would require 104 per cent in order to equalize the two prices. Instead of giving 104 per cent we have given 30 per cent.

Now, let us take the next one—frostings, glass, blown. The price in Germany was 4.2 cents, the cost of importing was 2 cents, the article is sold in this country for 18 cents; the comparable American article is sold for 21 cents. Allowing 33⅓ per cent profit to the importer, we would have to have 228 per cent duty in order to equalize the importing value with the American selling value.

Mr. FLETCHER. May I ask the Senator if 33⅓ per cent is not a very extraordinary allowance of profit?

Mr. McCUMBER. Yes; it is.

Now, take the next one—ceramic and glass colors. Those are imported from England. In Great Britain the labor cost is so enormously higher than that in Germany that this would require a per cent very much less than we have allowed.

Now take the next—fusible enamels. They are imported from France. The price is 22 cents in France; the landing cost is 1.4 cents, and it is sold for 42 cents, as against a comparable American article of 43 cents. Taking the French cost price at 22 cents, and allowing 33⅓ per cent profit, it would require just an even 40 per cent, such as we have allowed in that instance, to meet that condition.

So, on the whole, we have made our duty very much below what the evidence in this report would show to be necessary.

I assume that wages will go down to some extent. The cost of production will undoubtedly go down to some extent. I hope the freight rates will go down. We have taken all of those things into consideration; but even then we must assume an enormous gap between the cost of production in the foreign country, especially in Germany, and the cost of production in the United States. I believe, however, that although the duties we have allowed do not measure the difference, when we take into consideration the fact that the American producer is right here at home and can meet his orders immediately, that fact will give him an advantage that may equal what he fails to secure from the standpoint of equalization in the rates we have given him.

Mr. FLETCHER. Mr. President, just one word further.

As I stated in the outset, there was a very considerable increase in the importations after the reduction of the duty from 30 per cent under the act of 1909 to 15 per cent under the act of 1913; but that increase still did not signify very much. It was a very great increase, but no enormous volume of importation came in after that. The increase was from $13,589 a year prior to 1913 to $67,460 a year after the act of 1913 went into effect; but $67,000 worth of these imports constitutes almost a bagatelle. There is no danger to the industry with only that much importation against it, and the statistics show that the amount of revenue derived by the Government was nearly three times as much under the act of 1913, with a reduction to 15 per cent, as it was under the duty of 30 per cent in the act of 1909. Even though there is an increase in the volume of importation, it does not necessarily mean that that threatens any injury to any industry in this country. It depends, of course, on what the original amount of the importation was. In the case of white glass enamel, for instance, the statistics show that there are several domestic manufacturers of glass tiles and opal glass, but no statistics are available. Imports have not exceeded $500 in any one year. There could be an enormous increase in the imports and still not threaten any harm to any industry in this country in that case.

I just ask for a vote on that amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the committee amendment.

The amendment of the committee was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The ASSISTANT SECRETARY. On page 46, line 18, the committee proposes to strike out "35" and to insert "40," so that, if amended, it will read:

In any other form, 40 per cent ad valorem.

Mr. FLETCHER. I move to amend by striking out "40" and inserting "20," so that the rate will be 20 per cent ad valorem.

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

The ASSISTANT SECRETARY. In lieu of the sum proposed to be inserted by the committee, "40," it is proposed to insert "20."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment of the committee.

The ASSISTANT SECRETARY. On line 18, it is proposed to strike out the word "opal" and to insert the same word with a comma immediately thereafter.

The amendment was agreed to.

The ASSISTANT SECRETARY. On line 19, it is proposed to strike out "35" and to insert "40," so that, if amended, it will read:

Opal, enamel or cylinder glass tiles, tiling, and rods, 40 per cent ad valorem.

Mr. FLETCHER. I move to amend by striking out "40" and inserting "20."

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

The ASSISTANT SECRETARY. In lieu of the sum proposed to be inserted by the committee, "40," it is proposed to insert "20."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The ASSISTANT SECRETARY. On page 47, line 8, the committee proposes to strike out "17" and insert "20," so as to read:

Marble, breccia, and onyx, in block, rough or squared only, 65 cents per cubic foot; marble, breccia, and onyx, sawed or dressed, over 2 inches in thickness, $1 per cubic foot; slabs and paving tiles of marble, breccia, or onyx, containing not less than 4 superficial inches, if not more than 1 inch in thickness, 8 cents per superficial foot; if more than 1 inch and not more than 1½ inches in thickness, 10 cents per superficial foot; if more than 1½ inches and not more than 2 inches in thickness, 13 cents per superficial foot; if rubbed in whole or in part, 3 cents per superficial foot in addition; mosaic cubes of marble, breccia, or onyx, not exceeding 2 cubic inches in size, if loose, one-fourth of 1 cent per pound and 20 per cent ad valorem.

Mr. ROBINSON. Mr. President, an examination of the survey of marble made by the Tariff Commission does not disclose, in my opinion, any justification for the increases in the rates on marble reported in the committee amendments.

The information available upon the subject shows that the production of domestic marble aggregates from six million to eight million dollars' worth per annum. Only about a third of the production is marketed as rough blocks. The domestic producers export large quantities of the rough blocks to Canada and considerable amounts of dressed building rock and other manufactured products to all parts of the world. I quote from page 7 of Survey B–11:

Every year since 1910 exports of all grades of marble have been larger than the imports.

European deposits of marble are very high grade, and many fancy varieties are produced which are not available in the United States.

Omitting part of the statement:

Imports consist of large amounts of rough block marble—chiefly the fancy grades that are not produced at domestic quarries—and small amounts of slabs, tiles, and mosaics. Imports of all grades are decreasing steadily.

There is a statement on page 8 of this survey to which I invite the attention of the Senate. It shows that in this particular industry the domestic producers are not at a disadvantage, because of the losses which occur in transportation. These losses, due to breakage, more than overcome the difference in the labor cost. I will read a part of the paragraph in which that statement is contained:

Domestic producers control the market for ordinary grades, but fancy marbles will be imported until domestic supplies of similar grade have been developed. The brittleness of marble in thin sections and the breakage loss in overseas shipments counterbalance any advantage that the foreign producer possesses due to lower-priced labor. The use of power cutters and surfacers, little used abroad, is another factor in favor of the domestic manufacturing industry.

With respect to the prices for building or ornamental marble, on page 13 of the same document I find this statement:

Prices for building and ornamental marble vary widely with the physical characteristics of the product and the distance from quarry to market. Most of the rough material is sold by the cubic foot. In 1913 the price of domestic rough marble varied from $1.14 per cubic foot for interior building marble to $1.59 for the same product from another district. By 1917 prices had increased to between $1.75 and $2 per cubic foot.

In view of the facts referred to, I do not understand the theory upon which the committee justifies its proposed increases in these rates. I therefore move to amend in line 8, page 47, by striking out "20" and inserting "10."

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

The ASSISTANT SECRETARY. On page 47, line 8, it is proposed to amend the committee amendment by inserting, in lieu of the sum proposed to be inserted by the committee, the numerals "10."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Arkansas to the amendment of the committee. [Putting the question.] The noes appear to have it.

Mr. HARRISON. I ask for a division.

Mr. McCUMBER. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

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

Mr. DIAL (when his name was called). Repeating my announcement made on the former vote, I vote "yea."

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

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

Mr. CURTIS (when Mr. KEYES's name was called). I was requested to announce the absence of the Senator from New Hampshire [Mr. KEYES] on account of illness.

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

Mr. WATSON of Georgia (when his name was called). Making the same announcement as before concerning the transfer of my pair, I vote "yea."

The roll call was concluded.

Mr. EDGE. Making the same announcement as before, I vote "nay."

Mr. JONES of Washington. Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. STERLING. Making the same announcement as before as to my pair and its transfer, I vote "nay."

Mr. GLASS. I transfer my general pair with the Senator from Vermont [Mr. DILLINGHAM] to the Senator from Nebraska [Mr. HITCHCOCK], and vote "yea."

The result was announced—yeas 16, nays 41, not voting 39, as follows:

YEAS—16.

Dial	Harrison	Robinson	Stanley
Fletcher	Heflin	Sheppard	Underwood
Glass	La Follette	Shields	Walsh, Mass.
Harris	Overman	Simmons	Watson, Ga.

NAYS—41.

Ball	Frelinghuysen	McCumber	Ransdell
Brandegee	Gooding	McKinley	Shortridge
Broussard	Hale	McLean	Smoot
Bursum	Harreld	McNary	Sterling
Capper	Johnson	Moses	Sutherland
Colt	Jones, Wash.	Newberry	Townsend
Curtis	Kellogg	Nicholson	Wadsworth
Edge	Kendrick	Oddie	Warren
Elkins	Ladd	Page	
Ernst	Lenroot	Pepper	
France	Lodge	Phipps	

NOT VOTING—39.

Ashurst	Fernald	New	Spencer
Borah	Gerry	Norbeck	Stanfield
Calder	Hitchcock	Norris	Swanson
Cameron	Jones, N. Mex.	Owen	Trammell
Caraway	Keyes	Pittman	Walsh, Mont.
Crow	King	Poindexter	Watson, Ind.
Culberson	McCormick	Pomerene	Weller
Cummins	McKellar	Rawson	Williams
Dillingham	Myers	Reed	Willis
du Pont	Nelson	Smith	

So Mr. ROBINSON's amendment to the committee amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment was, on page 47, in line 9, before the words "per cent ad valorem," to strike out "26" and to insert "35," so as to make the paragraph read:

PAR. 232. Marble, breccia, and onyx, in block, rough, or squared only, 65 cents per cubic foot; marble, breccia, and onyx, sawed or dressed, over 2 inches in thickness, $1 per cubic foot; slabs and paving tiles of marble, breccia, or onyx, containing not less than 4 superficial inches, if not more than 1 inch in thickness, 8 cents per superficial foot; if more than 1 inch and not more than 1½ inches in thickness, 10 cents per superficial foot; if more than 1½ inches and not more than 2 inches in thickness, 13 cents per superficial foot; if rubbed in whole or in part, 3 cents per superficial foot in addition; mosaic cubes of marble, breccia,

or onyx, not exceeding 2 cubic inches in size, if loose, one-fourth of 1 cent per pound and 20 per cent ad valorem; if attached to paper or other material, 5 cents per superficial foot and 35 per cent ad valorem.

Mr. ROBINSON. Mr. President, I was entirely content to take the vote upon the last amendment submitted by myself by division, but those in charge of the bill insisted upon consuming the time of the Senate and delaying the progress of the measure by demanding the yeas and nays. The action, of course, was in the nature of a filibuster by the friends of the bill. With an overwhelming majority lining up and supporting the committee, with the committee reporting material advances over the rates fixed by the House in almost every instance, with no explanation given in many instances for the increases here proposed, with no facts available to enable the Senate to justify any rate on marble in excess of the rate now in force, as a result of the filibuster by the majority we have just imposed a very material increase upon one class of marble.

Substantially all the facts presented a few moments ago in connection with the amendment which I then proposed, relating to line 8, apply with equal force to the pending amendment. The House imposed a duty of 5 cents per superficial foot and 26 per cent ad valorem. The Finance Committee, in pursuance of its custom, with no facts in the record justifying its action, reported an amendment raising the ad valorem rate adopted by the House from 26 per cent to 35 per cent.

I move to strike out "35," in line 9, and to insert in lieu thereof "15," so that as amended it will read:

If attached to paper or other material, 5 cents per superficial foot and 15 per cent ad valorem.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment was, on page 47, line 19, before the words "per centum," to strike out the figure "40" and insert "60"; so as to make the paragraph read:

PAR. 233. Marble, breccia, onyx, alabaster, and jet, wholly or partly manufactured into monuments, benches, vases, and other articles, and articles of which these substances or any of them is the component material of chief value, and all articles composed wholly or in chief value of agate, rock crystal, or other semiprecious stone, except such as are cut into shapes and forms fitting them expressly for use in the construction of jewelry, not specially provided for, 60 per cent ad valorem.

Mr. ROBINSON. I move to strike out "60," in line 19, and insert in lieu thereof "30."

Mr. UNDERWOOD. Mr. President, I suppose this is a case of a poor little rich girl who has not anybody who will sympathize with her. The items reported under this paragraph apply to people who have money to spend. We need all the taxes we can get out of the rich, and out of other people, too, if the present expenditures of the Government continue, but I see no reason for this large increase in the duty on this item.

Within the paragraph are a few articles, like alabaster, which is not made in this country at all, and jet, which is more or less an ornament out of which to make jewelry; but the main object which the article intends to tax is stone. I read the description of the article as set forth by the Tariff Commission, as it is one which can be easily understood:

Stone manufactures include, besides tombstones and monuments made of marble and kindred stones, a large and diverse list such as commercial and religious statuary, paper weights, inkwells, table tops, and jet spangles for ornamenting textiles and millinery goods. The manufacturing industry aside from the production of monuments is of very minor importance. Stone monuments—

which form the item of importance in this paragraph—

are produced in all parts of the United States. The plants are usually located close to burial grounds, but some large quarry organizations ship to distant domestic markets. Desk and novelty articles are produced as a side line by manufacturers of monuments, as well as by makers of novelties, and also on special order. The manufacture of jet is an important industry in many parts of Europe, but not here. The stone-working industries of Greece and Italy have been famous for centuries because of their fine marble and excellent workmanship.

Tombstones, monuments, and grave markers can usually be cut and finished by stone-working machinery, which eliminates handwork to a large extent. Up to this point the domestic industry can compete favorably with European goods—

It is the Tariff Commission that says that up to this point the domestic industry can compete favorably with European goods—

but in carving, which is entirely handwork, European producers possess a considerable advantage because of their lower-priced labor.

A vast deal of these importations are not carved stone, but the stone is cut by machinery, as to which the Tariff Commission says the American industry can compete with the European production favorably.

In 1914, the year of the beginning of the European war, there were in the United States 4,901 establishments engaged in marble and stone work, with an output value of $107,055,000. In 1919 the corresponding figures were 4,208 establishments and the output was valued at $127,993,000. The production of monuments and tombstones alone in 1914 was valued at over $40,000,000.

The imports of these articles are derived chiefly from Italy and France. In 1914 they were valued at $224,700,000. Now let me read the figures of the imports which have been coming in since the war. In 1918 they were valued at $30,863; in 1919, $46,622; in 1920, $83,768; and for nine months in 1921, $86,617. So that, at the greatest, the imports coming into this country of these articles amounted to less than $100,000. The exports of manufactured stone, including marble not specially provided for, are destined chiefly for Canada, Cuba, and the United Kingdom, the statistics being as follows for the calendar years: 1918, $1,208,164; 1919, $1,508,997; 1920, $2,158,764; for nine months of 1921, $1,355,335.

These are the chief articles involved in the paragraph now under consideration. The other articles are of minor importance, both in value, in consumption, and in imports, and some of them are not made in this country at all, with the result that we find the total industry for 1919 is given as $127,000,000. In monuments alone in 1914 it amounted to about $40,000,000. The imports coming into this country are less than $100,000 and the exports vary from $1,500,000 to $2,000,000.

When we consider the value of the production in America as over $100,000,000 and the imports as less than $100,000, we realize the imports are one one-hundredth of 1 per cent, and yet the committee seems to think that the industry is so greatly jeopardized by imports coming from abroad and that the American industry is in such danger that it must have this high protection. Notwithstanding the books which they themselves publish, carrying the reports of the Tariff Commission, which state that on account of these articles, until they are carved—and most of the imports are not carved—they can compete favorably with the foreign production, what does the committee do? The House sent the bill over with a tax of 40 per cent on these articles and the Finance Committee raises it to 60 per cent.

There was a tax on these articles under the present law which I think is too high, 45 per cent, and which ought to have been reduced. Certainly if I had charge of writing a tariff bill to-day I would reduce it. But with $100,000 of imports and over $100,000,000 of production in an industry which the Tariff Commission says in the main can compete with foreign production—and that is shown conclusively by the importations—how are we to grant an additional tax? I do not understand it. I suppose there is a great deal of this tax paid by dead men's estates, by people who want to put up fine monuments. It is not always paid by the rich. Sentiment has a great deal to do with these things, and sometimes people who can not well afford to do so erect handsome monuments. It was said many years ago that the ordinary Republican tariff bill taxes everything from the cradle to the grave, and this item is at the grave.

It is no great burden on the American people, but I can see no justification whatever for the increase. I suppose the Senate is going to grant the increase, and is going to increase the rate over what is carried in the House bill, 45 per cent, to the rate proposed by the Senate committee, 60 per cent. In other words, if you want to buy a tombstone and it is worth $100 now, you will have to pay $160 to satisfy the committee.

I am not going to continue my argument further. I think it merely illustrates that the Finance Committee in writing the bill thought the only way they could be sure to make a protective bill was to raise the rate, that it did not make any difference what rate they found in the present law, high or low, the only safe thing for them to do was to raise the rate. I can see no other justification or reason for the increase in this particular instance.

Mr. McCUMBER. Mr. President, when it comes to luxuries it is always difficult for anyone to know what a given rate will produce. When everything is flourishing, when everyone is prosperous, jewelry, diamonds, and other luxuries sell much more freely. They are imported much more freely. When times are hard very little comes in if it is purely a luxury at the foreign price. There are very few of these luxuries coming in now. If any gentleman of reasonable wealth is pleased to die, he perhaps will not be arranging for an onyx tombstone.

Mr. UNDERWOOD. Mr. President, will the Senator permit me to interrupt him?

Mr. McCUMBER. Certainly.

Mr. UNDERWOOD. I always like to have the figures correct. Will the Senator tell me of any time within the last 20 years when any considerable amount of this particular article came into the United States?

Mr. McCUMBER. I will show the Senator something of what we have been getting if the Senator will be patient.

Mr. UNDERWOOD. I am not talking about any theoretical proposition; but will the Senator refer me to the statistics when the imports to this country, compared to the $127,000,000 domestic production, amounted to anything?

Mr. McCUMBER. I will give the Senator the figures.

Mr. UNDERWOOD. I shall be glad to have them.

Mr. McCUMBER. I do not care so much about the importations in quantity as I do about what we are getting out of the luxuries. When the Senator in his own bill fixed a rate of 45 per cent ad valorem, he did not fix it for protection. He placed that duty in the Underwood bill for revenue only, because he wanted to get a good revenue out of these luxuries. The country is a great deal more distressed to-day than it was in 1913. The country needs money more. If it needed 45 per cent then, it certainly needs 60 per cent now if it can get more out of it by raising the rate to 60 per cent.

I stated that I would give the Senator a few figures to indicate what effect the change of rates upon these luxuries had in the matter of the revenues received therefrom. Paragraph 232, which we just passed, covers mosaic cubes of marble, breccia, and onyx, and paragraph 233 covers marble, breccia, onyx, alabaster, and jet, and also agate, rock crystal, or other semiprecious stone.

On mosaic cubes in the year 1917 we had a duty of 1 cent per pound and 30 per cent ad valorem. We collected revenue from that one particular article amounting to $46,326; in 1908 we collected $43,375; in 1909, $26,988; in 1910—they were then divided into two brackets—we collected for one class $2,256 and for the other $17,589. That made nearly $20,000 received in that year. In 1911 we collected $11,000; in 1912, $12,975; and in 1913 we received $15,000.

Then came 1914 with the reduction in the tariff rate, and our receipts immediately dropped to $4,025, a loss of nearly three-fourths of the revenue.

This is a revenue duty only; a revenue duty levied upon luxuries. If we take all of these commodities together as they are grouped in the statistics of imports and duties, we find that in 1910, with a 50 per cent ad valorem, we collected $105,695; in 1911 we collected with the same duty $109,000; in 1912 we collected $116,000; in 1913 we collected $121,000. Then the rates were changed, and we collected $37,620—quite a heavy loss in revenue.

This is a duty not for the purpose of protection; I do not think we need for protection so heavy a duty; but, in my opinion, when conditions become normal in this country and the people begin to make a little more money than they are now making in these hard times, they will purchase more of this Italian marble and onyx, and so forth, for their homes, for statues, and so forth, and we shall get considerably more revenue. That is all we expect from it.

Mr. UNDERWOOD. Mr. President, I only have this to say in answer to the Senator from North Dakota: When a luxury is taxed the greatest amount of revenue is not always received by levying the highest tax. To a certain extent, people will pay the price for a luxury; but when the price of the luxury is raised above what their pocketbooks can afford, then they are going to do without it, as they can always do without a luxury. If the tax should be reduced and some importations be invited, the revenue of the Government might be very largely increased, but when the tax is raised higher and gets nearer to the prohibitive point, in my judgment, revenue will be cut off.

I am satisfied the Senator from North Dakota, however, is not writing this bill on the principle of levying taxes for revenue. I noticed in paragraph 1429 a tax of 10 per cent is levied on diamonds, which most people consider a luxury. A duty of 20 per cent is levied on pearl. On such luxuries as monuments or tombstones the tax is 60 per cent, while a woman is taxed 10 per cent for the pearl necklace which she wears.

Mr. McCUMBER. It is rather difficult to hide a tombstone in the heel of one's shoe, but it is not difficult to hide a $200,000 diamond there. We have had some experience in attempting to collect a large duty from diamonds, and the Senator from Alabama himself, realizing that, only imposed a duty of 10 per cent upon diamonds in the tariff for revenue only bill which bears his name.

Mr. President, when the duties on diamonds ran as high as 20 per cent it was ascertained that the diamonds brought into this country exceeded in value by several times the diamonds which came in under a lesser duty, whereas there was not collected anywhere nearly as much revenue as was collected when the lower duty was levied. Were it possible to prevent smuggling we should all be in favor of an extremely high duty upon that luxury, but after many years of trial we ascertained that the imposition of a higher duty simply induces smuggling, because it makes profitable the smuggling of an article that may easily be smuggled into the country. We have to look at the situation from the practical standpoint.

Mr. ROBINSON. Mr. President, I inquire of the Senator from North Dakota whether the Finance Committee in its studies of the tariff on marble, and particularly the tariff to be imposed under this paragraph, considered the question of the maximum revenue rate? Did the committee look into that question? I am asking for information.

Mr. McCUMBER. I think we have fixed it at the maximum revenue rate.

Mr. ROBINSON. That is not the question I asked.

Mr McCUMBER. I should not think so unless I had gone into it to some extent. When the Senator asks me the question I say yes, I do think so.

Mr. ROBINSON. Mr. President, I agree with the Senator from Alabama that a tax of 60 per cent will more than likely prove prohibitive, or, at least, will diminish rather than increase the revenue. I also agree with the Senator from Alabama that the rate under existing law is probably too high for a maximum revenue rate.

Mr. McCUMBER. If the Senator will allow me, I should like to suggest that under a 50 per cent rate we collected considerably more revenue than was derived under a lower rate. That rate did not seem to check the revenue.

Mr. ROBINSON. But I point out to the Senator that there has been an enormous development in the marble industry in the United States since that time. The revenue derived from this item under existing law is comparatively small. On articles of onyx it averaged during the last few years less than $1,000 a year, probably less than $500 a year; on articles of alabaster the revenue averaged between $2,000 and $3,000 a year during the last four or five years; on articles of agate less than $10,000 a year; on articles of rock crystal approximately $500 a year; and on other semiprecious stone embraced in the paragraph the importations were small and the duty collected comparatively unimportant.

Everyone knows there is a point at which an increase in tariff rates operates to diminish importations. I have not the slightest doubt, although I confess the committee has not furnished information on which to form a scientific conclusion relative to the subject, that under the conditions now surrounding the industry in the United States the proposed rate, if adopted, will result in a diminution of revenue rather than an increase.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Arkansas [Mr. ROBINSON] to the amendment reported by the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question recurs on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, on page 47, line 21, after the word "millstones," to strike out "13" and insert "15," so as to read:

PAR. 234. Burrstones, manufactured or bound up into millstones, 15 per cent ad valorem.

Mr. SIMMONS. Mr. President, there is but little to be said about this item. The duty under the Payne-Aldrich bill on this commodity was 15 per cent ad valorem. In the pending bill the House provided a duty of 13 per cent ad valorem, which the Senate committee has increased up to the Payne-Aldrich rate. Under the act of 1913, the present law, this product came in free.

Burrstones is another name for what we commonly call in this country millstones. In the olden days, as I remember, nearly all the grain that we crushed in my section of the country, at any rate—and I think the statement applies to all sections of the country—was crushed by millstones, operating horizontally and mashing the grain into meal. The process has somewhat changed from that day to this.

The production in this country is not large and neither is the consumption. In 1912 we only produced about $71,000 worth of these stones; in 1918 the production had increased to $92,000 worth. The imports are very small, and they come principally from France. During nine months of the year 1921 the imports amounted only to $9,678 worth. That is about 10 per cent of what we produced in 1918 in this country, and probably 15 per cent of what we produced in 1912. That is all of this article that came in when it was upon the free list. If you impose a duty of 15 per cent upon it, I suppose that none at all will come in. I presume that will be practically prohibitive.

Mr. McCUMBER. Mr. President, if the Senator desires, I will tell him why we left this just as the House put it in.

The Senator has read correctly about all the importation we have, but even that very little importation is about 40 per cent

of the domestic production; and the House put in the millstones, which are produced only in two places, so far as I know, as they are not used very much now. They are practically obsolete, but some are made in Virginia and some are made in New York; and the House gave a duty of 13 per cent ad valorem upon the American valuation. We simply converted that as nearly as we could into the foreign valuation, and left it at 15 per cent.

If the House had left the item on the free list, we would not have taken the trouble to put it upon the dutiable list; but it was such a small item, so unimportant, such a mere bagatelle, that we did not think it was worth while to take up our time in the conference to agree on it, even if it did not take over 10 or 15 minutes.

Mr. SIMMONS. Mr. President, I want to say to the Senator that while these stones are not as generally used now as they used to be, in the rural districts they still have the old water mills, and there are a great many people who believe that meal ground in a water mill is much better than that ground at a mill run by steam.

Mr. McCUMBER. I think it is, too.

Mr. SIMMONS. While there are not many of them used in this country, there are some used, and I do not see any necessity for increasing the price.

As I said, while this article is upon the free list there is only $9,000 worth of it imported. The Senator is right when he says that in one year 40 per cent was imported, but that time is past. That was in 1917. In 1921, or at the present time, there is only $9,000 worth brought in, as against something like $63,000 worth produced in this country.

I think the duty is prohibitive, and I do not know of any reason why we should impose a prohibitive duty against France. France is the only country from which we get these stones, I believe, and I do not see why they should not be allowed to remain on the free list; but, as the Senator says, the item is small, and I am willing to have a vote without any further discussion.

Mr. McCUMBER. Before we vote on that amendment I wish to ask unanimous consent that when the Senate closes its session for this calendar day it be to recess until to-morrow at 11 o'clock.

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

Mr. SIMMONS. I will offer an amendment to reduce the rate to 5 per cent. I would move to put the article on the free list, but I believe some contention has been made here that that was not permissible; and I therefore move to reduce the duty to 5 per cent instead of 15 per cent.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 47, line 21, in lieu of the sum inserted by the committee, "15," it is proposed to insert "5."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina to the amendment of the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the committee amendment.

Mr. HEFLIN. Let us have the yeas and nays on that.

The yeas and nays were not ordered, and the amendment was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The ASSISTANT SECRETARY. On page 48, line 1, the committee proposes to strike out "40" and insert "50," so as to read:

Freestone, granite, sandstone, limestone, lava, and all other stone suitable for use as monumental or building stone, except marble, breccia, and onyx, not specially provided for, hewn, dressed, or polished, or otherwise manufactured, 50 per cent ad valorem; unmanufactured, or not dressed, hewn, or polished, 15 cents per cubic foot.

Mr. ROBINSON. Mr. President, this amendment proposed by the committee relates to freestone and other forms of building material and monumental material not embraced within paragraphs 232 and 233, which relate to marble, breccia, and onyx. The present rate, if I am correctly informed, is 25 per cent ad valorem. Under that rate production in the United States has been very large, and imports have been comparatively small.

Upon referring to the surveys made by the Tariff Commission, it is found that the production of these stones during the years 1910 to 1920, inclusive, ranged from something more than $5,500,000 to approximately $7,500,000. The imports of these stones for building in 1914 were valued at a little more than $72,000.

Referring to granite, the production of that commodity in 1919 was almost $20,000,000. The duty received was negligible, the imports ranging from approximately $25,000 to something more than $100,000.

Under the conditions existing, considering the very high cost of building materials, I do not believe that any tax higher than that now proposed is justified; and I therefore offer the following amendment.

On page 48, line 1, strike out "50" and insert "25."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 48, line 1, in lieu of the sum proposed to be inserted by the committee, "50," it is proposed to insert "25."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas to the amendment of the committee.

Mr. ROBINSON. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. DIAL (when his name was called). Making the same announcement as on the former vote, I vote "yea."

Mr. JONES of Washington (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

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

Mr. STERLING (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

The roll call was concluded.

Mr. HARRIS. Making the same announcement of my pair and its transfer, I vote "yea."

Mr. COLT. Making the same announcement as before, I vote "nay."

Mr. EDGE. Making the same announcement as before, I vote "nay."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Indiana [Mr. NEW] with the Senator from Tennessee [Mr. McKELLAR];

The junior Senator from Ohio [Mr. WILLIS] with the senior Senator from Ohio [Mr. POMERENE];

The Senator from Arizona [Mr. CAMERON] with the Senator from Georgia [Mr. WATSON]; and

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

The result was announced—yeas 14, nays 36, as follows:

YEAS—14.

Dial	Heflin	Robinson	Stanley
Fletcher	La Follette	Sheppard	Underwood
Harris	Overman	Shields	
Harrison	Pittman	Simmons	

NAYS—36.

Ball	France	Lenroot	Pepper
Brandegee	Frelinghuysen	Lodge	Phipps
Broussard	Hale	McCumber	Ransdell
Bursum	Harreld	McKinley	Smoot
Capper	Johnson	McLean	Sterling
Colt	Jones, Wash.	Moses	Sutherland
Curtis	Kellogg	Newberry	Townsend
Edge	Kendrick	Nicholson	Wadsworth
Ernst	Ladd	Oddie	Warren

NOT VOTING—46.

Ashurst	Gerry	New	Stanfield
Borah	Glass	Norbeck	Swanson
Calder	Gooding	Norris	Trammell
Cameron	Hitchcock	Owen	Walsh, Mass.
Caraway	Jones, N. Mex.	Page	Walsh, Mont.
Crow	Keyes	Poindexter	Watson, Ga.
Culberson	King	Pomerene	Watson, Ind.
Cummins	McCormick	Rawson	Weller
Dillingham	McKellar	Reed	Williams
du Pont	McNary	Shortridge	Willis
Elkins	Myers	Smith	
Fernald	Nelson	Spencer	

So Mr. ROBINSON's amendment to the committee amendment was rejected.

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

The amendment was agreed to.

The next amendment was, on page 48, line 4, to strike out "$2" and insert in lieu thereof "$1.75," so as to read:

Grindstones, finished or unfinished, $1.75 per ton.

Mr. SIMMONS. Mr. President, this article does not require much discussion. We all know what the grindstone is. It is used on every farm, and it is also used in connection with mak-

ing pulp and paper. The value of grindstones and pulp stones produced in the United States in 1917 was $1,147,784. Most of them were produced in Ohio. The chief competitor of the grindstone it seems is a grinding wheel made of artificial abrasives. The value of the domestic product in 1920 was $1,707,004. The importations in 1913 were $139,000. The importations in 1920 were $77,000, and in the nine months of 1921 they were $67,000. It appears, therefore, that the importations have been falling off. They are just about half what they were in 1913. The production has been increasing. It increased from $1,147,000 in 1917 to $1,707,000 in 1920.

But that is not all. The exports, largely to Canada and to Cuba, have been as follows:

In 1918 they were $210,889, as against $55,583 imports in the same year. In 1919 the exports were $297,000, as against imports of $50,000.

In 1920 we exported of this product $424,322 worth, as against imports for that year of $77,000. Our exports have been five or six times the amount of the imports, and our imports have been less than one-twentieth of our domestic production.

Under these circumstances there would seem to be no reason for increasing the present duty, which is $1.50 per ton, and I offer an amendment to substitute $1.50 for $1.75. The difference is very little; but I submit that the imports and the exports, taken in connection with domestic production, do not justify any increase in the rate.

Mr. McCUMBER. Mr. President, I do not desire to take up any time. I simply wish to say to the Senator that if he can explain why he wants $1.50 duty a ton on grindstones I can easily explain why I want $1.75, or an extra 25 cents over the rate asked by the Senator.

Mr. SIMMONS. I explained it. I do not think, as a matter of fact, the circumstances are such as to require any duty upon this article at all, and if the Senator is not satisfied, I will offer as an amendment that it be reduced to $1. I move that amendment to the amendment of the committee.

Mr. McCUMBER. Let us have a vote on it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina to the committee amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question recurs on the committee amendment.

The amendment was agreed to.

The next amendment of the committee was, on page 48, line 8, before the words "per centum," to strike out "17" and insert in lieu thereof "15," so as to read:

Slates, slate chimney pieces, mantles, slabs for tables, roofing slates, and all other manufactures of slate, not specially provided for, 15 per cent ad valorem.

Mr. ROBINSON. Mr. President, the prevailing rate on this commodity, slate, is 10 per cent ad valorem. Under that rate importations have never exceeded approximately $4,500, the highest being in the year 1920. The duty derived from the commodity now is negligible. Slates, as everyone knows, are very useful in construction. I move to strike out "15" and to insert in lieu thereof "10."

The amendment to the amendment was rejected.

The amendment of the committee was agreed to.

Mr. HEFLIN. Mr. President, I wonder if the chairman of the committee is willing now to have a short executive session, or would he like to proceed for a couple of hours longer?

Mr. SMOOT. We have just one more amendment that we want to have acted on.

Mr. McCUMBER. There is one more paragraph in this schedule, and I wish we could vote on that and then take our recess.

Mr. HEFLIN. What is the proposition the Senator desires to vote on?

Mr. McCUMBER. I propose that we shall take a recess as soon as we vote on the next item.

Mr. HEFLIN. What is that item?

Mr. McCUMBER. Watch crystals.

Mr. SMOOT. It is a new industry established in this country during the war.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 48, line 9, strike out "40" and insert in lieu thereof "60," so as to read:

Watch crystals, 60 per cent ad valorem.

Mr. ROBINSON. Mr. President, the information furnished the Senate respecting this item is to the effect that the manufacture of watch crystals is a new industry in the United States. The principal importations formerly came from France, Germany, Switzerland, and Austria. With the beginning of the war, importations were suspended and a new industry developed in the United States. It does not appear, however, that there are any importations now under the existing rate.

Mr. SMOOT. They are classified under a basket clause, and therefore we can not tell exactly what are the importations.

Mr. ROBINSON. I am inclined to think that the prevailing rate is adequate. So I offer an amendment to strike out "60," in line 9, and insert in lieu thereof "30."

The amendment to the amendment was rejected.

The amendment of the committee was agreed to.

BENEFICIARIES OF UNITED STATES VETERANS' BUREAU (S. DOC. NO. 204).

The VICE PRESIDENT laid before the Senate a communication from the Director of the United States Veterans' Bureau, transmitting a draft of a proposed joint resolution providing for the making of allotments of appropriations by the United States Veterans' Bureau to the United States Public Health Service, which was referred to the Committee on Appropriations and ordered to be printed.

EXECUTIVE SESSION.

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

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened; and (at 10 o'clock and 5 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Wednesday, May 24, 1922, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate May 23 (legislative day of April 20), 1922.

PROMOTIONS IN THE NAVY.

To be ensigns in the Navy.

Francis M. Adams.
Bruce B. Adell.
Cecil C. Adell.
Frank Akers.
Thomas Aldred.
Clifford M. Alvord.
Byron S. Anderson.
Edwin P. Archibald.
Henry C. Archibald.
Edward B. Arroyo.
Charles L. Ashley.
Clarence L. C. Atkeson, jr.
Clarence L. Atkinson, jr.
William B. Ault.
Carlos J. Badger.
Harold D. Baker.
James E. Baker.
Bradford Bartlett.
George W. Bauernschmidt.
Thomas T. Beattie.
Ehrwald F. Beck.
Adolph E. Becker, jr.
Alvin L. Becker.
Robert W. Bedilion.
John P. Bennington.
Herbert E. Berger.
Gus R. Berner, jr.
Warren K. Berner.
William H. Beyrer.
Worthington S. Bitler.
James C. Blake.
Robert E. Blick, jr.
Clinton W. Blount.
Robert E. Blue.
George T. Boldizsar.
Eaton A. Boothe.
Ralph F. Bradford, jr.
Anthony R. Brady.
William E. Brice.
Thomas O. Brown, jr.
Alfred C. Bruce.
Arthur W. Bryan.
Ellwood E. Burgess.
Ralph W. Burleigh.
Harry St. J. Butler.
Horace B. Butterfield.
John P. Cady.
William S. Campbell.
Daniel B. Candler, jr.
Beverly E. Carter.
Bertrand B. Cassels.
Charles J. Cater.
Joyce C. Cawthon.
Hubert W. Chanler.
Albert E. Chapman.
Samuel F. Chase.
Louis M. Childs, 2d.
Thomas F. Christie, jr.
Vernon O. Clapp,
Augustus D. Clark.
Sherman R. Clark.
Arthur A. Clarkson.
James P. Clay.
Wilson P. Cogswell.
Edmonston E. Coil.
Charles O. Comp.
John Connor.
Adelbert F. Converse.
Frank M. Converse.
George D. Cooper.
George R. Cooper.
Delbert S. Cornwell.
Thomas A. Cory.
George W. D. Covell.
Jesse G. Coward.
John M. Cox, jr.
Edward C. Craig.
James E. Craig.
Charles W. Crawford.
William C. Cross.
Edgar A. Cruise.
Andrew W. Cruse.
Edward B. Curtis.
Anthony L. Danis.
John Y. Dannenberg.
Roy R. Darron.
Hallock G. Davis.
William P. Davis.
Harold T. Dawson.
Carlton C. Dickey.
Arthur F. Dineen.
Charles A. Dodge.

Richard W. Dole.
James H. Dorsey.
Nicholas A. Draim.
Streuby L. Drumm.
Herbert S. Duckworth.
Ferdinand C. Dugan, jr.
Thomas B. Dugan.
Joseph B. Dunn.
Thomas S. Dunstan.
Edward R. Durgin.
Ralph Earle, jr.
Frederick J. Eckhoff.
Russell J. Ehle.
Kenneth O. Ekelund.
Donald R. Eldridge.
Rogers Elliott.
Lysle E. Ellis.
Eugene E. Elmore.
William A. Engeman, jr.
Robert A. J. English.
Carl F. Espe.
Donald S. Evans.
John V. Farrington.
Perry M. Fenton.
Beauford W. Fink, jr.
William A. Finn.
Andrew M. R. Fitzsimmons.
Merritt J. Flanders.
Nathaniel M. Floyd.
Lloyd D. Follmer.
Kenneth L. Forster.
Edward C. Forsyth.
Edward W. Foster.
Frederic D. Foster.
Edward R. Frawley.
John E. French.
William L. Freseman.
John J. B. Fulenwider.
Charles M. Furlow, jr.
Donald W. Gardner.
Edward R. Gardner, jr.
Harry C. Garrison.
Charles D. Garvin.
Frank B. Gary, jr.
John F. Geise.
Walter E. Gist.
Hubbard F. Goodwin.
Hugh H. Goodwin.
Malcolm M. Gossett.
Samuel K. Groseclose.
Bradford E. Grow.
John W. Guider.
Ralph R. Gurley.
Hugh W. Hadley.
Peter G. Hale.
Ignatius J. Haley.
Frederick S. Hall.
Fulwar S. Halsell.
Arthur LeR. Hamlin.
Raymond A. Hansen.
David W. Hardin.
John S. Harper.
Daniel W. Harrigan.
Norman Hattemer.
Charles A. Havard.
Harold G. Hazard.
Howard R. Healy.
John S. Hedrick.
Carlyle L. Helber.
John M. Higgins.
Robert B. Higgins, jr.
Tom B. Hill.
Howard Hogan.
William B. Holden.
John A. Hollowell, jr.
William L. Holm.
Wilfred J. Holmes.
Alfred J. Homann.
Charles F. Hooper.
Vernon Huber.
Ralph H. Hudson.
Leon J. Huffman.
John R. Hume.
Charles O. Humphreys.
Robert N. Hunter.
William F. Hurt.
Howard B. Hutchinson.
Emory P. Hylant.
Henry A. Ingram.
Riley R. Jackson.
Harry B. Jarrett.
Howard L. Jennings.
Francis B. Johnson.
John N. Johnson.
James R. Johnson, jr.
Robert L. Johnson.
Rudolf L. Johnson.
Bates H. Johnston.
Donald H. Johnston.
Wilbur G. Jones.
William C. Jordan.
Alexander F. Junker.
David B. Justice.
Leonard Kaplan.
Albert V. Kastner.
Roland P. Kauffman.
Harry Keeler, jr.
Austin S. Keeth.
Thomas H. Kehoe.
Ralph C. Kephart.
Robert A. Knapp.
Omer A. Kneeland.
Leslie A. Kniskern.
Frederick E. Kraemer.
William C. Latta.
Palmer K. Leberman.
Wallace T. Lee.
Harry M. Leighley.
John H. Leppert.
John C. Lester.
Clarke H. Lewis.
Ruthven E. Libby.
Louis D. Libenow.
Irving L. Lind.
Hugh W. Lindsay.
Mellish M. Lindsay, jr.
Marion N. Little.
Aaron R. Lyon.
James A. McBride.
Alan R. McCracken.
William G. McCrea.
Robert P. McDonald.
Frederick K. McElroy.
Howard D. McIntosh.
Kenmore M. McManes.
James B. McVey.
Charles J. McWhinnie.
Henry F. MacComsey.
Michael J. Malanaphy.
Alvin I. Malstrom.
Leon J. Manees.
Bernard E. Manseau.
Alfred R. Mead.
Francis J. Mee.
George L. Menocal.
John G. Mercer.
Edward C. Metcalfe.
Woodson V. Michaux.
Milton E. Miles.
Theodore W. Miller.
James A. Mitchell.
William D. Moorer, jr.
Albert K. Morehouse.
Robert W. Morse.
Gordon Moses.
John E. Murphy.
Marion E. Murphy.
Charles W. Myers.
Harold S. Nager.
Alan R. Nash.
Henry P. Needham.
George L. Neely.
Peter J. Neimo.
Roger E. Nelson.
John L. Nestor.
Milton F. Nicholson.
George E. Nold.
Thomas H. Ochiltree.
George P. Hunter.
Edward J. O'Kane.
Isaiah Olch.
Jerauld L. Olmsted.
Howard E. Orem.
George E. Palmer.
William B. Pape.
Harold E. Parker.
John E. Parker.
Henry L. Parry.
William S. Parsons.
Harold C. Patton.
Leo P. Pawlikowski.
Norman A. Pedersen.
Malcolm W. Pemberton.
Charles C. Phleger.
Edward H. Pierce.
Harry W. Pierce.
John J. Pierrepont, 2d.
Arthur L. Pleasants, jr.
Kenneth Porter.
John L. Pratt.
Harold F. Pullen.
Dale Quarton.
Gerald U. Quinn.
Thomas J. Raftery.
Lucien Ragonnet.
Edwin V. Raines.
Harry A. Rawlings.
Owen Rees.
Herbert E. Regan.
Frederick F. Richards.
Hyman G. Rickover.
Frederick L. Riddle.
Augustin K. Ridgway.
Whitaker F. Riggs, jr.
Armand J. Robertson.
Walter W. Rockey.
Albert L. R. Rosenstein.
James M. Ross.
Robert B. Rothwell.
Frank W. Rowe, jr.
Rudolph C. Rupert.
Thomas C. Ryan, jr.
James G. Sampson.
Alden R. Sanborn.
William V. Saunders.
Richard C. Scherrer.
Henry J. Schmidt.
William J. Sebald.
Henry L. Shenier.
Earl V. Sherman.
John H. Shultz.
Samuel Silverman.
Valvin R. Sinclair.
Herschel A. Smith.
Horatio D. Smith.
Harry T. Smith.
John A. Smith.
Robert H. Smith.
Henri H. Smith-Hutton.
Cornelius S. Snodgrass.
John J. O'Donnell, jr.
Edward A. Solomons.
Gerald A. Stacey.
Charles H. Steele.
John E. Stephens, jr.
Harold R. Stevens.
Douglas P. Stickley.
Kenneth D. Stoddard.
Lyman A. Stohr.
Thomas M. Stokes.
George N. Streetman.
Maurice J. Strong.
Robert C. Strong, jr.
Luther B. Stuart.
David J. Studabaker.
Russell G. Sturges.
Willard J. Suits.
Raymond D. Sullivan.
Orson R. Sutherland.
Frank C. Sutton.
John A. Sweeton.
Preston S. Tambling.
Alfred R. Taylor.
Edwin A. Taylor.
William B. Terrell.
William R. Terrell.
Karl A. Thieme.
Carlisle H. Thompson.
Paul S. Thomson.
Albert L. Toney.
Humphrey W. Toomey.
William B. Tucker.
Raymond H. Tuttle.
John Twachtman.
Archibald E. Uehlinger.
John P. W. Vest.
Clarence E. Voegeli.
Frederic B. Vose.
Richard S. Waggener.
Frank R. Walker.
Jesse R. Wallace.
Adelbert V. Wallis.
Harvey T. Walsh.
Henry C. Walters.
Ferdinand B. Wanselow.
William L. Ware.
Frank T. Watkins.
George F. Watson.
Matthew S. Q. Weiser.
William B. Whaley, jr.
Francis H. Whitaker.
Leland D. Whitgrove.
John P. Whitney.
Paul Wiedorn.
Otto C. Wierum.
Ernest A. Williams.
Milo R. Williams.
Thomas D. Wilson.
Ralph H. Wishard.
Walter E. Zimmerman.
Ralph T. Zinn.

POSTMASTERS.

ALABAMA.

Walter B. Ozley, Calera.
John H. McEniry, Bessemer.

GEORGIA.

Edwin L. Orr, Dublin.
Charles H. Travis, Senoia.

ILLINOIS.

Jacob A. Hirsbrunner, Olivet.

MINNESOTA.

Grover W. Sattler, Watkins.

NEW YORK.

Homer H. Thomas, Rushford.

RHODE ISLAND.

Wilfred R. Easterbrooks, Wakefield.

SOUTH CAROLINA.

Lillian W. Ratchford, Hickory Grove.

HOUSE OF REPRESENTATIVES.

TUESDAY, *May 23, 1922.*

The House met at 12 o'clock noon.

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

O God, the author of all good, we can not tell the fullness of Thy name nor understand the resources of Thy bounty and wisdom, but deeply grateful are we to be counted in the train of Thy servants. With this spirit we would accept the yoke and receive the burden. Let love of human praise, hope of personal gain, and delusive happiness be far from us. Let all laws be just and their administration equal and right. Bless those righteous forces which are rising up in enlightened souls of men and are striving against the wrong. O inspire us with intelligent confidence that the Lord of all the earth will do right. Through Christ. Amen.

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

READJUSTMENT OF ARMY AND NAVY PAY.

Mr. McKENZIE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 10972, disagree to all of the Senate amendments, and ask for a conference.

Mr. OLIVER. Mr. Speaker, reserving the right to object, as I understand, the gentleman will give the House an opportunity to vote on the amendment providing for the retired pay of colonels, lieutenant colonels, and majors?

Mr. McKENZIE. I will say to the gentleman that I have not changed my mind from what I stated yesterday, that I do not feel disposed to go to conference with my hands tied. I prefer to go to conference untrammeled and with the aid of my assistant conferees on the part of the House try to bring back a reasonable compromise, if a compromise is necessary. But whatever report I brought back it would be up to the House to accept or reject.

Mr. OLIVER. There will probably not be a conferee but that is in sympathy with the action of the House, and in view of that it seems to me that the matter ought to be brought back to the House for a vote.

Mr. McKENZIE. I will not consent to that. I feel that the proposition that the gentleman from Alabama is interested in is a very material matter and might be very essential in arriving at an agreement with the Senate on other matters. Therefore I can not consent.

The SPEAKER. Is there objection?

Mr. OLIVER. I object.

NATIONAL BANK CHARTERS.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit a privileged report from the Committee on Rules.

The SPEAKER. The gentleman from Kansas submits a privileged report from the Committee on Rules, which the Clerk will report.

The Clerk read as follows:

House Resolution 337 (Rept. No. 1023).

Resolved, That upon the adoption of this resolution it shall be in order to consider the bill H. R. 9527, being "A bill to amend section 5136, Revised Statutes of the United States, relating to corporate powers of associations, so as to provide succession thereof until dissolved, and to apply said section as so amended to all national banking associations."

Mr. CAMPBELL of Kansas. Mr. Speaker, this is a unanimous report from the Committee on Rules. I have only this to say about the matter, that it makes in order the bill referred to providing for the extension of national bank charters. I understand it to be the fact that under the present law national bank charters will generally expire on the 1st day of July. If there are exceptions to that, it is where a special charter has been granted, and I have no information as to cases of that kind.

I yield five minutes to the gentleman from Arkansas [Mr. WINGO] and reserve the remainder of my time.

Mr. WINGO. Mr. Speaker, while I am opposed to the bill, I shall not oppose the rule, because I recognize that there should be legislation. The chairman of the Committee on Rules is in error, though, in suggesting that the bill is for the extension of charters of national banks. That is not the object of the bill. I should not object to that. The object of the bill is confessedly to grant perpetual charters to national banks.

Now, when the national bank act was passed we gave 20-year charters. In 1882 we passed an act authorizing, under certain restrictions and limitations, a further extension of 20 years. Then in 1902, at the expiration of that 20-year period, we passed a bill authorizing a further extension of 20 years. Each time that the question of perpetual charters came up Congress decided by an overwhelming vote that it would retain its control and not grant a perpetual charter to a banking corporation, and it has been the policy of both parties for over 50 years to give them simply 20-year charters.

Now, I shall offer as an amendment a 20-year extension, and I hope that the Members of the House will see the wisdom of accepting that as a substitute for a perpetual charter. There is no necessity for perpetual charters for national banks. It is a dangerous policy. I am opposed to a Federal charter for any kind of an institution of that nature. That is my only objection. I do not object to the rule. There ought to be legislation, but it ought to be by passing the customary 20-year extension authorization act.

Mr. MOORE of Virginia. Will the gentleman from Kansas yield?

Mr. CAMPBELL of Kansas. I yield.

Mr. MOORE of Virginia. I wanted to ask the gentleman a question as to the practice of the Committee on Rules. This is it: Suppose the Committee on Rules orders a resolution of investigation to be favorably reported and directs the chairman to favorably report it, is the chairman under any compulsion to report it or has he unlimited discretion which will enable him to postpone indefinitely any report of that resolution or any presentation of it to the House at all? I have in mind the Daugherty investigation resolution—the Woodruff-Johnson resolution.

Mr. CAMPBELL of Kansas. That is a question I will answer to the Committee on Rules and to the majority of the House at the proper time.

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

Mr. CAMPBELL of Kansas. Relative to this matter?

Mr. GARNER. I did not intend to refer to the Woodruff resolution; I will not refer to it.

Mr. CAMPBELL of Kansas. I realize the anxiety of certain gentlemen at this time with respect to certain indictments that have already been found by Federal grand juries and about certain other indictments that are in contemplation. I also realize the anxiety of certain gentlemen with respect to civil actions for the recovery of money or property. But I do not intend to contribute in any way, directly or indirectly, to the defense, in either civil or criminal action, by assailing the Attorney General at this time. [Applause.]

Mr. GARNER. The gentleman will realize that I have not assailed the Attorney General. I did not know that the gentleman from Kansas was going to get "wrought up."

Mr. CAMPBELL of Kansas. I have been asked whether or not I was going to bring up a resolution calling for an investigation.

Mr. GARNER. I did not ask the gentleman that question. I did not suppose he was going to get "wrought up." I did not know whether he would bring the resolution out or whether he was opposed to it.

I understand you have several bills from the Committee on Banking and Currency. You have offered one resolution concerning the consideration of one bill, and I was wondering if you were going to bring in a resolution for the consideration of all these bills separately?

Mr. CAMPBELL of Kansas. Yes.

Mr. GARNER. That is what I wanted to know. The gentleman seemed to fear that the Attorney General was going to be assaulted. I think the gentleman from Kansas has contributed more to the assault of the Attorney General than anybody else, as chairman of the Committee on Rules, in bringing out the Woodruff resolution. He is the man responsible for it. It could not have been brought out without the consent of the gentleman from Kansas.

Mr. CAMPBELL of Kansas. "The gentleman from Kansas" assumes entire responsibility for what he has already done, for what he is now doing, or what he may do in the future.

Mr. Speaker, I move the previous question on the adoption of the resolution.

Mr. KINCHELOE. Mr. Speaker, will the gentleman yield? I want to ask the gentleman a question.

Mr. CAMPBELL of Kansas. I yield for a question—and I assume that it is germane to the subject matter now under discussion.

Mr. KINCHELOE. It is in reference to a subsequent rule in which I am interested.

Mr. CAMPBELL of Kansas. Yes.

The SPEAKER. Does the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. KINCHELOE. I understood the gentleman to say, in answer to the interrogatory of the gentleman from Texas [Mr. GARNER], that you are bringing out a rule to cover the bill from the Committee on Banking and Currency?

Mr. CAMPBELL of Kansas. Yes.

Mr. KINCHELOE. I have been trying to obtain information as to what the procedure of the Committee on Rules will be when the Committee on Agriculture is given the right of way. Will you bring in a separate rule for each measure that is to come?

Mr. CAMPBELL of Kansas. The Committee on Rules unanimously reported a rule giving the Committee on Agriculture three days in which to dispose of business that it has on the Union and House Calendars.

Mr. KINCHELOE. That is what I wanted to know. Is the Committee on Agriculture itself to determine as to what bills shall be considered during that time?

Mr. CAMPBELL of Kansas. Why, certainly.

Mr. Speaker, I move the previous question.

The SPEAKER. The gentleman from Kansas moves the previous question.

The previous question was ordered.

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

The resolution was agreed to.

The SPEAKER. The gentleman from Pennsylvania [Mr. McFADDEN] is recognized.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. This is a House Calendar bill, and it does not require that.

Mr. McFADDEN. Very well. I call up the bill H. R. 9527.

The SPEAKER. The gentleman from Pennsylvania, chairman of the Committee on Banking and Currency, calls up the bill H. R. 9527, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 9527) to amend section 5136, Revised Statutes of the United States, relating to corporate powers of associations, so as to provide succession thereof until dissolved, and to apply said section as so amended to all national banking associations.

Be it enacted, etc., That section 5136 of the Revised Statutes of the United States be amended so that the paragraph therein designated as "Second" shall read as follows:

"Second. To have perpetual succession until it shall be dissolved by the act of its shareholders owning two-thirds of its stock, unless its franchise shall become forfeited by reason of violation of law, or unless it shall be terminated by the provision of act of Congress hereinafter enacted."

SEC. 2. That all acts or parts of acts providing for the extension of the period of succession of national banking associations for 20 years are hereby repealed, and the provisions of paragraph second of section 5136, Revised Statutes, as herein amended shall apply to all national banking associations now organized and operating under any law of the United States.

Mr. McFADDEN. Mr. Speaker, this bill is made necessary because of the arrival of that period of time at which the third extension of the charter rights of national banks is necessary.

Back in the sixties, when the national bank act was passed, there was some doubt, perhaps, in the mind of the Congress as to the advisability of permitting the national banks to have an existence in perpetuity, so that Congress saw fit to put a limitation of 20 years thereon. Just prior to the expiration of that 20 years a bill giving the right to the national banks to continue their existence for an additional 20 years was enacted. In 1902 the situation was treated in a similar manner.

We are now up to the point where the time for the third extension has arrived, and it is necessary that some action be taken by the Congress, or else the charter rights of national banks will begin to expire on July 1.

The Committee on Banking and Currency gave very careful consideration to this proposition. They heard the Secretary of the Treasury, the Comptroller of the Currency, and members of the Federal Reserve Board. All of these people were in favor of granting charter rights to banks as is provided in this bill.

One of the controlling reasons for this was the fact that in the formation of the Federal reserve act and amendments thereto national banks were given the right to act in a fiduciary capacity. In acting in a fiduciary capacity it is necessary for institutions to take on long-time trusts, in some instances as long as 400 years. It is a great handicap to the national banks not to have the right to act in a fiduciary capacity only under the rules and regulations laid down by the Federal Reserve Board, and they are not able to take on these trusts in competition with the State banks and trust companies, because the people who have charge of these trusts are loath to give them to national banks whose charters expire each 20 years, because of the fact that it means that the charters might not be renewed and they might have trouble in handling or transferring their trusts. Therefore, the national banks who have been given this power by Congress feel that they are entitled to have a right to take on these trusts under fiduciary powers.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Certainly.

Mr. WALSH. These national banks are dependent upon Congress for their charters, are they not?

Mr. McFADDEN. They are.

Mr. WALSH. Then, why should they feel that they are entitled to have perpetual succession?

Mr. McFADDEN. Because they have been given the right to act in a fiduciary capacity in taking on trusts that have a long time to run—much longer than their own charter rights.

Mr. WALSH. Certainly; but when they were given that right they were given it under the law that permitted their succession in every 20 years.

Mr. McFADDEN. That is true; but it is impossible for them to take on these trusts that have been given them by the Congress, because many of these trusts run beyond 20 years—the present life of a national bank.

Mr. WALSH. Can the gentleman give us information as to how many national banks have taken on trusts or instruments of trusts to run for 400 years?

Mr. McFADDEN. I can not give the gentleman exact information on that, but many national banks have taken on these trusts, but many preliminary formalities with respect to compliance with regulations and other things pertaining to the solvency of the institutions are taken into consideration and passed upon by the Reserve Board. A great many of these institutions have qualified in that way, especially in the larger cities, where there is a large amount of this trust business.

Mr. WALSH. Can the gentleman give us information as to how many of these institutions have been hampered or hindered in any way in taking on these trusts by reason of the 20-year limitation?

Mr. McFADDEN. Yes. I have letters from national banks from all over the country, and the Comptroller of the Currency and the Federal Reserve Board have received letters from these banks complaining because of this limitation, and they are asking to be given this right of succession in order to be able to compete with the State banks and trust companies who are delving into the preserves of national banks. This is one of the things that would permit national banks to compete with these great State banks and trust companies.

Mr. WALSH. Of course, if there is a lot of national banks that have taken on this duty notwithstanding the stringent regulations of the Federal Reserve Board in reference to it, it does not make any difference whether they have a 20-year or a 30-year or a 50-year limitation or longer.

Mr. McFADDEN. There is no reason, as a matter of fact, why we should limit them at all; no reason that I can see. These banks are under the supervision of the Comptroller of the Currency, who is there to see to it that these banks comply with the law, and the Congress has the right to repeal the law at any time; and, besides that, practically 47 States are permitting charters to be issued either in perpetuity or for a longer time than 20 years. It is certainly a fact that if we expect the national banks to exercise their rights under the law which has been passed by Congress, we must take off the restrictions and the limitations, so that they can assume the full responsibility which was contemplated when these fiduciary powers were granted to them. In my own State the courts will not permit national banks to handle trusts or estates that are under the jurisdiction of the State laws because of this 20-year limitation. It is not fair, especially when the State banks and trust companies do all the other kinds of business that the national banks do.

Mr. WALSH. Will the gentleman yield further?

Mr. McFADDEN. Yes.

Mr. WALSH. This will be the second extension?

Mr. McFADDEN. No; the third extension.

Mr. WALSH. There has never been any difficulty about getting an extension by Congress, has there?

Mr. McFADDEN. No; I do not think there has been.

Mr. WALSH. Is this the first time they have ever asked for perpetual succession?

Mr. McFADDEN. This is the first time since the fiduciary rights were given them under the Federal reserve law. Twenty years ago they did not have the right to act in a fiduciary capacity.

Mr. LUCE. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. LUCE. For the benefit of my colleague [Mr. WALSH] I will say that in our own State at least one of the judges is inclined to hold that national banks must give sureties, in the case of trusts, which puts the banks at a decided disadvantage in comparison with the trust companies, from whom sureties are not required.

Mr. COOPER of Wisconsin. Mr. Speaker, will the gentleman permit a question?

Mr. McFADDEN. I will.

Mr. COOPER of Wisconsin. It is customary in national laws granting charters for the law to reserve to Congress the right to alter, amend, or repeal. Does the gentleman construe the language in line 9, page 1, and lines 1 and 2 on page 2 of the pending bill as being equivalent to that reservation?

Mr. McFADDEN. I believe that Congress has the right, of course, to repeal this law. That is expressly provided for here.

Mr. COOPER of Wisconsin. That is what I want to understand. The language is—

unless its franchise shall become forfeited by reason of violation of law—

That is one thing——

Mr. McFADDEN. Yes.

Mr. COOPER of Wisconsin. But there follows—

or unless it shall be terminated by act of Congress hereafter enacted.

Is that clause equivalent to the ordinary reservation——

Mr. McFADDEN. I so understand it.

Mr. COOPER of Wisconsin. That the right to alter, amend, or repeal is expressly reserved.

Mr. McFADDEN. Yes. I am not a lawyer, but I construe it that way.

Mr. NEWTON of Minnesota. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. NEWTON of Minnesota. As I understand it, quite a large number of the States have given perpetual succession to State banking institutions.

Mr. McFADDEN. Yes; and I would like to put into the RECORD at this point a brief which has been prepared by the counsel of the American Bankers' Association, setting forth the rights which the different States have given in the matter of perpetual or limited charters:

DURATION OF CHARTERS OF STATE BANKS, SAVINGS BANKS, AND TRUST COMPANIES.

ALABAMA.

Twenty years' limitation by constitutional provision (Const. of 1901, sec. 251): "Every bank or banking company shall be required to cease all banking operations within 20 years from the time of its organization, unless the time be extended by law, and promptly thereafter close its business."

Does this apply to trust companies? This is a matter for the courts. In this connection Alabama Code (1907), section 3528, is suggestive. This provides that trust companies "shall be amenable to the general banking laws of the State in so far as said laws are applicable to trust companies."

ARIZONA.

Corporations generally have perpetual succession. Banks, savings banks, and trust companies must take out an annual license to do business.

Corporations have the power of "perpetual succession" (Ariz. Rev. Stat., p. 2097 (1)): "The duties of the bank comptroller shall be to prepare and furnish to every building and loan association, savings bank, banker, and banking company or trust company incorporated under the laws of this State, or any State or country, and doing business in this State, applying therefor in writing, a license, in the form to be prescribed by said comptroller, authorizing such corporations to use the name and transact the business of a building and loan society, association, savings bank, banker, bank, banking company, or trust company during the fiscal year of issuance thereof."

ARKANSAS.

No limitation as to duration of banks, trust companies, and savings banks.

CALIFORNIA.

Corporations generally are limited to a duration of 50 years. No specific provisions as to banks, etc.

"Articles of incorporation must be prepared, setting forth: * * * (4) the term for which it is to exist, not exceeding 50 years." (Calif. Civ. Code No. 290.)

"Every corporation, as such, has power:

"1. Of succession, by its corporate name, for the period limited; and when no period is limited, perpetually." (No. 354, Calif. Civ. Code.)

COLORADO.

Corporations generally are limited to 20 years; this may apply to banks and certainly does to trust companies.

The certificate of incorporation of a corporation, among other things, shall state "the term of its existence, not to exceed 20 years, except as hereinafter provided, save and except to make perpetual corporations insuring lives of individuals." (Courtrights Colo. St. 847.)

"Corporations formed under this act shall be bodies corporate and politic in fact and in name, by the name stated in such certificate, and by that name have succession for the period for which they are organized." (Courtrights Colo. St. 854.)

Persons associating to form a trust, deposit, and security business "shall subscribe articles of association which shall contain: * * *

"Fifth. The period for which such association is to be incorporated." (Id. 295.)

The certificate of organization of a bank shall state "(f) the period during which such corporation is to exist." (Id. 269.)

The definition of a "bank" is contained in No. 265: "The word 'bank,' as used in this act, shall include every person, copartnership, and corporation, except national banks, engaged in the business of banking in the State of Colorado."

COLORADO.

Persons associating to form a trust company "shall execute articles of incorporation as provided by section 2 of chapter 19 of the general statutes of the State." (Id. No. 304.) A footnote states that "the section above referred to is section 847," which, as we have seen, provides for a statement of "the term of its existence, not to exceed 20 years," etc.

CONNECTICUT.

State banks, trust companies, and savings banks are not limited in their duration.

"Every corporation shall have power * * * (1) to have succession by its corporate name for the time stated in its charter, certificate of incorporation, or articles of association, and when no period is limited, perpetually." (Gen. Stat. of Conn. 1918, No. 3421.)

The certificate of incorporation of a corporation shall state "(6) The period, if any, limited for the duration of the corporation." (Id. No. 3508.)

No. 3948 of such general statutes, prescribing what the certificate of incorporation of a State bank or trust company shall contain, includes no statement as to duration of the charter.

As to savings banks no specific provisions were found.

DELAWARE.

Corporations generally have unlimited succession. The duration of banks, trust companies, and savings banks can be determined only by an examination of their special charters.

Section 1 of article 9 of the constitution of Delaware expressly provides that the provisions therein requiring corporations to be "created, amended, renewed," etc., "shall not apply to * * * banks." Under this permission banks, trust companies, and savings banks are created by special charters. See, for example, chapters 273, 274, 275, 276, 277, 278, 280, 281, 282, and 283 of the laws of 1919 and chapter 280 of the laws of 1915. These special charters must be examined in order to ascertain the policy of the State as to the duration of the existence of these corporations.

The general policy as to corporations is shown by No. 1916 of the revised code of 1915: "Every corporation created under the provisions of this chapter shall have power: 1. To have succession, by its corporate name, for the time stated in its certificate of incorporation, and when no period is limited it shall be perpetual."

FLORIDA.

Banks, trust companies, and savings banks are not limited in their duration.

"The provisions of this title (that of corporations, which title includes the other sections quoted) shall extend to all corporations, whether chartered by special act of the legislature or under general law in their respective classes." (Rev. Gen. St. of Fla., No. 4045.)

"Every corporation by virtue of its existence as such shall have power: 1. To have succession by its corporate name for the period limited in its charter and, when no period is limited, perpetually." (Id. No. 4047.)

"The proposed charter of an intended corporation * * * shall set forth: * * * (4) The term for which it is to exist." (Id. 4051.)

The statutes affecting banks, trust companies, and savings banks contain nothing taking them out of the operation of these general provisions, which apply to "all corporations."

GEORGIA.

Thirty years' limitation, applicable to State banks, trust companies, and savings banks.

The banking act of 1919, article 17, section 1 (No. 136) provides:

"A bank organized under this act shall have power: (1) To have continual succession for the term of 30 years, with the rights of renewal herein provided for."

Article 1, section 1 of this act defines the term "bank." "The term 'bank,' as used in this act * * * shall include incorporated banks, banking companies, trust companies, and other corporations doing a banking business in this State."

IDAHO.

Fifty-year limitation.

"Every corporation, as such, has power: 1. Of succession, by its corporate name, for the period limited, and when no period is limited, perpetually." (Idaho Comp. St. of 1919. No. 4752.)

"Articles of incorporation (of private corporations) must be prepared setting forth: * * * 4. The term for which it is to exist, not exceeding 50 years." (Id. No. 4696.)

"Unless otherwise provided herein, the general corporation laws of this State shall apply to all corporations organized and operating under this chapter." (Id. No. 5220.) "This chapter" is the one dealing with banks and savings banks.

"Articles of incorporation (of trust companies) must be prepared setting forth: * * * 4. The term for which it is to exist, not exceeding 50 years." (Id. No. 5222.)

ILLINOIS.

No limitation.

The application for organization as a bank or banking institution shall state "the time for which such association shall continue." (Callaghan's Ill. Laws, 1917–1920, Supp., No. 688 (2).)

The banking laws of Illinois provide that "associations organized under this act shall be bodies corporate and politic for the period for which they may be organized. (Id. No. 688 (8).)

As no definite limitation is set it would seem that banks may be organized with a perpetual charter.

The corporation act does not aid, since that provides that "corporations may be organized in the manner provided in this act for any lawful purpose except for the purpose of banking," etc.

However, this general corporation act does apply to trust companies. No. 2559 of Callaghan's Illinois Statutes, 1913, provides that "any corporation which has or shall be incorporated under the general incorporation laws of this State * * * and all amendments thereof for the purpose of accepting and executing trusts, etc." This indicates that trust companies are organized under the general corporation act.

The general corporation act provides that "Each corporation organized under this act shall * * * have the following powers, rights, and privileges: 1. To have succession by its corporate name for the period limited in its certificate of incorporation, or any amendment thereof." (Callaghan's Ill. Laws, 1917–1920, Supplement No. 2446 (6).)

The statement of incorporation under the general corporation act shall "set forth the following: (4) The period of duration."

There is no indication that this period of duration may not be perpetual.

There seems to be no specific provisions affecting savings banks.

INDIANA.

Constitutional limitation to 20 years. The application of this to other than banks of "issue" is not certain.

"Every bank, or banking company, shall be required to cease all banking operations from the time of its organization, and promptly thereafter close its business." (Indiana Constitution, p. 209, art. 11, sec. 10.) The first section of this article provides that "The general assembly shall not have power to establish or incorporate any bank or banking company or moneyed institution for the purpose of issuing bills of credit or bills payable to order or bearer, except under the conditions prescribed in this constitution" (p. 200). The courts might possibly hold that the whole article was limited to banks of "issue." (See Pape *v.* Capitol Bank, 20 Kans. 440.)

The statutes contain no specific provision relating to banks, savings banks, or trust companies, so far as duration of charter is concerned.

The general corporation act provides for articles of incorporation stating "(h) The length of life of the corporation, not exceeding 50 years." This act, however, does not apply to "the organization or control * * * of * * * banks and trust companies, or corporations doing a banking business."

IOWA.

Savings banks are limited to 50 years; banks and trust companies to 20 years.

"The articles of incorporation of a savings bank shall * * * give * * * the time of its existence, which shall not exceed 50 years." (Compiled Code of Iowa (1919), 5768.)

"The corporators (of savings banks) and their successors shall be a body corporate, with the right of succession for the period limited." (Id. 5770.)

"Articles of incorporation (of State banks) shall state: 3. The time of the commencement and termination of the corporation, which shall in no case exceed 20 years. (Id. No. 5791.)

Trust companies are evidently formed under the general corporation law since code section 5814 refers to "corporations organized under the provisions of chapters 1, 2, and 3, title 17 (general corporation law), whose articles of incorporation authorize the acceptance and execution of trusts."

Two provisions of this general act are pertinent. "Among the powers of such corporations are the following: 1. To have perpetual succession." (Id. No. 5329.) Corporations "for the establishment and conduct of savings banks * * * may be formed to endure 50 years; those for other purposes not to exceed 20 years." (Sec. 5348.)

KANSAS.

Limitation of 50 years.

The general corporation law provides: "The purposes for which private corporations may be formed are: * * * (41). The organization of loan and trust companies * * * (43). The organization and control of banks * * * (44). The organization and control of savings banks. (Gen. Stat. of Kansas (1915) No. 2099.)

"The existence of private corporations shall begin on the day the charter is filed in the office of the secretary of state, and shall continue for a period of 50 years." (Id. No. 2110.)

KENTUCKY.

No limitation.

The general corporation law provides that "banking, building and loan, trust, insurance, and railroad corporations shall, in addition to the provisions of this article, which are not inconsistent with the law relating especially to them, be organized in the manner and subject to the provisions of such laws." (Ky. Stat. Carroll (1915) No. 538.)

The incorporators "shall execute articles of incorporation which shall specify: (6) The time when it is to commence and the period it is to continue." (Id. No. 539.)

The inference is that the period may be indefinite.

LOUISIANA.

Limitation of 99 years.

"Any number of persons, not less than five, associating themselves for the purpose of conducting a savings, safe-deposit, and trust banking business in any of its branches may constitute themselves a corporation, with power and authority, first, to have and enjoy succession by a corporate name, to be selected by themselves, for a period that shall be expressed and limited in the articles of association, not exceeding 99 years." (Banking laws compiled by State examiner (1917), p. 20; act 45, of 1902, No. 1.)

Banks and State banks "organized under this act shall have power and authority (1) to have and enjoy succession by a corporate name, to be selected by themselves, for a period stipulated in the act of incorporation, and which shall not exceed 99 years." (Id., p. 1; act 179, of 1902.)

MAINE.

No limitation.

"All savings banks or institutions for savings lawfully organized are corporations possessed of the powers and functions of corporations generally, and as such have power:

"1. To have perpetual succession, each by its corporate name." (Rev. Stat. of Maine (1916), p. 809, ch. 52, No. 6.)

The articles of incorporation of banks and trust companies need not state any limitation of duration. (Id., p. 826; ch. 52, No. 64.)

Banks, savings banks, and trust companies may not be organized under the general corporation law. (Id., p. 782; ch. 51, No. 7.)

MARYLAND.

Limitation of 40 years for State banks and trust companies. No limitation as to savings banks (mutual).

The general corporation law provides:

"Corporations may be formed under the provisions of this article for any one or more lawful purposes, except such as are excluded from the operation of a general law by the constitution of this State. And except where special provisions inconsistent herewith are made in this article for particular classes all corporations shall be formed in manner following." (Bagby's Ann. Code, pp. 535, 536; art. 23, No. 2.)

It further provides: "Every corporation which is subject to the provisions of this article shall have the following general powers, except where the special provisions relating to any particular classes of corporations are inconsistent herewith:

"1. To have perpetual succession by its corporate name." (Id., pp. 538, 539, art. 23, No. 7.)

No inconsistent provisions exist with respect to savings banks, which, however, must be mutual.

Articles of incorporation of trust companies shall "specifically state: * * * Fifth. The term of its existence, not exceeding 40 years." (Ch. 268 of Laws of 1920, reenacting sec. 42 of art. 11 of the Annotated Code.)

Articles of incorporation of banks shall state: "* * * Fifth. The period for which such bank is organized, not exceeding 40 years." (Bagby's Ann. Code, p. 239, art. 11, No. 21.)

MASSACHUSETTS.

No limitation found in constitution or statutes.

No references to duration.

MICHIGAN.

Thirty years' limitation.

"No corporation shall be created for a longer period than 30 years, except for municipal, railroad, insurance, canal, or cemetery purposes, or corporations organized without any capital stock for religious, benevolent, social, or fraternal purposes," followed with provisions for renewal of charter. (Constitution, art. 12, No. 3.)

Articles of association of banks and savings banks "shall specify: Sixth. The period for which the bank is organized, which shall not exceed 30 years." (Mich. Comp. Laws, 1915, No. 7968.)

Articles of association of trust companies shall contain: "* * * Fifth. The period for which such corporation is to be incorporated, not to exceed the period of time authorized by the constitution of this State." (Id. sec. 8046.)

MINNESOTA.

No limitation.

The general corporation law provides:

"Corporations may be formed for any one of the following purposes:

"1. Carrying on the business of banking. * * *

"3. Creating and conducting savings banks. * * *

"4. Transacting business as a trust company in conformity with the laws relating thereto." (Minn. Gen. Stat., 1913, No. 6145.)

The certificate of incorporation of a corporation shall specify: "2. The period of its duration, if limited." (Id. No. 6147.)

The inference is that the duration may be unlimited. It is clear that this provision includes the institutions under consideration. See for additional evidence subdivision 1 of No. 6147.

MISSISSIPPI.

Limitation to 50 years.

"No charter for any private corporation for pecuniary gain shall be granted for a longer period than 99 years." (Const., No. 178.)

"The persons associating shall execute articles of incorporation, which shall specify: * * * Third. The nature of its business, whether that of a commercial bank, savings bank, trust company, or any combination thereof. * * * Sixth. The period for which the bank (savings bank or trust company) is organized, which shall not exceed 50 years." (Hemingway's Miss. Code (1917), No. 3585.)

MISSOURI.

Apparently no limitation as to State banks and trust companies. Fifty years' limitation as to savings banks.

The articles of agreement of banks "may provide for the number of years the corporation is to continue, which shall not exceed 50 years, or may provide that the existence of the corporation shall continue until the corporation shall be dissolved by consent of the stockholders or by proceedings instituted by the State under any statute now in force or hereafter enacted." (Mo. Rev. Stat. (1919), No. 11728.)

An exact duplication of this provision as applied to trust companies is found in Missouri Revised Statutes (1919), No. 11790.

"The articles of agreement (of savings banks) shall set out: * * * Sixth. The number of years the corporation is to continue, which in no case shall exceed 50 years." (Id., No. 11868.)

The general corporation law provides: "Every corporation, as such, has power: * * * First. To have succession by its corporate name for the period limited in its charter, and when no period is limited, for 20 years."

MONTANA.

Fifty years' limitation.

"Any three or more persons desiring to associate themselves together for the purpose of becoming a corporation to engage in any one or more of all the businesses mentioned in section 2 (this section provides for the following classes of banks: (a) Commercial banks, (b) savings banks, (c) trust companies, (d) investment companies) of this act, shall sign * * * articles of agreement, which shall set forth: 6. The number of years the corporation is to continue, which in no case shall exceed 50 years." (Rev. Codes of Mont. (1915 Suppl.), No. 3915.)

NEBRASKA.

No limitation.

"Every corporation, as such, has power: First. To have succession by its corporate name." (Nebr. Rev. Stat. (1913), No. 566.) This would be a logical place to insert a limitation if any were intended.

Notice of incorporation of corporations generally must contain: Fifth. The time of commencement and termination of the corporation. (No. 572.) Here again no limitation is found. No specific provisions were found with reference to the precise institutions under investigation.

NEVADA.

Fifty years' limitation.

"Any three or more persons, a majority of whom shall be residents of this State, may execute articles of incorporation and be incorporated as a banking corporation in the manner hereinafter provided. Said articles of incorporation shall contain: * * * Seventh. The length of time the corporation is to exist, which shall not exceed 50 years." (Rev. Laws of Nev. (1912), No. 616.)

The following provisions show the applicability of this limitation to trust companies and savings banks. "Any corporation organized under this act may state in its articles of incorporation that it will carry on a trust company business, either exclusively or in connection with the banking business." (Id., No. 620.)

"Any banking corporation designating its business as that of a savings banks shall have power to carry on a savings bank business as prescribed and limited in this act." (Id., No. 621.)

NEW HAMPSHIRE.

No limitation.

"Existing charters of savings banks shall be perpetual, although expressly limited to a term of years." (General laws of New Hampshire (1901), ch. 165, No. 1, p. 546.)

"Every corporation subject to the provisions of this act (business corporations act) shall have the following powers and privileges and be subject to the following liabilities: (a) To have perpetual succession in its corporate name unless incorporated or formed for a limited term or dissolved as provided by law." (Laws of 1919, ch. 92, No. 4.)

"The term 'business corporation,' as used in this act, shall mean any corporation having a capital stock and established for the purpose of carrying on business for profit." (Laws of 1919, ch. 92, No. 1.)

In a chapter headed "banks of issue" is the provision that "every such bank and its stockholders shall be subject to the laws of the State applicable to corporations generally, unless the same are controlled by the provisions of the charter or by some special law of the State or United States." (General laws of 1901, ch. 163, No. 4.) While there are technically no State banks of issue, this section is significant.

NEW JERSEY.

No limitation.

"Every corporation shall have power: 1. To have succession, by its corporate name, for the period limited in its charter or certificate of incorporation, and when no period is limited, perpetually." (New Jersey Comp. St. (1910) Corps., No. 1.) This is the "act concerning corporations" referred to the sections hereafter quoted.

"The certificate of incorporation * * * shall set forth: VI. The period, if any, limited for the duration of the company." (Id. No. 8.)

The certificate of incorporation of a bank "shall specifically state: VI. The period, if any, limited for the duration of the bank." (Comp. St. (1910) chapter on banks and banking, No. 2.)

"In addition to the general powers conferred by the 'act concerning corporations,' so far as the same are not inconsistent with this act, every bank shall have power," etc. (Id. No. 6.)

The certificate of incorporation of a savings bank shall "set forth * * *. V. The period, if any, limited for its duration." (N. J. Comp. St. (1910) chapter on savings banks, No. 3.)

"All savings banks organized under and by virtue of this act are hereby declared to be corporations possessed of the powers and functions of corporations mentioned in the first section of the act entitled 'An act concerning corporations'; and, as such, shall have power," etc. (Id. No. 1.)

The certificate of incorporation of a trust company "shall specifically state: * * * VI. The period, if any, limited for the duration of the company." (N. J. Comp. St. of 1910, chapter on trust companies, No. 2.)

"In addition to the general powers conferred by the 'act concerning corporations,' so far as the same are not inconsistent with this act, every trust company shall have power," etc. (Id. No. 6.)

NEW MEXICO.

Fifty years' limitation as to trust companies; apparently no limitation as to State banks and savings banks.

"Banks are divided into the following classes:

"(a) Commercial banks;

"(b) Savings banks; and

"(c) Trust companies. (N. M. Laws of 1915, c. 67, No. 2.)

"Any number of persons not less than three may organize a corporation to engage in the business of banking." The certificate shall specify: (f) The period during which said corporation is to exist. * * * The provisions of this section shall not be construed to apply to "Trust companies" (id., No. 10), as amended by laws of 1919, chapter 120.

The articles of agreement of a trust company "shall set out: * * * Sixth. The number of years the corporation shall continue, which in no case shall exceed 50 years." (Id., No. 58.)

"Upon executing * * * a certificate pursuant to all the provisions of this article, three or more persons may become a corporation for any lawful purpose or purposes whatever, except * * * commercial banks, trust companies," etc. (Laws of 1917, c. 112, amending No. 889 of the codification of 1915.)

A certificate of incorporation "shall set forth: * * * VI. The period limited for the duration of the corporation, not exceeding 50 years." (Laws of 1917, c. 112, amending No. 891 of the codification of 1915.) This section applies to corporations generally. It would not seem to apply to commercial banks and trust companies. It is questionable if it would apply to savings banks.

NEW YORK.

No limitation.

The organization certificate of a State bank "shall specifically state: * * * 5. The term of its existence, which may be perpetual." Banking law No. 100.

The organization certificate of a trust company "shall specifically state: * * * 5. The term of its existence, which may be perpetual." (Banking law No. 180.)

The organization certificate of a savings bank does not require a statement as to its term of existence. (Banking law No. 230.)

In addition to the powers conferred by the general corporation law, "every savings bank shall have * * * the following powers," etc. (Banking law No. 238.)

General corporation law No. 11 provides that "every corporation as such has power, though not specified in the law, under which it is incorporated: 1. To have succession for the period specified in its certificate of incorporation or by law, and perpetually when no period is specified."

NORTH CAROLINA.

Apparently no limitation.

"Every corporation has power: 1. To have succession by its corporate name for the period limited in its charter, and when the charter contains no time limit, for a period of 60 years." (North Carolina Consolidated Statutes of 1919, No. 1126; General Corporation Law.)

NOTE.—The limitation of 60 years applies when "the charter contains no time limit." The inference that any time limit contained in the charter, even though longer than 60 years, would control.

A certificate of incorporation shall "set forth: * * * 6. The period, if any, limited for the duration of the corporation." (Id. No. 1114; General Corporation Law.)

"All of the provisions of law relating to private corporations, and particularly those enumerated in the chapter entitled 'Corporation' (Nos. 1126, 1114 are part of this chapter), not inconsistent with this chapter, or with the business of banking, are applicable to banks." (Id. No. 236; Banking Law.)

"In addition to the powers conferred by law upon private corporations, a banking corporation and banking and trust company doing a fiduciary and surety business has power," etc. (Id. No. 220.)

"Three or more persons may be incorporated for the purpose of establishing and operating commercial banks of deposit and discount, or savings banks of loan and deposit, or banks with both classes of business, or banks with a trust, fiduciary, and surety business, by setting forth in a certificate of incorporation * * *. 6. The period, if any, for the duration of the corporation." (Id. No. 216; in "6" the word "limited" was apparently omitted.)

NORTH DAKOTA.

Twenty-five years' limitation as to State banks and savings banks. Trust companies have perpetual charters.

A State bank has "the power: * * * 2. To have succession for a period of 25 years from its organization, unless it is sooner dissolved, according to the provisions of this chapter, or unless its franchise becomes forfeited by some violation of law." (N. D. Comp. Laws (1913), No. 5150.)

A savings bank "shall be vested with the powers provided for in" such section 5150 of the Compiled Laws. (Id. No. 5193.)

Trust companies "shall have perpetual succession." (Id. 5205.)

OHIO.

No limitation.

The certificate of incorporation of a commercial bank, a savings bank, or a trust company need not state any limited period of duration. Banking Law of 1919, secs. 710–41.

The incorporators of a bank, savings bank, or trust company upon recording the articles of incorporation "shall become a body corporate with succession." (Id. 710–47.) A limitation if intended would have been inserted here.

OKLAHOMA.

Twenty-five years' limitation for banks and savings banks. Fifty years' limitation for trust companies.

The certificate of incorporation of a bank (and it would seem of a savings bank) "shall contain * * * the length of time the corporation is to exist, which shall not exceed 25 years." (Rev. Laws of Okla. (1910) No. 257.)

The certificate of incorporation of a trust company "shall set out: * * * Sixth: The number of years the corporation is to continue, which in no case shall exceed 50 years." (Bunn's Annot. Suppl. to Rev. Laws (1918) No. 308.)

OREGON.

No limitation.

The "articles of incorporation (of a State bank) shall specify: * * * 5. The term of its existence, which may be perpetual." (Oreg. Gen. Laws (1920) No. 6196.)

The articles of incorporation of a trust company "shall specifically state: * * * (5) The term of its existence, which may be perpetual." (Id. No. 6224.)

A savings bank would seem to come within the definition of a State bank. "Any person, firm, or corporation (except national banks) having a place of business within this State where credits are opened by the deposit or collection of money or currency or negotiable paper subject to be paid or remitted upon draft, receipt, check, or order, shall be regarded as a bank or banker, and as doing a banking business under the provisions of this act." (Id. No. 6200.)

PENNSYLVANIA.

No limitation as to savings banks and trust companies. Twenty years' limitation as to commercial banks.

A bank shall "have succession by the name designated in its articles of association for the term of 20 years from the date of the letters patent, unless sooner dissolved under the provisions of its articles of association, or under this act." (West's Pa. Stats. (1920) 1186.)

A savings bank shall "have succession by the name designated in its articles of association, perpetually from the date of the letters patent, unless sooner dissolved under the provisions of the articles of association or by the provisions of any act of assembly." (Id. 19745.)

Each corporation formed under the general corporation act "by virtue of its existence as such, shall have the following powers, unless otherwise specially provided: 1. To have succession by its corporate name for the period limited by its charter and when no period is limited thereby, or by this act, perpetually, subject to the power of the general assembly, under the constitution of the Commonwealth." (Id. 5592.) This section is applicable to trust companies which are governed by the provisions of the general corporation law. This is the inference from the placing of Nos. 6335–6349, relating to trust companies in the general corporation act.

RHODE ISLAND.

No limitation.

"It is hereby specifically provided that every corporation shall have power: (a) to have perpetual succession in its corporate name, unless a period for its duration is limited in its articles of association or charter." Ch. 1925 of the Laws of R. I., 5. (Laws of 1920, p. 186.)

"Except as in this act otherwise provided, this title (Business corporations) shall not apply to * * * the business of a bank, savings bank, trust company." Id. No. 3 (Id. p. 185).

"Every bank, savings bank, and trust company shall have the powers, rights, and privileges, and be subject to all the duties, restrictions, and liabilities conferred and imposed upon them respectively by this title (Banking), and in addition thereto shall have all the powers, rights, and privileges, and be subject to all the duties, restrictions, and liabilities set forth in chapter 213, so far only as not repugnant to or inconsistent with the provisions of this title." Ch. 231 of the general laws of 1909. (Ch. 213 contained general provisions affecting corporations, No. 1 of which provided that "all corporations shall, whenever no other provision is specially made, have perpetual succession.") This chapter was repealed by the above ch. 1925, which, however, provided in No. 90 thereof that if a corporation excepted from the operation of ch. 1925 should be "entitled to the benefits of section 1 * * * of ch. 213 * * * section 5 hereof * * * shall with respect to each such corporation be deemed to be in lieu of and substituted for said provisions of said chapters * * * and so far as the provisions of the act or statute creating such corporation or under which it is incorporated be deemed to apply thereto."

The statutory provisions with respect to the incorporation of banks and trust companies (ch. 229 of the laws of 1909) contain nothing with reference to the duration of such corporations. The agreement of incorporation need contain nothing with reference to the term of existence.

The same is true with reference to chapter 230, relating to the incorporation of savings banks.

It follows from the above that State banks, trust companies, and savings banks are not limited in their duration.

SOUTH CAROLINA.

No limitation.

"Every private corporation, as such, has power: 1. To have succession, by its corporate name for the period limited in its charter; and when no period is limited, in perpetuity." (S. C. Code (1912), No. 2792.)

With the exception of railroad, railway, turnpike, and canal corporations, and with the exception of municipal purposes, corporations "for any purpose * * * whatsoever" may be formed under the article entitled "Business corporations." (Code, No. 2834.)

"All charters granted under the provisions of this article shall continue in force perpetually, unless limited by the terms of the petition." (Code No. 2848, contained in "Business corporations" article.)

"Every corporation chartered under this article shall have the following powers, to wit: 1. To have perpetual succession." (Codes No. 2850, part of the "Business corporations" article.)

It would seem that banks, savings banks, and trust companies are organized under the business corporations law, except when granted special charters.

SOUTH DAKOTA.

Twenty years' limitation on banks and savings banks. No limitation as to trust companies, unless perhaps when they exercise banking powers.

"Every bank, banking company, or corporation shall be required to cease all banking operations within 20 years from the time of its organization and promptly thereafter close its business, * * * but the legislature may provide by general law for the reorganization of such banks." (Constitution, art. 18, No. 2.)

"For the purpose of this chapter (banking), every corporation, association, firm, or individual in this State whose business, in whole or in part, consists in the taking of deposits or buying and selling exchange shall be held a bank." (Code of 1919, No. 8948.)

The articles of incorporation of a bank as so defined, which would seem to include a savings bank, shall contain a statement of "6. The period for which the bank is organized, not exceeding 20 years, and the date on which it shall commence and terminate its corporate existence." (Id. No. 8950.)

Persons associating to form a trust company "shall make * * * written articles of incorporation containing: * * * 6. The period for which such trust company is organized, which may be perpetual." (Id. No. 9035.)

Trust companies "may also do a banking business and in doing such business shall be governed by, and be subject to, all the provisions of the preceding chapter (which included Rev. Code No. 8950) and to any amendments or modifications thereof which may hereafter be adopted." (Id. No. 9033.) It is a question of statutory and constitutional construction whether trust companies doing a "banking business" are limited in their duration to 20 years.

TENNESSEE.

No limitation.

No limitation on the duration of State banks, savings banks, and trust companies has been found. For instance, Thompson's Shannon's Code (1918), No. 2091, relating to powers of banks, and No. 2054, relating to powers of corporations, contain no such limitation.

TEXAS.

Fifty-year limitation.

"The articles of association (of a bank) shall set out * * * 6. The number of years the corporation is to continue, which in no case shall exceed 50 years." Complete Texas Statutes (1920)) art. 371.

"The articles of agreement (of a 'banking and trust company') shall set out: * * * 6. The number of years the corporation is to continue, which in no case shall exceed 50 years. (Id., art. 381.)

The articles of agreement of a savings bank "shall set out: * * * 6. The number of years the corporation is to continue, which in no case is to exceed 50 years." (Id. art. 387.)

UTAH.

One hundred year limitation.

The general incorporation act provides for articles of association, stating:

"4. The time of its duration, which shall not in any case be less than 3 nor more than 100 years." (Comp. Laws (1917), p. 861.)

"Corporation to conduct commercial savings banks or banks having departments for both such classes of business may be formed under the provisions of chapter 1 of title 19, Compiled Laws of Utah, 1917 (pp. 860–899), respecting corporations for pecuniary profit, and all the rights, privileges, and powers, and all the duties and obligations of such corporations and the officers and stockholders thereof shall be as provided in said chapter, except as in this chapter otherwise provided." (Id. p. 979.)

"Loan, trust, and guaranty associations may be incorporated under the provisions of chapter 1 of this title (pp. 860–899) respecting corporations for pecuniary profit." (Id. p. 1200.)

VERMONT.

No limitation.

"Subject to the additional or varied requirements stated in this chapter, a corporation may be formed pursuant to the provisions of the general corporation law for the purpose of conducting the business:

"1. Of a savings bank having no capital stock; or

"2. Of a trust company." (General Laws of Vermont (1917), sec. 5341.)

The general corporation law provides: "Unless the articles place some limit on the duration of the corporation, it shall exist forever or until its existence is terminated according to law." (Id. p. 4899.)

These are only applicable provisions found.

VIRGINIA.

No limitation.

"Every corporation of this State shall have power: (a) To have succession for the time stated in its charter, certificate of incorporation, or articles of association. But when no period is so limited, it shall be perpetual, subject to the power of repeal reserved by the constitution by the general assembly." (Virginia Code (1919), p. 3777.)

The certificate of incorporation of a corporation "shall set forth: * * * (e) The period, if any, limited for the duration of the corporation." (Id. 3850.)

Banks of discount and deposit (id. 4098), savings banks (id. 4137), and trust companies (id. 4137) are incorporated under the general corporation law, and are in general governed by its provisions.

WASHINGTON.

Fifty years' limitation.

The "articles of incorporation (of a bank or trust company) shall state: * * * 5. The period for which such corporation is organized, which shall not exceed 50 years." (Pierce's Wash. Code (1919), 271.)

"Upon the issuance of a certificate of authority to a bank the persons named in the articles of incorporation and their successors shall thereupon become a corporation and shall have power: * * * 2. To have succession for the term of years mentioned in its articles of incorporation." (Id. 273.)

"Upon the issuance of a certificate of authority to a trust company the persons named in the articles of incorporation and their successors shall thereupon become a corporation and shall have power: 1. To execute all the powers and possess all the privileges conferred on banks." (Id. 274.)

"Any bank which shall designate its business as that of a savings bank shall have the power to carry on the business of banking as prescribed and limited in this act." (Id. 406–411.) This indicates that stock savings banks are included in the term "bank" as above used.

The certificate of incorporation of a mutual savings bank need make no specific statement with reference to the duration of the corporation. (Id. 355.)

As for corporations generally, the articles of incorporation shall state "the time of its existence, not to exceed 50 years: *Provided*, That this limit of existence shall not apply to any life, accident, and health insurance company." (Id. 4505.)

Corporations generally shall "have succession for the period limited." (Id. 4515.)

WEST VIRGINIA.

No limitation.

"Every corporation as such shall have succession by its corporate name for the time limited in its charter or by law, and if no time be limited, perpetually." (W. Va. Code (1913), No. 2811; in ch. 52.)

Corporations may be formed under the joint-stock company law "for the following purposes: * * * 9. For banks of issue and circulation and of discount and deposit and for savings institutions. * * * 10. And for any other purpose or business useful to the public for which a firm or copartnership may be lawfully formed in this State." (Id. No. 2896; in ch. 54.)

An agreement for incorporation "shall set forth: 6. The period limited for the duration of the corporation." (Id. No. 2899; in ch. 54.)

"Banks of issue or of discount and deposit * * * shall be subject to the provisions of this chapter, and of chapters 52 and 53 of the code, so far as the same are applicable and not inconsistent with the following sections of this chapter." (Id. No. 3029; in ch. 54.)

"All savings banks, cooperative banking associations, and trust companies engaged in a general banking business shall be subject to the provisions of this chapter." (No. 3036; in ch. 54.)

"The words 'bank' or 'banking company' in this act shall be taken and construed to include any bank, banker, banking company, or trust company." (Id. No. 3046; in ch. 54.)

"Savings banks incorporated under this act shall be subject to the provisions of the fifty-second, fifty-third, fifty-fourth, and fifty-fifth chapters of this code so far as the same are applicable and not inconsistent with anything hereinbefore contained." (Supp. W. Va. Code, 1918, No. 3110.)

A trust company "shall, as to such business of banking, be subject to all the provisions of chapter 54 of the code * * * and not inconsistent with the powers hereby granted to such company." (Laws of 1919, ch. 80.)

WISCONSIN.

Banks and trust companies limited to 50 years. No limitation as to mutual savings banks.

The articles of incorporation of a bank shall contain: Fifth. The period for which such bank is organized, not exceeding 50 years." (Wis. banking law, No. 2024–7.)

"Trust companies may be organized pursuant to the provisions of subchapter 2, entitled 'State banks,' and be subject to all the provisions, requirements, and liabilities of subchapters 1 and 2, so far as applicable, except sections 2024–32 and 2024–35, and except as otherwise hereinafter provided." (Id. No. 2024–771.) The first-quoted statute, No. 2024–7, is contained in such subchapter 2, entitled "State banks."

The incorporators of a mutual savings bank "shall make, sign, and acknowledge written articles of incorporation containing: * * * Fifth. Such other articles or provisions, not inconsistent with law, as they may deem proper to be therein inserted for the interests of such corporation or the accomplishment of the purposes thereof, including, if desired, the duration of its existence." (Id. No. 2024–58.)

"Every mutual savings bank formed hereunder shall possess the powers and be subject to the provisions of the general laws relating to corporations, so far as the same may be applicable." (Id. No. 2024–76.)

The general corporation law provides for articles of incorporation "containing: * * * (7) Such other provisions or articles, if any, not inconsistent with law, as they may deem proper to be therein inserted for the interests of such corporation or the accomplishment of the purposes thereof, including, if desired, the duration of its existence." (Wisconsin Stat. (1915), No. 1772.)

WYOMING.

Fifty years' limitation.

The articles of incorporation of a "general banking, savings bank, and loan and trust business" shall "specifically state: * * * Third. The term of its existence, not to exceed 50 years." (Wyoming Comp. Stat. of 1920, No. 5135.)

Such a corporation "shall have power: * * * Second. To have succession for a period not to exceed 50 years from its organization, unless it is sooner dissolved according to the provisions of its articles of association, or by the act of its shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law." (Id. No. 5135.)

"Trust company banks may be organized pursuant to the provisions of section 5135." (Id. No. 5189.)

The general provision with respect to corporations is that the articles of incorporation shall state among other things "the terms of its existence, not to exceed 50 years." (Id. No. 5037.)

The general corporation law provides that "Every corporation under the provisions of this chapter, as such, has power: * * * First. To have succession by its corporation name for the period limited in its certificate of charter." (Id. No. 5093.) Note: This merely shows the general policy of the State with respect to the duration of corporations.

SUMMARY.

Of the 48 States, 21 have absolutely no limitation in terms of years as to the period of existence of State banks, savings banks, and trust companies; 25 have limitations as to one or more of the three classes. Arizona has no limitation in terms, but an annual license must be taken. In Delaware the duration is governed by the special charter of the particular institution.

It is to be noted that the States limiting duration are not consistent as to particular class limited or to the period of limitation. For instance, Missouri limits savings banks to 50 years, with apparently no

limitation as to commercial banks and trust companies, while Wisconsin limits banks and trust companies to 50 years, but imposes no limitation on savings banks. Again, New Mexico has a 50-year limitation as to trust companies, with apparently no limitation as to commercial and savings banks, while North Dakota gives trust companies perpetual charters, at the same time limiting commercial and savings banks to 25 years.

It is absolutely impossible to determine any fixed policy which is operative throughout the various States. The Iowa statutes contain the most glaring example of the hit-and-miss character of these statutes. One section of the code provides for "perpetual succession" of corporations. Nineteen sections further on is a general limitation of the existence of corporations to 20 years.

Strange, also, are the provisions of the California statutes. Section 290 of the Civil Code requires the articles of incorporation of a corporation to set forth "the term for which it is to exist, not exceeding 50 years," while section 354 of the same code provides that "every corporation, as such, has power (1) of succession, by its corporate name, for the period limited; and when no period is limited, perpetually."

The statutes as to the duration of corporate existence are not the work of skillful legislators, with a clear definite public policy in mind.

States limiting duration:
1. Alabama (with possible exception of trust companies).
2. California.
3. Colorado (trust companies, with question as to banks).
4. Georgia.
5. Idaho.
6. Indiana (limited to banks of issue).
7. Iowa.
8. Kansas.
9. Louisiana.
10. Maryland (exclude mutual savings banks).
11. Michigan.
12. Mississippi.
13. Missouri (savings banks).
14. Montana.
15. Nevada.
16. New Mexico (trust companies).
17. North Dakota (exclude trust companies).
18. Oklahoma.
19. Pennsylvania (commercial banks only).
20. South Dakota (banks and savings banks).
21. Texas.
22. Utah.
23. Washington.
24. Wisconsin (banks and trust companies).
25. Wyoming.

States with no limitation of duration:
1. Arkansas.
2. Connecticut.
3. Florida.
4. Illinois.
5. Kentucky.
6. Maine.
7. Massachusetts.
8. Minnesota.
9. Nebraska.
10. New Hampshire.
11. New Jersey.
12. New York.
13. North Carolina.
14. Ohio.
15. Oregon.
16. Rhode Island.
17. South Carolina.
18. Tennessee.
19. Vermont.
20. Virginia.
21. West Virginia.

Note that this list includes the large and commercially important States of Illinois, Massachusetts, New Jersey, and New York.

Periods of limitation:
Utah, 100 years.
Louisiana, 99 years.
California, 50 years.
Idaho, 50 years.
Iowa (savings banks), 50 years.
Kansas, 50 years.
Mississippi, 50 years.
Missouri (savings banks), 50 years.
Montana, 50 years.
Nevada, 50 years.
New Mexico (trust companies), 50 years.
Oklahoma (trust companies), 50 years.
Texas, 50 years.
Washington, 50 years.
Wisconsin (banks and trust companies), 50 years.
Wyoming, 50 years.
Maryland, 40 years.
Georgia, 30 years.
Michigan, 30 years.
North Dakota (excluding trust companies), 25 years.
Oklahoma (banks and savings banks), 25 years.
Alabama, 20 years.
Colorado, 20 years.
Indiana, 20 years.
Iowa (banks and trust companies), 20 years.
Pennsylvania (commercial banks), 20 years.
South Dakota (banks and savings banks), 20 years.

Constitutional provisions limiting duration:
1. Alabama.
2. Indiana (limited to banks of issue?).
3. Michigan.
4. Mississippi.
5. South Dakota.

Some States in which corporations generally are limited in duration:
1. California.
2. Colorado.
3. Idaho.
4. Iowa.
5. Kansas.
6. Michigan.
7. New Mexico.
8. Utah.
9. Washington.
10. Wyoming.

[NOTE.—No special public policy has led these States to distinguish between banks, trust companies, and savings banks on one hand and other corporations on the other, so as to limit the duration in one case and not in the other.]

States in which duration is at least to some extent a question of statutory or constitutional construction:
1. Colorado (State banks).
2. Alabama (trust companies).
3. Indiana (constitution limited to banks of issue?).
4. Missouri (construction comparatively clear).
5. New Mexico.
6. North Carolina.
7. South Dakota (trust companies).

[NOTE.—The public policy has been so indefinite in these cases as to lead the legislature to express its intention in uncertain language.]

Mr. NEWTON of Minnesota. If the law should be amended in accordance with the proposed bill, the present law will be changed only in so far as the right of succession is concerned?

Mr. McFADDEN. That is the only change.

Mr. NEWTON of Minnesota. The right of the Comptroller of the Currency or other officials to revoke charters for mismanagement or some breach of the law still exists?

Mr. McFADDEN. In the same manner as it does now, exactly.

Mr. NEWTON of Minnesota. In addition to that, of course, Congress can repeal the law, either generally or specifically as to a particular bank, if it so desires.

Mr. McFADDEN. I think the gentleman is right. I do not think but what this bill is in proper form and is constitutional, and I desire to submit here a statement on this particular point, prepared by Thomas B. Paton, a noted New York attorney:

CONSTITUTIONALITY OF NATIONAL BANK PERPETUAL-CHARTER BILLS.

[By Thomas B. Paton.]

Under existing law (U. S. Rev. Stats., sec. 5138) a national bank has power "to have succession for the period of 20 years from its organization" unless sooner dissolved or its franchise is forfeited as provided by law, but it may, with the approval of the Comptroller of the Currency, extend or reextend its corporate existence for further 20-year periods as provided in the extension acts of July 12, 1882, and of April 12, 1902. Under these acts a shareholder not assenting to extension may give notice of withdrawal to the board of directors and is entitled to receive from the bank the value of his shares appraised as therein provided.

Bills are now pending in Senate and House (S. 3255; H. R. 9527), which have the approval of the American Bankers' Association, the Federal Reserve Board, and the Comptroller of the Currency, to amend section 5136 by removing the 20-year limitation and empowering a national bank "to have succession until it shall be dissolved by act of its shareholders owning two-thirds of its stock, unless its franchise shall be forfeited by reason of violation of law, or unless it shall be terminated by act of Congress hereinafter enacted." These bills, which have been favorably reported from the respective Committees on Banking and Currency, repeal "all acts or parts of acts providing for the extension of the period of succession of national banking associations for 20 years" (i. e., acts of July 12, 1882, and of April 12, 1902) and provide that section 5136, as amended, shall apply to existing banks.

A national-bank officer of prominence has questioned the constitutionality of these bills as applied to existing banks and thinks that the proposed law should be changed so as to perpetuate charters as they expire and are renewed. He says:

"Where a stockholder has put in his money for a 20-year period and that period is approaching its completion and he decides to withdraw his funds at the end of the time, I do not believe a law would be constitutional which would deprive him of this right."

This raises a question which is worthy of consideration. The fifth amendment of the Federal Constitution, which provides that no person shall be "deprived of life, liberty, or property without due process of law," secures the individual against any action of the Federal Government divesting vested right, and the question arises whether the provision of the pending bills, making the law applicable to existing banks, would deprive any nonassenting shareholder of a vested right guaranteed him by the Federal Constitution.

The right of a shareholder to withdraw when a national bank reaches the end of its 20-year period of existence, while a right conferred by the existing law does not accrue until certificate of approval of extension has been made by the Comptroller of the Currency and until such time it is rather in the nature of a contingent or expectant than a vested right. The occasion for its exercise may never arise. The bank may not avail itself of the privilege of extension but by vote of the requisite number of its shareholders may go into voluntary liquidation; or before the 20-year period has elapsed there is always the contingency that the bank may be placed in the hands of a receiver or that its charter may be forfeited for some violation of law.

"A right can not be considered a vested right unless it is something more than such a mere expectancy as may be based upon an anticipated continuance of the present general laws; it must have become a title, legal or equitable, to the present or future enjoyment of property." (Cooley, Const. Lim. quoted in Stratton v. Morris, 89 Tenn. 497, 516.)

It is a well-established rule of law that any right conferred by statute may be taken away by statute before it has become vested, in which event the constitutional guaranty is not violated. The decided cases afford numerous illustrations of this.

In Pearsall v. Great Northern Railway Co. (161 U. S. 646) where a railroad was granted by the State of Minnesota the general power to consolidate with, purchase, lease, or acquire the stock of other roads, it was held by the Supreme Court of the United States that a subsequent enactment taking away such power before it had been executed, in cases where such other roads were parallel or competing, did not impair any vested right.

In Black v. State, 59 So. (Ala.) 523, a statute provided that witness fees unclaimed for more than two years should be paid into the State treasury and be transferred to the general fund of the State. A subsequent statute made the county treasurer custodian of unclaimed fees and the general county fund the ultimate beneficiary. It was contended

certain witness fees collected by court clerks, and which should have been and were not paid over to the State before the passage of the later act, belonged to the State. But the court held that the later act governed, saying:

"It is a general rule that when a statute is repealed it stands as if it had never existed, unless as to vested rights which have accrued under its operation. Under the act of 1909 the State had acquired no vested rights in the fees in question. Doubtless it had prior to the act of 1911 right to compel respondent to report and pay them over to the State treasurer as their appointed custodian, but except as it had been already executed the influence and operation of the act of 1909 was completely nullified by its repeal in 1911. The legislature has full power to take away by statute rights, not vested, which have been conferred by statute."

In Jackson Hill Coal and Coke Co. *v.* Board of Commissioners, 104 N. E. (Ind.) 497, the court said: "Any rights bestowed by legislation can be taken away, except such as affect vested interests in real or personal property," citing numerous cases.

In this case an act was passed by the Legislature of Indiana which permitted taxpayers to recover taxes erroneously assessed. At the time this act was passed the right to recover such taxes was barred by a former statute of limitation. It was held no vested right was violated.

In Adams *v.* Iten Biscuit Co., 162 Pac. (Okla.) 938, the workmen's compensation law was held constitutional, although it took away the employee's common-law right of action for damages and substituted compensation according to the act. The court said:

"It may be safely stated as a general rule that the citizen has no property in a rule of law, and that while rights which have accrued to him under the operation of existing laws and have thereby become vested may not be taken away by a change of the rules, he can not be heard to complain if the rule is changed before any rights have accrued to him thereunder."

In Hinckley *v.* Schwarzschild & Co. (107 App. Div. 470, 86 N. E. 1125), the statute of New York at the time a corporation was organized authorized corporations to issue preferred stock by unanimous consent of stockholders. Under this any single stockholder had the right to prevent the issue of preferred stock by objecting. Later the law was amended to authorize issue of preferred stock by consent of two-thirds of stockholders. It was held this was within the reserved power of the legislature to alter the charter of a corporation and did not interfere with vested rights.

The foregoing authorities and the principle upon which they are based point to the conclusion that the bills pending in Congress to grant succession to national banks, as therein provided, do not, in their application to existing banks, deprive nonassenting shareholders of any vested rights guaranteed by the Federal Constitution. As soon as one of these bills becomes law national banks now existing will have succession according to its provisions and will not at the end of 20 years from the time when they were originally created or their charters were reextended be required to take any action for extension of charter. Such shareholders who at the end of the 20-year period might otherwise have been unwilling to consent to an extension and have exercised the right to withdraw and receive payment for their stock at an appraised value will no longer have this right, and as such right will have never become vested they will not be deprived of any right of property guaranteed by the Federal Constitution.

Mr. BEGG. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. BEGG. Is there anything in the way of protection afforded to patrons of a bank by having a termination other than the right to refuse a new charter if they have not lived up to the letter of the law?

Mr. McFADDEN. I do not consider that there is. The Comptroller of the Currency in answer to that question said that there was no advantage in having these 20-year expirations, so far as the management of their institutions is concerned. The law assumes that it is the function of the comptroller to see to it that the banks are always in prime condition. Some people have argued that perhaps this 20-year limitation gave the opportunity to the comptroller to force the banks to clean up things that had been criticized before granting a renewal of the charter.

Mr. BEGG. There is a good deal of inconvenience to the bank in getting a renewal, is there not?

Mr. McFADDEN. Yes; there is sometimes.

Mr. BEGG. There is no forfeiture of the right of the Government to close the bank if the bank does not comply with the law?

Mr. McFADDEN. No.

Mr. BEGG. The Government has sanctioned a permanent charter in the case of the stock land banks and the Federal reserve banks, has it not?

Mr. McFADDEN. I think so.

Mr. BEGG. I can not see any reason why the national banks should not be given the same basis.

Mr. COOPER of Wisconsin. I want to ask the chairman of the committee a question for information. I notice in the report of the committee the statement that—

the request was made for a longer term of charter, or preferably for a perpetual charter.

Mr. McFADDEN. Yes.

Mr. COOPER of Wisconsin. Who made the request originally for the longer term, and for how long a term was the original request made?

Mr. McFADDEN. I regret to say that I did not look up that proposition, but I suppose it was during the discussion in Congress.

Mr. COOPER of Wisconsin. It would look as if the original request of the banks—I assume for a longer term than 20 years or for a perpetual charter, and I was curious to know for how long a term they first asked.

Mr. McFADDEN. I tried to make it clear that the demand would not have arisen at this time had it not been for the Federal reserve act giving the banks the right to act in a fiduciary capacity.

Mr. LAWRENCE. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. LAWRENCE. I want to say in answer to the gentleman from Wisconsin that at the hearings I asked the Comptroller of the Currency if there was any objection to extending the charters for 50 years instead of 20 years, and the comptroller said he would rather have it without limit.

Mr. COOPER of Wisconsin. Who made the request for the perpetual charter?

Mr. LAWRENCE. I suppose the banks, through the comptroller.

Mr. COOPER of Wisconsin. The language at the end of the first page and top of the second page, "unless its franchise shall become forfeited by reason of violation of law or unless it shall be terminated by act of Congress hereinafter enacted," provides only for an absolute termination of the charter and not in any way for altering or amending it, which is the customary language of such reservations.

Mr. McFADDEN. I think the gentleman is right.

Mr. COOPER of Wisconsin. So the charter would have to be absolutely terminated, otherwise it must continue with the existing provisions.

Mr. McFADDEN. This is a proposition to continue the charters, and it does not affect the other provisions of the law.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WILLIAMSON. In line 1, page 2, it says "by act of Congress hereinafter enacted." Would it not be better to use the words "hereafter enacted"?

Mr. McFADDEN. Perhaps it would be better.

Mr. HILL. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. HILL. I want to ask the gentleman reporting the bill in reference to the same clause of the bill which the gentleman from Wisconsin inquired about. I know that the national banks in Baltimore are somewhat hampered by the fact that the life of their charter is short. Personally I am in favor of taking away that limitation. But I want to ask this question. Should we change the Federal banking system there can be a new charter imposed, and this provision as to the termination of the charter does not give Congress the right to do anything in the way of amending, but it must absolutely terminate the charter. I want to ask if it would not be better to say "unless it shall be terminated or modified"?

Mr. COOPER of Wisconsin. Or amended.

Mr. HILL. Yes; terminated or amended.

Mr. McFADDEN. The gentleman is a lawyer and the gentleman in charge of the bill is not. I want to say that the bill has been looked over carefully by the counsel for the Treasury Department and the representative of the national banks, and I have an opinion on the subject which seems to bring it within the Constitution and the questions that gentlemen have raised.

Mr. HILL. I want to say that I am in favor of removing the limit, but I think Congress should reserve the right to alter or amend, to continue the banking system.

Mr. LAWRENCE. In section 14 of the act of 1882, which is not repealed by this act, it provides that Congress may at any time amend, alter, or repeal the act to which this is amendatory.

Mr. HILL. I understand from the gentleman, then, that this is covered by other provisions of the banking act.

Mr. LAWRENCE. Yes, section 14 of the extension act of 1882, which is not repealed in this bill, provides that Congress may at any time amend, alter, or repeal this act and acts of which it is amendatory.

Mr. COOPER of Wisconsin. But if the gentleman will look at section 2 of the pending bill he will see this language—

All acts or parts of acts provided for the extension of the period of session of national banking associations for 20 years are hereby repealed.

Therefore, if this bill shall become law it will repeal everything that is in conflict with its provisions.

Mr. WINGO. Will the gentleman yield?

Mr. McFADDEN. I will yield to the gentleman.

Mr. WINGO. I want to call the gentleman's attention to the fact that the act of 1882 repealed subsection 2 of the act of

1864. Now you propose by this bill to reinstate subsection 2 of the act of 1864, and we repeal the act of 1882 both by implication and special provision. The proponents of the bill say that you ought to take away the power of Congress so that you will have some stability. I will say that it is intentional to put it beyond the power of Congress except in special cases.

Mr. COOPER of Wisconsin. I would like to ask the gentleman from Arkansas a question.

Mr. McFADDEN. I yield.

Mr. COOPER of Wisconsin. I would like to ask if he knows of any national charter granted since the decision in the Dartmouth College case which has not contained in express terms some reservation that Congress may repeal, alter, or amend the charter?

Mr. WINGO. Certainly; but this is intentional to leave all that out of this bill.

Mr. STEVENSON. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. STEVENSON. I want to direct the attention of the gentlemen who are raising that question, especially the Dartmouth College question, to the fact that that is by force of a section of the Federal Constitution which prohibits a State from interfering with or impairing the obligations of a contract. There is no provision of the Federal Constitution which prohibits Congress at any time repealing or impairing the obligations of a contract or of a charter which it has granted, and the Supreme Court has so held.

Mr. COOPER of Wisconsin. Nobody questioned the authority of Congress to grant a perpetual charter, but since the decision in the Dartmouth College case Congress has taken especial pains as a matter of public policy not to grant perpetual charters, and all the States have likewise since that decision inserted in their respective constitutions a provision making it impossible for them to grant charters except subject to the right to alter, amend, or repeal. Congress has refrained from granting perpetual charters not because it has not under the Constitution the authority, but because on grounds of public policy it ought not to exercise the authority.

Mr. STEVENSON. But the question that is being raised is whether Congress, if it did not say a word about granting these charters or repealing them, could do it. Congress could repeal them any time it wanted to. There is nothing to prevent it, but a State which has granted a charter without reserving those rights has entered into a contract which, under the Dartmouth College case and under the Federal Constitution, can not be impaired by the States, and therefore the States were obliged to put those provisions in their constitutions.

Mr. WALSH. Mr. Speaker, will the gentleman from South Carolina yield?

Mr. STEVENSON. If I have the floor, yes.

Mr. WALSH. What right exists under the present law, if this amendment be adopted, to cancel the charter of any national bank?

Mr. STEVENSON. The right is preserved under this bill that we have before us.

Mr. WALSH. I am not asking about this bill. I mean without act of Congress.

Mr. STEVENSON. There is the right to forfeit the charter if the bank violates the law.

Mr. WALSH. Who does that?

Mr. STEVENSON. The Comptroller of the Currency, which is a proceeding whereby the bank is put into the hands of a receiver and wound up.

Mr. WINGO. But that is the matter of court procedure.

Mr. STEVENSON. Yes.

Mr. HILL. Mr. Speaker, will the gentleman from Pennsylvania yield to me?

Mr. McFADDEN. Yes.

Mr. HILL. Under the second clause of this bill there are several ways of terminating the succession; one, by voluntary dissolution; two, by reason of forfeiture by violation of law; three, by congressional reservation of termination of the charter.

I would like to ask the gentleman if the word "termination," in his opinion, includes the power of amendment? I should suppose it might. If you can terminate a charter, you have a right to insist that a charter be accepted of a certain sort. Would there be any objection to putting in after the word "termination" the words "or amendment"?

Mr. McFADDEN. Where they assume these trusts in perpetuity, I think that would be a breach of faith, which would not be proper. I think the gentleman from Arkansas [Mr. WINGO] made it quite clear in regard to this matter, that this is understood to be a restriction.

Mr. HILL. That would be a definite termination, and not a modification.

Mr. McFADDEN. I should think so.

Mr. HILL. I think it is well to have that clear, because the question is likely to undergo judicial inquiry later on.

Mr. MILLSPAUGH. Mr. Speaker, as a matter of fact, have not some comptrollers of the past exercised their arbitrary power over a national bank which seeks the renewal of its charter to hold up the charter until probably the day before the new charter was necessary, and by so doing forced the bank to put some arbitrary regulation in its by-laws to the detriment of the bank and to the great expense and detriment of the community?

Mr. McFADDEN. The gentleman is correct in that. There have been instances of that kind.

Mr. MILLSPAUGH. I know of one case in Illinois that happened within the past three years, where the Comptroller of the Currency held up a bank with assets of over a million dollars until the day before the charter expired, forcing the bank to put a provision in its by-laws to satisfy his personal whim. That is a very dangerous power to lodge in a Comptroller of the Currency.

Mr. McFADDEN. The gentleman is correct about that. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has 32 minutes.

Mr. McFADDEN. Does the gentleman from Arkansas desire to use some time now?

Mr. WINGO. Yes.

Mr. McFADDEN. I reserve the remainder of my time.

The SPEAKER. Does the gentleman yield the floor?

Mr. McFADDEN. How much time does the gentleman from Arkansas want?

Mr. WINGO. I was going to ask for an hour in opposition to the bill.

The SPEAKER. Of course, if the gentleman yields the floor, the Chair will recognize the gentleman from Arkansas.

Mr. WINGO. It was the understanding that we were to have an hour on a side.

Mr. McFADDEN. I want to expedite the consideration of this bill, if I can. We have two or three other bills here, and if the gentleman can get along with less I would be very glad to be generous in yielding him time.

Mr. WINGO. But the gentleman understands that we were proceeding upon the theory that we would have an hour on a side. The gentleman knows that I promised one gentleman 30 minutes and he promised him 15. That would give me only a very little time to explain my objection.

Mr. McFADDEN. It was my understanding that there would be an hour on this bill.

Mr. WINGO. Oh, no; it was the understanding that there was to be an hour on a side.

Mr. McFADDEN. I do not want to break faith with the gentleman.

Mr. WINGO. Mr. Speaker, I want the gentleman to retain control of the floor, but at the same time I want to control one hour in opposition to the bill in debate. I ask unanimous consent that the time for debate be extended so that the total debate shall be two hours, of which the gentleman will yield me one hour, and that will give him control of the floor.

The SPEAKER. The same result is accomplished by the statement the gentleman has already made.

Mr. WINGO. The Chair will appreciate the situation. I do not want to take advantage of the parliamentary situation. I shall offer a motion to recommit and make my fight on that line and not try to take the floor away from the gentleman for the purpose of amendment.

Mr. McFADDEN. Mr. Speaker, under the circumstances I ask unanimous consent that the gentleman from Arkansas be permitted to have one hour.

Mr. WALSH. Well——

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that debate be extended one hour.

Mr. WALSH. Mr. Speaker, reserving the right to object, is there going to be any opportunity or any desire to offer an amendment to this bill? Does the gentleman from Pennsylvania expect to permit any amendments?

Mr. McFADDEN. I prefer not to have any amendment to it. It has been carefully considered by the committee.

Mr. WALSH. If that is true the gentleman from Pennsylvania had better use his time or yield the floor or move the previous question, rather than extend the debate an hour. I think the gentleman should exercise his choice. I object to extending the debate an hour.

Mr. McFADDEN. If the gentleman will get along with an hour's time I am willing to yield him 30 minutes and an additional 30 minutes will give him an hour; but there are other bills coming up, and I think we can arrange the time satisfactorily.

Mr. WINGO. I fear the gentleman is laboring under a misapprehension as to the parliamentary situation, of which I do not want to take any advantage. As I understand, the gentleman has 32 minutes. If he does not move the previous question on this bill, he will lose control of the floor, and I want him to be advised. I would like to have an hour, but if the gentleman will give me 30 minutes that will still leave him two minutes to move the previous question. Of course, that will interfere with the agreement I have with some other gentlemen.

Mr. McFADDEN. How much time have I remaining?

The SPEAKER. Thirty-two minutes.

Mr. McFADDEN. I will yield the gentleman 30 minutes.

Mr. WINGO. Mr. Speaker, I hope the lawyers of the House will read this bill. Some of the gentlemen who are enthusiastically in favor of it are not lawyers, and I am charitable to think of them that if they were they would not be in favor of it aside from the general policy. Now, in reference to the construction as to the word perpetuity, my friend from South Carolina said that it is not a perpetual charter, which is a fact; it is a continuous charter; but what is the difference? Take the matter of terminating the charter by a law. Of course, the limitation that has been referred to in the Constitution is a limitation upon the States, but I challenge any lawyer to contradict this proposition that, when Congress grants a charter of this kind and provides in the charter granted the terms and conditions under which Congress will exercise its power to terminate, Congress will protect the holders of the charter, and that Congress can not come in and terminate it in any other way, manner, or condition.

Mr. STEVENSON. Will the gentleman yield before going further? But when Congress provides that Congress can terminate it by its own act, it retains the right over the court or anybody else to terminate.

Mr. WINGO. I am glad the gentleman called attention to that. I am familiar with this fight. It is part of the fight for the branch bank system and further to drive the State banks out of existence. It is not new. The first entering wedge was in giving the fiduciary power to national banks. No man who knows anything about the philosophy of banking could try to defend it. The gentleman says that Congress reserves the right to terminate. Now, notice the peculiar language of this bill. I made the statement advisedly that this language was carefully drawn for certain specific purposes, and it will give stability and permanency to the charter, so there will be no question as to fiduciary powers. It says:

Unless its franchise shall become forfeited by reason of violation of law or unless it shall be terminated—

That is, the charter of each institution—

terminated by act of Congress hereinafter enacted.

There are just two methods by which Congress can amend this charter under the decision of the court, because you have undertaken to limit by the grant itself the future exercise of your unlimited authority or of a future Congress, and you specifically covenant with these charter holders to grant a perpetual charter subject to two reservations, one of which says "by reason of violation of law." That sounds very nice.

Gentlemen, any lawyer who has had any experience at all can give the comptroller a run for his money if he seeks to take away the charter of a national bank. I will not call names, but there are men who know there was a Member of Congress who charged a former Comptroller of the Currency with trying to drive him out of business and trying to close his bank, and they were bitter enemies. One Member of this House charged that John Skelton Williams was trying to drive him out of business and close his bank, and even with those bitter feelings he could not even close the doors or put the bank in the hands of a receiver or get grounds on which he could refuse an extension of charter.

Mr. WILLIAMSON. If I understood the gentleman correctly, you stated that under this bill national banks might establish branch banks?

Mr. WINGO. No. This is a part of the scheme to establish the branch-bank system in the United States. I was talking about another proposition. Certainly these banks ought not to be haled up by the power of one man. The Comptroller of the Currency has not that power now. He has got to go into court and have a judicial determination.

What is the other provision? Unless the charter of each bank shall be terminated by the action of Congress. It is the intention of those back of this, confessedly, to give national banks such a permanency that they can compete with State banks as trustees, acting in a fiduciary capacity, and they could not have that permanently unless you have the law say that if you want to terminate the charter of the First National Bank of Boston you would have to introduce a special bill in Congress, not by repeal or general amendment.

Mr. WALSH. What would be the effect if Congress should repeal the whole act? Would not that terminate all of these charters?

Mr. WINGO. Congress has unquestionably the unlimited power to repeal, alter, or amend, except as some men are afraid, under decisions of the Supreme Court, it would assume that it has the unlimited power, and, having the unlimited power, it can by its own act restrict the exercise of that power; it can covenant with people who put up property, and therefore obtain what the courts have determined to be vested rights, and Congress by that act has covenanted with these incorporators that put money in that "We will give you perpetual succession, subject only to certain restrictions by Congress." One is that you forfeit your charter by violation of law, and another is that Congress can take up and repeal by special act the charter of any particular bank.

Mr. NEWTON of Minnesota. The gentleman admits, then, that Congress under this would have the right to terminate a charter of a bank in a specific act?

Mr. WINGO. Does the gentleman think that would be worth anything to the public?

Mr. NEWTON of Minnesota. Does not the gentleman agree that that right is within the proposition as proposed in the act, that one charter or a dozen charters might be described in the same act, and therefore——

Mr. WINGO. There must be a specific termination. Is it worth anything?

Mr. NEWTON of Minnesota. It is worth a good deal.

Mr. WINGO. Let us see what it would mean. As I told one of the gentlemen, I think it will do you more harm than good, because of this: Say that some Member of Congress should become politically opposed by a national bank in his district, and there would be a bitter feeling between them, as I have known in some instances.

I know a bank that was closed once in my district, a national bank, and I had plenty of ground on which I could have driven that bank to the wall and terminated its charter if this had been the law. That would have been a local bill like a bridge bill. It is ridiculous to talk about that. Here is what you ought to do. You ought to put in this act the customary provision that was in both of the other acts, the right of modification or repeal. We will take the act of 1882, which reads "or unless hereafter modified or repealed."

But I want to get to another proposition.

Mr. WALSH. Is not the final sentence in the act of 1882 a reservation of the right to alter, amend, or repeal?

Mr. WINGO. I think it is "modify or repeal." I think one other uses the language the gentleman suggests. But the act of 1882 says "modify or repeal."

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. WINGO. I can not just now.

Now, the gentlemen have stated that there have been reasons given for this bill, and one is that Congress in a misguided moment granted fiduciary powers to national banks. The other is that the 21 States named now give perpetual charters to State banks. What was the argument when you passed the fiduciary bill? Its opponents admit that it was ridiculous to talk about a commercial bank acting as trustee. The gentleman from Massachusetts [Mr. LUCE] said that one of his judges had ruled that they would have to give security. If I had any interest in a trust and a demand deposit, commercial bank sought to act as trustee, I would insist on its giving some security.

Mr. LUCE. How would the gentleman discriminate between the situation of a State bank and a national bank, side by side, doing similar business?

Mr. WINGO. I do not discriminate. Because the States have done an unwise and unsound thing is no argument why the National Government should compete with them and enter into the same mad race. That is the argument. In justification of this bill it is contended that 21 States now grant perpetual charters to State banks. I challenge that statement. Arkansas is listed in the report. The gentleman finds no limitation in the banking law of the State, but he fails to take the restriction on the granting of charters to all the corporations of the State. That is true of a few other States mentioned in the list. Even if it were true, shall you inflict upon the remaining 27 States

of this Union an unsound and unwise policy because the legislatures of the other 21 States have embarked upon an unsound policy?

Why the pressure? They want to drive the State banks out of business. I say that there is room for both. It is a matter for the people of the community to determine whether they will take a State or national charter. I am in favor of keeping them on an equality, but an equality of banking. There is one State that permits a State bank under its charter to run everything from a sawmill to a boarding house, and if you follow that theory you would see that because a State bank should operate a sawmill you should give that same power to a national bank in order to compete with it. Will you say that you will permit a national bank to engage in certain business because State banks do so?

Mr. WALSH. What is the objection to permitting either a State or national bank, both of which are under strict supervision and examination, from acting in a fiduciary capacity? Or is the gentleman opposed to any banking institution acting in such capacity?

Mr. WINGO. Oh, no. That would make a long discussion, and I would suggest this to the gentleman, that there was a reason why practical business men sought to organize trust companies as distinguished from demand deposit banks. One is real investment banking. There are two or three clearly defined branches of banking, each one controlled by a different philosophy. One is a commercial bank, as you know—demand deposits. It has to keep its assets liquid, because the depositors may come in on any day and demand all the cash. Then there is the savings bank. You know what it is. Then there is that other great banking institution, the trust company—investment banking pure and simple. It and it alone ought to be permitted as a banking institution to act in a fiduciary capacity. I would not own stock—I would own stock, but I would not act as a director—in a commercial bank or a State bank that acted in a fiduciary capacity.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. WINGO. Yes.

Mr. WALSH. Do not most of the trust companies carry on an ordinary banking business, having funds subject to demand?

Mr. WINGO. Yes; to an incidental extent. But there is quite a difference in their privileges and their rights under the law. That is so, for instance, in the case of a savings bank.

Mr. WALSH. Do they not carry on an ordinary banking business, having funds on deposit subject to check?

Mr. WINGO. Yes; incidentally.

Mr. WALSH. If they act in a fiduciary capacity, carrying on that kind of business, why should not the national banks do the same kind of business?

Mr. WINGO. It is the difference between the investment bank, dealing with long-term securities, and the commercial bank, dealing with short-term securities; a bank that has got to meet demands at all times for cash.

Mr. WALSH. Is not a national bank considered as an investment bank?

Mr. WINGO. No. A national bank is a purely commercial bank. It is restricted as to the kinds of securities in which it can invest its funds in a great many instances.

Mr. FAIRFIELD. Mr. Speaker, will the gentleman yield?

Mr. WINGO. Yes.

Mr. FAIRFIELD. Is it not in the very nature of things impossible for a bank to carry on this dual process—that is, comply with the law in a fiduciary capacity and at the same time hold funds that will permit it under the law, with inspection, to do an ordinary commercial banking business?

Mr. WINGO. Yes; I agree with the gentleman. I never have been able to find out how any man who knew anything about banking would want to permit a commercial banking business to act in a fiduciary capacity.

Mr. FAIRFIELD. They do in the State of Indiana.

Mr. WINGO. I know they do in some States.

Mr. FAIRFIELD. I was just wondering if there is anything in the nature of banking that would make it impossible, under proper restrictions, for a bank to act in a fiduciary capacity and at the same time conduct an ordinary mercantile bank?

Mr. WINGO. I am talking about the wisdom of it from the standpoint of good banking. Of course you can do it, and you are permitting them to do it; but I am talking about the wisdom of doing it. In doing it you are playing with fire. Instead of scrambling the banking institutions of America in this manner we ought to insist that each one of them should keep within its separate field.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. WINGO. Yes.

Mr. WALSH. Does the gentleman know of any abuses or misfortunes that have occurred by reason of permitting these banking institutions to engage in fiduciary business?

Mr. WINGO. I know of one in one city about which I am very much disturbed.

Mr. WALSH. Have the stockholders or the beneficiaries suffered on account of it?

Mr. WINGO. If the gentleman knew much about banking conditions, he would know that they are skating on thin ice in many parts of the country. I happen to be interested in a friendly way in a trust, a State bank that is acting in a fiduciary capacity.

Mr. WALSH. Is not the danger of loss or misfortune just as great from the purchase of long-time securities, such as the gentleman from Arkansas has mentioned as being a common practice in the case of trust companies and institutions of like character?

Mr. WINGO. No; I think not. I think if a man will study the standard works on banking he will find this to be true, that the very reason why we refer to certain paper as being "frozen" paper is not alone because it has long maturity but because of the fact that the longer a piece of paper has to run as a banking proposition, where it is not bottomed on permanent investment, the security is liable to deteriorate.

A short-time commercial bank keeps its business in short paper, first, because of the demand deposits, and the next reason is that they are doing a commercial business, and a man may be doing a great business to-day which six months from now he would not be doing; and changes take place in commercial conditions which are very great, and the current of business may shift from one locality to another; and there may be a seasonal failure of crops in a community that would affect a short-term note, commercial paper; whereas when a trust company or a savings bank goes to invest in stocks and bonds in most of the States they are limited to specific securities that are declared to be eligible for investment for savings banks and trust companies. Those are the gilt-edge securities that are shown to be sound through a series of years, which have back of them assets of a permanent character that will give them a degree of permanency and solidity that will make them a sound and safe investment.

Mr. GRAHAM of Illinois. Mr. Speaker, will the gentleman yield?

Mr. WINGO. Certainly.

Mr. GRAHAM of Illinois. I notice that there are a number of States quoted in the report which issue unlimited charters to State banking institutions, and it is stated in the report that the duration of charters is unlimited in 21 States of the Union. Now, take the State of Missouri, which is not mentioned. I assume that in Missouri there is a limitation on the length of the charter of a State bank.

Mr. WINGO. Surely.

Mr. GRAHAM of Illinois. Now, suppose the national banks are given an unlimited tenure of life. What effect will that have on the State banks with which they come in competition?

Mr. WINGO. Mr. Speaker, how much time have I left?

The SPEAKER. The gentleman has eight minutes remaining.

Mr. GRAHAM of Illinois. I do not want to take up much of the gentleman's time, but it seems to me it would have a deleterious effect.

Mr. WINGO. No; it would not have a deleterious effect for length of charter does not control. Here you are not considering what is sound, but you are entering into a mad race with State banks. Because 21 States have permitted State banks to do this, you propose to put national banks on an exact footing with a State bank, so that they can increase their profits by doing a fiduciary business. The fact is they can make profits in selling potatoes, or in engaging in life insurance, or in fire insurance; but I say that a national bank established as a commercial bank with demand deposits, ought to be held down to that. The States are waking up to that. I predict that the next State legislatures in 1923 and 1924 will change the law in the respect the gentleman mentions in many cases. The truth is, if you had a fair, square vote in the Bankers' Association on this question, they would say to the States, "You people must remedy the evil instead of asking Congress to permit national banks to engage in a similar practice." But be that as it may, I think we ought to reenact the statute of 1902, which simply provides that the national bank charters may be extended another 20 years.

The gentleman from Pennsylvania [Mr. MCFADDEN] said a lot of them would expire on July 1, or all of them possibly. Is that what the gentleman said?

Mr. McFADDEN. Oh, no; the gentleman misunderstood me.

Mr. WINGO. What was it the gentleman said about July 1?

Mr. McFADDEN. Some of the charters will expire at that time. I know the gentleman argues that if they made their application beforehand they would get an extension.

Mr. WINGO. Yes; they have had two years, every bank whose charter expires. Of course, the gentleman is wrong on his dates. Technically he may be right with regard to some bank that had its charter renewed after the act of April 12, 1902, but on July 1 any bank whose charter will then expire has had two years to apply for a renewal.

The comptroller issued charters last month. Those banks have charters running 20 years. It simply means this, and I think the gentleman's contention may be well taken about that, that those whose charters expire after April 12—not July 1—might not have the right to a further extension unless authorized by Congress. What I say is that we ought to enact a statute which instead of reviving subsection 2 of the act of 1864 would contain the same identical language as the act which was passed in 1902, giving the Comptroller of the Currency, under existing limitations, the right to give them a further extension of 20 years. Under the national banking laws they have prospered and become a great banking system. They have already had two extensions. It would be easy to obtain another. The only reason they want this change so as to give them charters in perpetuity is in order that they may act in a fiduciary capacity. Another argument made is that you ought to give them perpetual charters, because that will give them a better standing and credit. That is absurd. But gentlemen may say, Why object to their having a perpetual charter? What is the objection to that? The man who instinctively is not opposed to the idea of giving a perpetual charter to a banking corporation is a man on whom it is no use to waste your time to reason with him. You are giving to that corporation a powerful charter, a charter with wonderful privileges, and you propose to breathe into that corporate charter and into that corporate existence an eternal soul that never dies. Men may come and men may go and their estates be wound up, but whenever you once give these national banks a perpetual charter you are giving to them something which man does not possess, and that is an immortality to their bodily being and corporate existence. There is no use in trying to reason with a man to whose spirit that is not revolting. If you want arguments on this subject, go and read the debates in Congress when the first national banking act of 1864 was enacted. Go and read the debates in 1882 when this question was up again. Go and read the debates in 1902 when there was plenty of time to discuss the question and plenty of time to amend.

You will find there the records of past Congresses replete with arguments from both Republicans and Democrats. And, strange to say, in 1864 the strongest arguments against perpetual charters came from the Republican side of the Chamber, whereas before that, in the days of Andrew Jackson, the fight upon bank charters had been made by Democrats. The Republican Party up to this time has maintained on this question a policy of deliberate opposition to perpetual charters for national banks. The Republican Party twice before when it was in power has refused to give the banks perpetual charters. You have the votes to-day, so that you can do it; but if you are going to do it I beg of you reserve the unlimited right to alter, amend, or repeal. Do not say, as you do in this act deliberately, that Congress will exercise its power in only two ways; that would be absurd.

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

Mr. WINGO. I yield to the gentleman from Ohio.

Mr. BURTON. Does not the act of 1882 pertaining to national banks give the right to alter, amend, or repeal in the most unlimited terms?

Mr. WINGO. Yes; and that is the thing I want here.

Mr. BURTON. But that is general, pertaining to the whole banking system.

Mr. WINGO. Yes.

Mr. BURTON. May I ask the gentleman a further question?

Mr. WINGO. But before we get away from that, this bill specifically repeals that.

Mr. BURTON. I do not think so. That is a general provision pertaining to all banks. I think the gentleman read the wrong provision in regard to that. It is a singular fact that in the original act creating national banks there was not a general provision authorizing Congress to alter, amend, or repeal. I had occasion to look that up some years ago. But just at the end of the act of 1882——

Mr. WINGO. There is no dispute about that, and I have only a moment left.

Mr. BURTON. It provided that Congress may at any time alter, amend, or repeal this act and the acts to which this is amendatory. That gives the broadest authority to alter, amend, or repeal. I had occasion to look that up some time ago.

Mr. WINGO. Yes; but in 1882, when we specifically took up this question of the extension of charters, we said, "Unless altered, amended, or repealed." In 1902 we passed a provision providing that in the language of the act of 1882 the Comptroller might grant a further extension of 20 years. I am going to offer a motion to recommit which will be practically an exact copy of the act of 1902, except that it will do this, that I will add the words "April 12, 1902," after the words "July, 1882"—that is, in the act of 1902. In other words, have the status continued as it is now for another 20-year period, and I hope gentlemen will vote for that.

Mr. McFADDEN. Mr. Speaker, I yield to the gentleman from New Jersey [Mr. APPLEBY].

Mr. APPLEBY. Mr. Speaker, this bill now under consideration calls for perpetual charters for national banks.

I am offering to you my experience of many years as a director of a State bank. The State of New Jersey grants perpetual and liberal charters to its trust companies as well as to its State banks. Why should national banks operating in that State be placed in a position of having a renewable charter?

If you were going to make a choice between banking institutions as to which one you would select as your executor, you certainly would not decide in favor of an institution having a limited legal life. Only one-third of the national banks are members of the Federal reserve system. There are apparently reasons why more of the banks have not become members of that splendid system. If the passage of this act will cause more banking institutions to become members, I am for this bill. Its enactment into law is fully justified.

Mr. McFADDEN. Mr. Speaker and gentlemen of the House, this is simply a proposition to allow banks to continue during good behavior, to continue in perpetuity, so that they can assume trust conditions given them under the law. There is no preconceived idea of perpetuating branch banks through this system. If there is any such idea I know nothing about it, and I have heard no argument to that effect.

Mr. MOORE of Virginia. Will the gentleman allow me to ask him one question?

Mr. McFADDEN. Yes.

Mr. MOORE of Virginia. The bill provides, and something has been said on that point, that Congress shall have power to terminate charters at any time. Nothing is better settled than that; without any such reservation Congress has power, in its discretion, to repeal or amend any Federal charter.

The SPEAKER. The hour has expired.

Mr. McFADDEN. Mr. Speaker, I move the previous question on the bill and all amendments thereto.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WINGO. Mr. Speaker, I move to recommit the bill with the following instructions.

The Clerk read as follows:

Mr. WINGO moves to recommit to the Committee on Banking and Currency and report forthwith with an amendment striking out all after the enacting clause and substitute the following:

"That the Comptroller of the Currency is hereby authorized, in the manner provided by, and under the conditions and limitations, the act of July 12, 1882, and of April 12, 1902, to extend for a further period of 20 years the charter of any national banking association extended under said acts which shall desire to continue its existence after expiration of its charter."

Mr. McFADDEN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Arkansas to recommit the bill with instructions.

The question was taken; and on a division (demanded by Mr. WINGO) there were 13 ayes and 46 noes.

Mr. WINGO. Mr. Speaker, I object to the vote on the ground that no quorum is present, and I make the point that no quorum is present.

The SPEAKER. The gentleman from Arkansas makes the point that no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees. All those in favor of the motion to recommit will answer "yea" when their names are called, and all those opposed will answer "nay."

The question was taken, and there were—yeas 65, nays 211, answered "present" 1, not voting 154, as follows:

YEAS—65.

Almon	Blanton	Byrns, Tenn.	Connally, Tex.
Aswell	Bowling	Carew	Crisp
Bankhead	Box	Carter	Davis, Tenn.
Bell	Briggs	Collier	Garner

Garrett, Tex.	Lankford	Oliver	Thomas
Gilbert	Larsen, Ga.	Padgett	Tincher
Hammer	Lazaro	Parks, Ark.	Tucker
Hardy, Tex.	Lee, Ga.	Raker	Tyson
Hayden	Linthicum	Ramseyer	Vinson
Hoch	London	Rankin	Williams, Tex.
Huddleston	Lowrey	Rucker	Wilson
Humphreys	McClintic	Sabath	Wingo
Johnson, Miss.	McDuffie	Sandlin	Wise
Jones, Tex.	Mead	Sisson	Wright
Keller	Nolan	Steagall	
Kincheloe	O'Connor	Sumners, Tex.	
Lanham	Oldfield	Swank	

NAYS—211.

Ackerman	Echols	Lee, N. Y.	Rose
Anderson	Elliott	Lehlbach	Rossdale
Andrew, Mass.	Fairchild	Lineberger	Sanders, N. Y.
Andrews, Nebr.	Fairfield	Little	Sanders, Tex.
Appleby	Faust	Logan	Scott, Mich.
Arentz	Favrot	Longworth	Scott, Tenn.
Bacharach	Fish	Luce	Shaw
Barbour	Fisher	Luhring	Shelton
Beedy	Fitzgerald	Lyon	Shreve
Begg	Foster	McFadden	Siegel
Bird	Freeman	McLaughlin, Mich.	Sinclair
Black	Fuller	McLaughlin, Pa.	Sinnott
Blakeney	Fulmer	MacGregor	Smith, Mich.
Bond	Funk	Madden	Speaks
Bowers	Gensman	Magee	Sproul
Brennan	Gernerd	Mapes	Stedman
Brooks, Ill.	Glynn	Merritt	Steenerson
Brown, Tenn.	Goldsborough	Michener	Stephens
Browne, Wis.	Gorman	Miller	Stevenson
Buchanan	Graham, Ill.	Millspaugh	Strong, Kans.
Bulwinkle	Green, Iowa	Montague	Summers, Wash.
Burdick	Greene, Vt.	Montoya	Swing
Burroughs	Griest	Moore, Ohio	Temple
Burtness	Hadley	Moore, Va.	Ten Eyck
Burton	Hardy, Colo.	Moores, Ind.	Thompson
Butler	Harrison	Morgan	Timberlake
Byrnes, S. C.	Hawes	Morin	Towner
Cable	Hawley	Mott	Underhill
Campbell, Kans.	Hersey	Murphy	Vare
Campbell, Pa.	Hickey	Newton, Minn.	Voigt
Cannon	Hooker	Newton, Mo.	Volk
Chalmers	Hull	Norton	Volstead
Chindblom	Hutchinson	Ogden	Walsh
Christopherson	Jeffers, Ala.	Parker, N. Y.	Walters
Clague	Johnson, Ky.	Patterson, Mo.	Ward, N. C.
Clarke, N. Y.	Johnson, S. Dak.	Perkins	Watson
Clouse	Jones, Pa.	Perlman	Weaver
Codd	Kelly, Pa.	Petersen	Webster
Connell	Ketcham	Porter	Wheeler
Connolly, Pa.	Kiess	Pou	White, Kans.
Cooper, Wis.	King	Pringey	White, Me.
Coughlin	Kirkpatrick	Purnell	Williams, Ill.
Cramton	Kissel	Quin	Williamson
Crowther	Kleczka	Radcliffe	Winslow
Curry	Kline, Pa.	Ransley	Wood, Ind.
Dallinger	Knutson	Reece	Woodruff
Darrow	Kopp	Reed, N. Y.	Woods, Va.
Dempsey	Kreider	Rhodes	Woodyard
Denison	Lampert	Ricketts	Wurzbach
Dominick	Larson, Minn.	Riddick	Wyant
Doughton	Lawrence	Roach	Yates
Dupré	Lea, Calif.	Robertson	Young
Dyer	Leatherwood	Robsion	

ANSWERED "PRESENT"—1.

Herrick

NOT VOTING—154.

Ansorge	Ellis	Kindred	Reber
Anthony	Evans	Kinkaid	Reed, W. Va.
Atkeson	Fenn	Kitchin	Riordan
Barkley	Fess	Kline, N. Y.	Rodenberg
Beck	Fields	Knight	Rogers
Benham	Focht	Kraus	Rosenbloom
Bixler	Fordney	Kunz	Rouse
Bland, Ind.	Frear	Langley	Ryan
Bland, Va.	Free	Layton	Sanders, Ind.
Boies	French	McArthur	Schall
Brand	Frothingham	McCormick	Sears
Britten	Gahn	McKenzie	Slemp
Brooks, Pa.	Gallivan	McLaughlin, Nebr.	Smith, Idaho
Burke	Garrett, Tenn.	McPherson	Smithwick
Cantrill	Goodykoontz	McSwain	Snell
Chandler, N. Y.	Gould	Maloney	Snyder
Chandler, Okla.	Graham, Pa.	Mann	Stafford
Clark, Fla.	Greene, Mass.	Mansfield	Stiness
Classon	Griffin	Martin	Stoll
Cockran	Haugen	Michaelson	Strong, Pa.
Cole, Iowa	Hays	Mills	Sullivan
Cole, Ohio	Henry	Mondell	Sweet
Collins	Hicks	Moore, Ill.	Tague
Colton	Hill	Mudd	Taylor, Ark.
Cooper, Ohio	Himes	Nelson, A. P.	Taylor, Colo.
Copley	Hogan	Nelson, J. M.	Taylor, N. J.
Crago	Hudspeth	Nelson, Me.	Taylor, Tenn.
Cullen	Hukriede	O'Brien	Tillman
Dale	Husted	Olpp	Tilson
Davis, Minn.	Ireland	Osborne	Tinkham
Deal	Jacoway	Overstreet	Treadway
Dickinson	James	Paige	Upshaw
Dowell	Jefferis, Nebr.	Park, Ga.	Vaile
Drane	Johnson, Wash.	Parker, N. J.	Vestal
Drewry	Kahn	Patterson, N. J.	Ward, N. Y.
Driver	Kearns	Rainey, Ala.	Wason
Dunbar	Kelley, Mich.	Rainey, Ill.	Zihlman
Dunn	Kendall	Rayburn	
Edmonds	Kennedy	Reavis	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Snell with Mr. Garrett of Tennessee.
Mr. Treadway with Mr. Cockran.
Mr. Paige with Mr. Sullivan.
Mr. Langley with Mr. Clark of Florida.
Mr. Maloney with Mr. Rayburn.
Mr. Cooper of Ohio with Mr. Kitchin.
Mr. Davis of Minnesota with Mr. Barkley.
Mr. Hukriede with Mr. Overstreet.
Mr. Michaelson with Mr. Cantrill.
Mr. Stiness with Mr. Sears.
Mr. Strong of Pennsylvania with Mr. Drewry.
Mr. A. P. Nelson with Mr. Gallivan.
Mr. Evans with Mr. Tillman.
Mr. Fenn with Mr. Riordan.
Mr. Kearns with Mr. Deal.
Mr. Olpp with Mr. O'Brien.
Mr. Anthony with Mr. Collins.
Mr. Patterson of New Jersey with Mr. Rainey of Illinois.
Mr. Beck with Mr. Tague.
Mr. Taylor of New Jersey with Mr. Driver.
Mr. Mondell with Mr. Hudspeth.
Mr. Layton with Mr. Smithwick.
Mr. Johnson of Washington with Mr. Griffin.
Mr. Snyder with Mr. Martin.
Mr. Dowell with Mr. Taylor of Colorado.
Mr. Dickinson with Mr. Drane.
Mr. Vestel with Mr. Bland of Virginia.
Mr. Ansorge with Mr. Stoll.
Mr. Kennedy with Mr. Fields.
Mr. Atkeson with Mr. Taylor of Arkansas.
Mr. Frothingham with Mr. Cullen.
Mr. Knight with Mr. Brand.
Mr. Goodykoontz with Mr. Kindred.
Mr. Chandler of Oklahoma with Mr. McSwain.
Mr. Graham of Pennsylvania with Mr. Park of Georgia.
Mr. McArthur with Mr. Mansfield.
Mr. Sanders of Indiana with Mr. Kunz.
Mr. Henry with Mr. Jacoway.
Mr. Colton with Mr. Upshaw.
Mr. McPherson with Mr. Rainey of Alabama.

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER pro tempore (Mr. MAPES). The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. MCFADDEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. LAWRENCE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the bill just passed.

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD on the bill just passed. Is there objection?

There was no objection.

Mr. LAWRENCE. Mr. Speaker, the purpose of H. R. 9527 is to remove the time limit on the articles of association of national banks.

The law relating to articles of association, or charters, as passed in 1864 and amended in 1882 and 1902, reads as follows:

> To have succession for the period of 20 years from its organization, unless it is sooner dissolved according to the provisions of its articles of association, or by the act of its shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law.

In recent years there has grown up a great amount of fiduciary business, which is one branch of the banking business, but one which national banks could not handle until, by an amendment passed by Congress in 1918, known as section 611k of the Federal reserve act, the right was conferred on national banks to act as trustee, executor, administrator, register of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, and other fiduciary capacity in which State banks and trust companies, which come in competition with national banks, are permitted to act under the laws of that State in which the national bank is located.

It is also provided that a national bank desiring to exercise any of the above powers shall first make application to the Federal Reserve Board, and, if found to comply with the regulations prescribed by State law, such permission may be granted.

The national banks now find themselves handicapped in exercising the powers intended to be conferred by the act of 1918, by reason of the short term of their charters. Many of the States grant continuous charters, and, if a person, firm, or corporation is creating a trust to run for a long term of

years, they will naturally select the bank or trust company whose charter does not terminate within a few years.

The Comptroller of the Currency informed our committee that many of the large national banks were surrendering their charters and taking charters under the State laws, and that this was especially true in the large financial centers of such States as New York, Massachusetts, Pennsylvania, Illinois, Ohio, and New Jersey, where there is no limit in the time of charters. I might say here that about one-half of the States do not limit the charters and about half place a limit, which is usually 50 years, although they vary in different States.

This bill does not in any way relax the supervision of the comptroller or abridge the right to terminate the existence of any national bank for violation of law. This bill would also save the Government a considerable sum of money in the saving of labor; and the Comptroller of the Currency estimates that already there has been lost to the Government the sum of $1,500,000 in paper for bank notes alone, for, as the law now stands, when the charter of a national bank is extended the bank must provide new plates for the printing of currency and all the notes on hand must be destroyed.

It would also save a vast amount in the aggregate to the national banks, not only in the ordinary expense of renewing their charter but the expense of new plates from which currency for the banks is printed.

We do not desire by this bill to give the national banks any advantage over the State banks, but to put them on an equality, for we must remember that the national banks are the backbone of our Federal reserve system, and all national banks are compelled by law to become stockholders in the Federal reserve bank of that district in which they are situated; and when a national bank surrenders its charter for a State charter it is then optional whether or not they remain a member of the Federal reserve system.

There are in the United States, as per statistics published for October 31, 1921, 8,179 national banks, all of them members of the Federal reserve system, and there are more than 22,000 State banks and trust companies doing a banking business. Of these, 1,615 are members of the Federal reserve system, so you may readily see that five-sixths of the member banks are national banks. Many of the State banks are small and not eligible for membership and many others do not become members because they can secure all the benefits through some member banks.

I am not criticizing the State banks. I am only asking that we make the law for national banks as liberal as regards charters as that of the State law, that we may not lose these banks to the Federal reserve system.

When the national bank act was passed, in the sixties, it was passed largely as a war measure to provide a market for Government bonds, and, as this was an experiment on the part of the National Government, there was, perhaps, a reason for the limit of 20 years; but as they have now proven their worth in the financial world for nearly 60 years, there can be no good reason for the limitation. Unless this bill becomes a law, it will be necessary for Congress to provide for the extension of the present law, as was done in 1882 and 1902.

The charters of 519 national banks will expire during the year ending October 31, 1922. It is estimated that it will cost these banks about $130,000 for new plates alone, without taking into account other expenditures, which would perhaps cost these banks more than a quarter of a million dollars. This, we believe, is unnecessary expense and one which will be saved to them if this bill becomes a law.

In closing I would call your attention to the fact that Congress would in no way lessen its control over national banks by the adoption of this bill, as the extension act, July 14, 1882, provides that—

> Congress may at any time amend, alter, or repeal this act and the acts of which it is amendatory.

The Comptroller of the Currency has given this bill his hearty approval.

AMENDMENT TO FEDERAL RESERVE ACT.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit the following privileged report from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 339 (Rept. No. 1026).

Resolved, That upon the adoption of this resolution it shall be in order for the Committee on Banking and Currency to move that the House resolve itself into Committee of the Whole House on the state of the Union to consider the bill S. 2263, being "An act to amend the Federal reserve act approved December 23, 1913"; that there shall be not to exceed one hour of debate on said bill. At the conclusion of the debate the bill shall be considered for amendment under the five-minute rule, whereupon the bill shall be reported back to the House with amendments, if any, and the previous question shall be considered as ordered on the bill and all amendments thereto to final passage, without intervening motion except one motion to recommit.

Mr. CAMPBELL of Kansas. Mr. Speaker, the rule provides for the consideration of Senate bill 2263, to amend the Federal reserve act approved December 23, 1913, by the appointment of an additional member on the Federal Reserve Board, with the provision that there shall be a member representing agriculture.

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. WINGO. I notice that the rule provides for one hour of general debate.

Mr. CAMPBELL of Kansas. Yes.

Mr. WINGO. Will not the gentleman extend that and make it two hours? The Members who wanted to talk on these general subjects would prefer very much to speak on this bill and not on the other that is yet to be passed.

Mr. CAMPBELL of Kansas. The other bill, as I understand it, provides for a reduction in the number of reports required from national banks?

Mr. WINGO. Yes. It is a different subject entirely from this. I think most of the debate on both sides of a general character would be better made on this bill.

Mr. CAMPBELL of Kansas. Mr. Speaker, as I say, this provides for the consideration of Senate bill 2263. A similar House bill is on the calendar and, of course, will be laid upon the table after this bill is acted upon. The rule as presented provides for one hour of general debate. It is my understanding from members of the Committee on Banking and Currency that they would like to have the time for general debate extended to two hours. I therefore ask unanimous consent to so amend the resolution.

The SPEAKER. The gentleman from Kansas asks unanimous consent to amend the resolution in the manner in which the Clerk will report.

The Clerk read as follows:

> Amend the resolution, page 1, line 7, by striking out the words "one hour" and inserting in lieu thereof the words "two hours."

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question now is on agreeing to the resolution as amended.

The resolution was agreed to.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2263) to amend the Federal reserve act, approved December 23, 1913.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2263, with Mr. CAMPBELL of Kansas in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 10 of the Federal reserve act, approved December 23, 1913, is amended to read as follows:

SEC. 10. A Federal Reserve Board is hereby created which shall consist of eight members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and six members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the six appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country. The six members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall receive an annual salary of $12,000, payable monthly, together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of $7,000 annually for his services as a member of said board.

The Secretary of the Treasury and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank. The appointive members of the Federal Reserve Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. Of the six members thus appointed by the President one shall be designated by the President to serve for 2, one for 4, one for 6, one for 8, and the balance of the members for 10 years, and thereafter each member so appointed shall serve for a term of 10 years, unless sooner removed for cause by the President. Of the six persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal

Reserve Board shall within 15 days after notice of appointment make and subscribe to the oath of office.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The first meeting of the Federal Reserve Board shall be held in Washington, D. C., as soon as may be after the passage of this act, at a date to be fixed by the reserve bank organization committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank, nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the six members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate by granting commissions, which shall expire 30 days after the next session of the Senate convenes.

Nothing in this act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section 324 of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general directions of the Secretary of the Treasury.

No Federal reserve bank shall have authority hereafter to enter into any contract or contracts for the execution of any building of any kind or character or to authorize the erection of any building in excess of $250,000 without the consent of Congress having previously been given therefor in express terms: *Provided*, That nothing herein shall apply to any building now under construction.

With the following committee amendments:

On page 1, line 6, strike out "eight" and insert "seven."
On page 1, line 8, strike out "six" and insert "five."
On page 1, line 10, strike out "six" and insert "five."
On page 2, line 3, after the word "industrial," strike out the comma and insert "and"; and insert a comma after the word "interests" in same line.
On page 2, line 4, strike out "six" and insert "five."
On page 2, line 23, strike out "six" and insert "five."
On page 2, line 25, strike out the words "the balance of the" and insert "one."
On page 3, line 1, strike out the word "members."
On page 3, line 3, strike out "six" and insert "five."
On page 4, line 8, strike out "six" and insert "five."
On page 4, line 18, strike out the words "30 days after" and insert "with"; at the end of the same line insert a period.
On page 4, line 19, strike out the word "convenes" and the period.
On page 5, commencing with line 20, strike out down to and including line 2, on page 6.

Mr. McFADDEN. Mr. Chairman, this bill was largely drawn on the floor of the Senate. It came into the committee and was given very careful and minute consideration by the committee. Several amendments were made to the bill. The most important amendments were striking out that portion of the bill which provided for an increase in the membership of the Federal Reserve Board to six appointive members. The present law provides for five appointive members. The committee felt that it was not proper to increase the membership of the board at this time. The committee heard members of the Federal Reserve Board, the Secretary of the Treasury, and other interested parties. The other important amendment is on page 4, line 15, which simply makes the law comply with section 2 of the Constitution in respect to vacancies that may happen on the Federal Reserve Board, so that the President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate by granting commissions which shall expire with the next session of the Senate, instead of 30 days after the Senate convenes.

The other section in the bill which was amended provided a limitation on the amount which the Federal reserve banks shall expend for buildings. The committee struck that section out because of the fact that practically all of the buildings were either constructed or contracts were let for them, that were being built in the United States by the Federal reserve bank and its branches. We felt that to lock the barn after the horse had been stolen was not quite proper, that the matter could be better covered probably if Congress saw fit to do so, by making an investigation into the cost of the buildings, and therefore we struck out that provision in the bill.

Mr. KINCHELOE. Will the gentleman yield?

Mr. McFADDEN. I will yield.

Mr. KINCHELOE. Is this the bill that is supposed to authorize, or rather direct, the President to appoint a farmer as a member of this board?

Mr. McFADDEN. Yes; I will say to the gentleman that on page 2, line 1—

The President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests.

The present law reads:

That he shall have due regard to the industrial and commercial interests.

Mr. KINCHELOE. I was familiar with that.

Mr. McFADDEN. The change we made in this bill is that it adds the word "financial" and the word "agricultural" to that section of the bill.

Mr. KINCHELOE. I want to ask the gentleman if he thinks under that language the President will be compelled to appoint a farmer as a member of this board?

Mr. McFADDEN. I do not; no, sir. I think as far as that feature is concerned it might be all stricken out, because it is simply a suggestion, or as one man has put it, a gesture, to the President, but my understanding is that some gentlemen who are responsible for this special legislation have discussed that matter, and they are practically assured that there will be recognition of a man representing the agricultural interests of the country when the next selection is made.

Mr. KINCHELOE. The President could under this provision appoint a lawyer if he thought it of advantage to and had due regard to agriculture?

Mr. McFADDEN. Certainly; for he is not compelled, as far as this bill is concerned, to appoint a farmer as a member of the Reserve Board.

Mr. KINCHELOE. It is entirely in the hands of the President to appoint whomsoever he sees fit?

Mr. TINCHER. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. TINCHER. In the law as it is now the word "agriculture" does not appear with the several industries that are mentioned in the present law?

Mr. McFADDEN. No; it does not.

Mr. TINCHER. And the number of the board now is five?

Mr. McFADDEN. The appointive members are five, and two ex officio members.

Mr. TINCHER. And this bill by the committee amendment provides for six members of the board?

Mr. McFADDEN. Six. This bill provides for an increase of one appointive member, the inference being that that would permit a representative of the agricultural interests to be appointed.

Mr. TINCHER. I understand that the President and Secretary of Agriculture are perfectly willing to give that recognition to an agriculturist on the board.

Mr. McFADDEN. Well, it has been so stated. I think the Secretary of Agriculture before our committee was willing to increase the membership of the Federal Reserve Board to 15 or 18 men, and I think he so stated.

Mr. TINCHER. It is the understanding that by the increase they will have a representative of agriculture on the board.

Mr. McFADDEN. Governor Harding, I will say to the gentleman, stated before the committee as follows:

Mr. MACGREGOR. I see this act makes no requirement for agriculture, but does for banking and finance.

Governor HARDING. Yes; but there is not occasion to amend the law in order to do that, because there is going to be a vacancy on the Federal Reserve Board in August, my term expiring at that time, and if you leave the law as it is, there is nothing to prevent the President from appointing a farmer. Why do you want to amend the law? I am not speaking from a selfish standpoint at all.

Mr. TINCHER. Is that one place in the testimony that the gentleman has reference to the locking of the barn after the horse is stolen?

Mr. McFADDEN. No; it is not.

Mr. TINCHER. I will suggest to the gentleman who was giving that testimony by his process of deflation as against the agricultural interests that if his term had expired a year ago last the farmers would have been much better off.

Mr. ANDREWS of Nebraska. The year before that.

Mr. LONDON. Is there anything in the existing law to prevent the President from appointing an agriculturist on the board?

Mr. McFADDEN. There is not.

Mr. LONDON. There is nothing in the proposed law that makes it obligatory for the President to appoint an agriculturist?

Mr. McFADDEN. There is not.

Mr. LONDON. Every legislator is supposed to legislate for the interests of the entire people, and every appointee is supposed to act for the entire people. Is not that the theory?

Mr. McFADDEN. It is my theory at any rate.

Mr. LONDON. I do not know that people live up to it, but that is the theory.

Mr. DOWELL. Has the gentleman assurance that the President will appoint a farmer to fill this vacancy?

Mr. McFADDEN. What does the gentleman mean by assurance?

Mr. DOWELL. I mean what it purports to mean.

Mr. McFADDEN. I have just referred to what Governor Harding stated. I will say to the gentleman, what Governor Harding said in the hearing which I just quoted is that if they wanted to have a representative from the agricultural interests on the board the opportunity presents itself when the next vacancy occurs, in August; and I understand it to be perfectly frank. Some Members of Congress have told me that the President proposed to recognize agricultural interests in the selection of the next member to the Federal Reserve Board.

Mr. DOWELL. Will the gentleman state what information he has on the subject?

Mr. McFADDEN. I will say that I have no special information on the subject.

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. ANDREWS of Nebraska. Is it generally understood that Governor Harding is seeking a reappointment?

Mr. McFADDEN. It is not.

Mr. ANDREWS of Nebraska. I have been so advised.

Mr. McFADDEN. In fact, he stated here in the hearings quite emphatically that he is not. He might be in worse business, however.

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. ANDREWS of Nebraska. If the gentleman can give us that assurance I think that it will have a tendency to quiet a feeling on the part of some Members.

Mr. McFADDEN. I will say to the gentleman, I think it can be reasonably inferred if he wishes that Governor Harding be not reappointed he should vote for the bill as it now is.

Mr. STEVENSON. Referring to the hearings, I will ask if the Secretary of Agriculture [Mr. Wallace] has not expressed himself as being very much in favor of adding a member and increasing the Federal Reserve Board?

Mr. McFADDEN. The Secretary of Agriculture did say that, and I rather gleaned from his statement that he would not object to being appointed himself.

Mr. TINCHER. If he was, agriculture would surely have one representative on the board, and that is more than it has had.

Mr. KING. How can he expect to be appointed or have any ambition along that line when that great farmer Eugene Meyer is looking for the position?

Mr. RAKER. Under the provisions of this bill when the terms of the present officers expire the President appoints new directors?

Mr. McFADDEN. This applies to vacancies that may occur from time to time. Governor Harding is the next member whose term expires, and that will be in next August.

Mr. RAKER. How do you account for the provision in lines 14 to 25, on page 2, in regard to the fixing of terms? These other officers have been there for some time, and when will their terms expire?

Mr. McFADDEN. That is a repetition of the present statute on that, which brings it up to the additional member and providing for his full term of 10 years.

Mr. WINGO. Will the gentleman permit?

Mr. McFADDEN. I will.

Mr. WINGO. The first part of the section provides that section 13 of the Federal reserve act "shall be amended to read as follows." It simply repeats the existing law and with the changes that are made——

Mr. McFADDEN. Providing that the term of each member of the Federal Reserve Board then shall be 10 years.

Mr. WINGO. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. WINGO. Reference was made some time ago to the intention of the President to appoint a dirt farmer. The gentleman says that he had not been definitely informed, but had been told by Members of Congress that he intended to do that when there was a vacancy. The same source could give the information that the President would appoint such a member if you gave him another member.

Mr. McFADDEN. It was a matter of information from the Members of the House. My information did not come direct from the President, but more from men who claimed to have talked with him on the subject. I will say, however, that it seems that it would be a little more sure if the membership of the board was increased. If this was a legitimate demand, and the agricultural interests feel that they want a man on the board, it seems that with this vacancy and with the assurance that some Members claim to have that Governor Harding will not be appointed, and the assurance that the President has given that he would recognize agriculture in his next appointment, it would give them the opportunity to secure what they want without increasing the size of the board.

Mr. WINGO. Does not the gentleman know that nobody has been found who seems to be able to speak with authority for the President, except the general statement that was made on the floor of the Senate and in the press of the country that the Senators who went down and consulted him assured the farmers of this country that if they had no representative on the board they would then get a farmer as a representative? Does not the gentleman know that that is the only——

Mr. McFADDEN. I can not say that. I think the President has given the assurance that he will recognize agriculture. He is in favor of doing it and of helping the agricultural interests, and seeing that they are properly taken care of. I have confidence that he will do the right thing with the agricultural interests.

Mr. TINCHER. The gentleman will concede that if the bill was going to specify any industry in the first place, the word "agriculture" should have been inserted with the other descriptions in the bill?

Mr. McFADDEN. It was the result of a condition that arose at that time, when the bankers felt that this was an institution that they owned and felt they should have been in control of. And it was a compromise, as most legislation is, when it was originally passed, and that designation was put in it. I do not think it has ever had any influence on the judgment of the President as to appointing members to the Federal Reserve Board, whether it was in or whether it was out.

Mr. TINCHER. Are not the people engaged in agricultural sections justified in taking some interest in these matters at this time, by reason of the horrible clamor as to this deflation policy under Governor Harding and what it did to the agricultural interests?

Mr. McFADDEN. I can not agree with the gentleman there. I think agriculture has the right to be interested in all such matters.

Mr. ARENTZ. Is it not possible that if we had had a dirt farmer all these years there would have been seen the necessity of increasing loans from $5,000 to $10,000? Will you tell the committee when the bill is going to come out?

Mr. McFADDEN. The gentleman is referring to loans on mortgages in the farm loan system?

Mr. ARENTZ. To loans on mortgages.

Mr. McFADDEN. That bill has not been considered by the committee of late. The last time it was considered by the Congress it was voted down by quite a large majority on a motion by Representative McLAUGHLIN of Nebraska.

Mr. ARENTZ. Since that time some consideration has been given to it by the committee?

Mr. McFADDEN. There has been none. It may have come up casually during the consideration of rural credit legislation.

Mr. ARENTZ. There is a good deal of feeling by people throughout the country that this sort of a thing would be the proper legislation to pass.

Mr. McFADDEN. It is in the minds of some people, but so long as the farm loan system is selling the tax-exempt securities I do not think it is policy to grant the farm loan system the right to loan rich farmers to the detriment of the small farmers who need the help. I would rather keep 10 small farmers than one or two big farmers who should be able to take care of themselves.

Mr. ARENTZ. I just wanted to get that information from the gentleman from Pennsylvania.

Mr. WALSH. Will the gentleman from Pennsylvania yield?

Mr. McFADDEN. I will.

Mr. WALSH. Has the War Finance Corporation run out of funds and ceased functioning?

Mr. McFADDEN. Not to my knowledge. I think the War Finance Corporation has plenty of funds so long as the Public Treasury has funds. It is really the back door of the Treasury.

Mr. WALSH. And wide open most of the time.

Mr. McFADDEN. They have loaned some $300,000,000 to the farmers. My understanding is now that loans are being repaid

more rapidly than new loans are being made, and we are hoping this afternoon, if possible, to pass that bill, which has been reported out of the committee, permitting the extension of the existence of the War Finance Corporation for another year.

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. ANDREWS of Nebraska. Would not the opportunity for securing a suitable representative for agriculture on the board be greater by leaving the bill as it stood—for six appointive members instead of five?

Mr. McFADDEN. You mean as the bill came to our committee, not as amended?

Mr. ANDREWS of Nebraska. Yes.

Mr. McFADDEN. Well, it would give one additional chance.

Mr. ANDREWS of Nebraska. That is what I mean. Are not the agricultural interests of the country really expecting something to be done through this bill?

Mr. McFADDEN. I think that certain leaders of agricultural organizations who claim to represent farmers are very actively engaged in promoting this legislation and securing an increase of the membership of the board.

Mr. ANDREWS of Nebraska. It gives a larger opportunity for securing a member now?

Mr. McFADDEN. Yes; one more chance.

Mr. ANDREWS of Nebraska. What objection is there to that except the objection to increasing the membership of the board?

Mr. McFADDEN. Inasmuch as this comes from a certain class of people, I think it is particularly unfortunate in that respect.

Mr. ANDREWS of Nebraska. In other words, you think that agriculture should not be recognized in dealing with this subject?

Mr. McFADDEN. I think it is not expedient that we should pass class legislation.

Mr. ANDREWS of Nebraska. But you think the bankers should have control of it inasmuch as it relates to banking?

Mr. McFADDEN. The bankers own the stock in it, and therefore they think they should have at least two men on the board who know something of banking and finance.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WALSH. If you are not willing to trust the appointing power, why did not the committee in framing this legislation provide the person by name that they want to present to represent agriculture? If they want a real agricultural representative, I would be glad, if the committee will open this up for amendment, to put in nomination a gentleman right now who I am sure will represent the agricultural interests of the country, both the dirt farmer and the millionaire farmer. I nominate the gentleman who represents one of the districts in the State of Kansas. I am sure the agriculturists would hail his nomination with acclamation. [Applause.]

Mr. TINCHER. I decline, because I think that agriculture still needs some representation here at times. [Laughter.]

Mr. WALSH. That is not necessary. They are in control here, and have been for months, operating the steam roller. [Laughter.]

Mr. McFADDEN. In answering the gentleman's question, I do not think the committee felt that it wanted to assume the responsibility of dictating the management of the Federal reserve system. I do not think we have arrived at that point where Congress wants to assume the responsibility of operating our financial system.

Mr. RAKER. Mr. Chairman, will the gentleman yield there?

Mr. McFADDEN. Yes.

Mr. RAKER. At present the Senate can not confirm and nominate certain members of this board.

Mr. WALSH. It can be provided in the act, the same as it is stated that the Secretary of the Treasury and the Secretary of Agriculture shall be members. But gentlemen do not seem to trust the appointing power in carrying out this purpose.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. DOWELL. Was the purpose of the amendment in reducing the number as provided by the Senate bill to lessen the opportunity of a farmer to be appointed on the board?

Mr. McFADDEN. No. It was designed to leave it as it is now, because seven is the accepted number, and to add one would be to make an even number, and we thought it was unnecessary and uncalled for to make the change.

Mr. DOWELL. But the gentleman said a moment ago that he was opposed to what he termed as "class legislation," of naming a specific member of the board to represent a class——

Mr. STRONG of Kansas. Unless he was a banker.

Mr. DOWELL. The gentleman said he was opposed to this appointment of a farmer on the board, and therefore it would lessen the chances of a farmer being appointed by putting on the amendment.

Mr. McFADDEN. I am not opposed to a farmer being on the board, but I am opposed to singling out any class and legislating for a class.

I want to call attention to the fact that a provision was stricken out in the Senate, a provision in the Federal reserve act, to the effect that at least two of the members must have had experience in finance or banking. That has been stricken out, and they have included in the first two lines of this bill "for representation of the financial and agricultural interests," with no designation as to qualifications. My own judgment is—and I do not believe there is a man here who will dissent from that—that there should be at least two men who are experienced in finance or banking to run this financial system. That does not mean to imply that the men who are appointed and who have disconnected themselves from their financial institutions will be the big financial men of the country at all. It will only mean that they will be experienced in the line in which they will be engaged. I think that is important, and ought to be put in this bill. It is not in the bill, but I hope some Member will offer that provision as an amendment and put it in this bill.

Mr. DOWELL. But the bankers are already represented on the board. The question now arises of the opportunity of having a farmer appointed on the board.

Mr. McFADDEN. I will say to the gentleman that that very opportunity is afforded to do that when the term of the present governor expires.

Mr. DOWELL. But the question I was raising, after the gentleman had made the statement that he opposed what he termed as "class legislation," was if the reduction in the number provided by the Senate was intended to reduce the opportunity of a farmer getting an appointment on the board?

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

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. TINCHER. I have no question in my mind at all but that with the word "five" substituted for the word "six" the President will appoint a representative of the agricultural interests on the board; that is, a man familiar with the agricultural interests. However, after the comma on line 3 the bill provides the geographical divisions of the country. It is my understanding that the present administration—that is, at least, the Secretary of Agriculture—thinks that they should have six members in order to properly distribute the membership of that board. I do not want to be understood for a moment as thinking that the President would not appoint an agriculturist as one of the five, but I think there should be six members.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. KINCHELOE. Does not the gentleman think, in view of the anxiety which gentlemen seem to show at the proposition that the board shall be maintained with only five members instead of six, that the manifestation of alarm on the part of Republicans here is another manifestation of their distrust of their President?

Mr. STRONG of Kansas. The Republicans are not alarmed. It is the bankers that are alarmed.

Mr. McFADDEN. I am satisfied that the President intends to do the right thing by the agricultural interests.

Mr. KINCHELOE. But the gentleman's colleagues do not seem to think so.

Mr. TINCHER. You know we are a little leery, because under the old wording of the law and the old administration of the law you came pretty near putting agriculture out of business in the United States of America.

Mr. KINCHELOE. Everybody knows that the farmers were more prosperous under that administration than they are now and are very sorry of the change.

Mr. ANDREWS of Nebraska. I think we can understand the condition of the gentleman from Kentucky. He is in need of treatment at Dawsonsprings Hospital for a little while in order to restore his faith and belief in regard to this side of the House, politically. [Laughter.]

Mr. KINCHELOE. If the gentleman would come down and take a good purgative down there, he would be a better man himself and not so suspicious, perhaps, of his President. [Laughter.]

Mr. ANDREWS of Nebraska. I am not questioning that proposition. I am simply prescribing for the gentleman from Kentucky.

Now, coming back to the question whether the number shall be five or six, after the discussion that has taken place in the Senate and in the press and in the general understanding which seems to prevail throughout the country, would it not be misconstrued unfavorably if we struck out the word "six" and inserted the word "five"? To make the number of the appointive members of the board six would give an enlarged opportunity to the Executive to meet the needs of the agricultural interests, which up to this time have been denied.

Mr. McFADDEN. I do not agree with the gentleman there, because I think the agricultural interests have not been denied. I think the results of the investigation of the Anderson Commission will prove that the agricultural interests have had great relief from the operations of the Federal reserve system.

I would also call the attention of the gentleman to the fact that a year ago, when our committee were considering the bill, we wrote into the bill the very language which is in this bill, which would give the agricultural interests consideration by the President. The committee voluntarily a year ago wrote that into a bill, which bill was not passed out of the committee, however; but the committee were practically unanimous in the view that they should include in that designation the word "agriculture." It seems to me that places agriculture on the same plane as the other interests. I do not see how there is any advantage to be gained by having any designation in there as an attempt to influence the President in his selection. I have confidence that the President will choose the right kind of men to represent the various business interests of the country, including agriculture, on this important board.

Mr. ANDREWS of Nebraska. Will the gentleman yield once more?

Mr. McFADDEN. I will.

Mr. ANDREWS of Nebraska. No doubt the gentleman's keen observation of financial conditions recalls the fact that in 1920 the Federal Reserve Board pursued a course that meant tremendous oppression to the agricultural interests of the country, and practically forced thousands of people into bankruptcy. Now, with no representation upon this board as the voice of agriculture, why should we close the door here by reducing the number from six to five, when the very purpose of this bill was to open that door and give the opportunity for an additional number?

Mr. McFADDEN. I will say to the gentleman that we are not decreasing the membership of the board. We are leaving the board exactly where it is, with the assurance, as I understand, to the gentlemen who claim to sponsor the agricultural interests of the country and to see that everything is done for the farmer that should be done, that the President will recognize the agricultural interests in the appointment of the next member of the board.

Mr. WALSH. Will the gentleman yield?

Mr. ANDREWS of Nebraska. Yes.

Mr. WALSH. I should like to ask the gentleman from Nebraska what was the particular course followed by the Federal Reserve Board that drove thousands of people into bankruptcy who ought not to have been put there?

Mr. ANDREWS of Nebraska. Loans were called in, and the regional banks denied extensions of credit to the banks in the territory where agriculture was active and depressed. Now, with that denial of the extension of credit, the farmers were compelled to liquidate their loans, and they were driven into bankruptcy because the Federal reserve system did not give relief where it was expected in its very creation that it should give relief.

Mr. WALSH. That did not drive them into bankruptcy.

Mr. McFADDEN. Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman from Pennsylvania has 30 minutes remaining.

Mr. BLACK. Will the gentleman yield to me?

Mr. McFADDEN. I yield to the gentleman from Texas.

Mr. BLACK. With reference to the statement of the gentleman from Nebraska that the Federal Reserve Board by some arbitrary act shut off credits in agricultural sections, I have here a chart published by Hon. John Skelton Williams, seeking to establish the contention that it was by reason of some arbitrary action on the part of the Federal Reserve Board that agricultural products were reduced in price. I find from inspecting this chart that in January, 1920, wheat was quoted at $2.63 a bushel, and the outstanding loans of the Federal reserve banks at that time were $2,736,670,000. On the 1st of December, 11 months after that, wheat was quoted at $2.01 a bushel, which was a decline of 62 cents a bushel, whereas the loans of the Federal reserve system were then $2,974,000,000, an increase of more than $200,000,000 over the first of the year. Now, if you will permit me, let me also give the figures as to cotton, because there has been in my opinion a great deal of misunderstanding on this question. Cotton on the 1st of January, 1920, was selling at 40 cents a pound. On the 1st of December it had declined to 14.4 cents a pound, which was a net decline of nearly 66⅔ per cent.

Now, one would think from the arguments used by Mr. Williams in his chart and by gentlemen in this debate that if the board brought this deflation about there would be a decline in the Federal reserve bank loans of at least something like in proportion, whereas as a matter of fact the outstanding loans of the Federal reserve system in December, 1920, instead of being less than on January 1, 1920, are $238,000,000 more.

Mr. KING. How much did they have up in New York City?

Mr. STRONG of Kansas. The farmers didn't get it.

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, the agricultural bloc secured an investigation, and that commission reports as follows:

1. That the expansion of bank loans in rural districts during the period of inflation ending June, 1920, was relatively greater than in the industrial sections, taken as a whole.
2. That the action of the Federal Reserve Board and the Federal reserve banks during the 15 months preceding April 28, 1921, did not produce a greater curtailment of bank loans in the rural districts than in the financial and industrial sections.
3. Credit was not absorbed by the financial centers at the expense of rural communities for the purpose of speculative activities.

That is the verdict of the agricultural bloc itself.

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Illinois [Mr. KING].

Mr. KING. Mr. Chairman, on this particular point as to who deflated the farmers in September, 1920, there can be no question. The Anderson investigation committee has not investigated that feature, is not doing it, and does not intend to investigate it, but if they do they will find that at that time the farmers were meeting at Kansas City and other places to maintain a decent price for wheat. The local banks having been advised directly to call the farmers' loans, began to call them; and how could the farmer maintain his price when he had to rush to the bank to get an extension of his loan? He could not get the extension and had to sell his products on the market for what he could get out of it, and the speculators were looking for it. In my judgment it was a plain, deliberate robbery of the farmers of the United States, nothing less, deliberately planned and carried out by no other agency than the Federal Reserve Board, which has exercised such a reign of terrorism over the banks of the country that they dare not claim their souls as their own. [Applause.]

Mr. McFADDEN. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 22 minutes.

Mr. WINGO. Mr. Chairman——

The CHAIRMAN. The gentleman from Arkansas is recognied for an hour.

Mr. WINGO. Mr. Chairman, I yield 30 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

STABILIZING THE PURCHASING POWER OF MONEY.

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, I am taking advantage of the opportunity presented by the general debate on this bill to talk for a few minutes very briefly and very generally about a matter upon which long consideration induced me to introduce a bill in this House this morning. For a great many years, in fact, ever since I have been old enough to think very much, I have wondered about the gradual expansion and contraction of general price levels through long periods of years, but never until I became a Member of Congress did it seem that I had time enough to even attempt any sort of a real analysis. Last summer on the occasion of a dinner, at which former Vice President Marshall and I were guests, I brought up the subject and found that he had given the matter a great deal of consideration, and he made several luminous suggestions based upon his study and supported by his splendid common sense. I am profoundly convinced that the problem of stabilizing the purchasing power of money is soluble. I believe it is the second problem of economic importance confronting the people of the world at this time, and I believe this to be the psychological time to bring the matter up for serious consideration.

For the purpose of this discussion I have not in mind stabilization outside of this country. World-wide stabilization will come only when the Allies realize that Germany can pay her war indemnity only in goods directly or indirectly, and when we come to recognize that the allied debt to us can be paid only in the goods of the Allies and the goods of Germany which will indirectly pay it. With an indemnity due by Germany of around $33,000,000,000 and only about $9,000,000,000 of gold

coinage in the world, all the gold coin in the world, if it were held by Germany, would pay but one-fourth of the reparations, and if perchance through some inconceivable and baleful natural force or artificial process Germany should acquire the gold with which to pay her indemnity and should pay it, the human mind can not conceive of the world-wide hell of inflation, worse than that of Austria or of Russia, which would come about, resulting in riot, revolution, and destruction of values until the sanity left in the world should have an opportunity to reassert itself and establish a new monetary basis. World-wide stabilization can never come about, and the German indemnity and the allied debt can never be paid while the tariff walls are being raised higher and higher and our markets cut off from the commerce of the world. [Applause.]

My friends, our people are staggering under a burden of a war debt of about $25,000,000,000. That means that the backs of our people are to be burdened with a load of taxation such as has never been known before in the history of this country. A large part of that burden must ultimately be borne by the consumer, which term has come to mean that part of our people who from necessity live from hand to mouth and to whom the price of commodities means so much. When we speak of the consumer we have in mind the long, long line of men and women and little children for whom the beautiful things of life, the things which so largely make up the sum of human happiness in this world of ours, are obscured by gaunt necessity. Half of this burden can be lifted if we make it possible for the allied debt to be paid. If the present tariff bill becomes a law it can never be paid. I am forced to think that its framers know it can never be paid. Already the same influences which culminated in this tariff bill have been feeling out the American people on the question of canceling the allied debt. This seemed the thinly veiled theme of several of the addresses made at the meetings of the United States Chamber of Commerce held last week in this city, the Capital of the Nation. We will find out in the next congressional election whether the American people will permit this monstrous thing to be done. If this country had gone into the League of Nations in 1920, world-wide economic conditions would be largely stabilized now. Thousands of little children who have perished on the steppes of Russia from starvation and exposure would have been saved. Four million men and women would not now be walking the streets of this country begging for means with which to earn their daily bread, and the allied debt would now be in process of liquidation and payment.

I am in no sense a pessimist. I have an abiding faith in the good sense and clear vision of the American people; and I prophesy here and now, without the slightest hesitation, that within 10 years we will have a league of nations composed of the nations of the world and based substantially on the treaty which we failed to ratify; and I prophesy that as a reaction from that league of nations will come world-wide economic stability. Will anyone say that we are not interested in world-wide conditions? When a country or a people does not produce normally for itself because of faulty economic conditions, that country or that people will inevitably be fed and clothed to a greater or less extent by other countries and other peoples; and therefore our poorest people, our people who are most needy, together with every other element of the country, will enjoy the greatest degree of prosperity when the people of every nation are able to feed and clothe and house themselves and when the blessed sun of reasonable plenty shines most brightly everywhere.

Now, I have digressed a great deal in a way, have gone outside of the limits of the matter I started out to discuss, but the things I have been speaking of are correlated matters about which I feel very deeply and which may serve to emphasize the subject matter of this speech. My bill was drafted more particularly with reference to conditions affecting gradual rises and falls in general commodity prices which are not within the control of the Federal Reserve Board. In other words, now that we have this splendid banking system, it seems to me that the next step should be an attempt to prevent gradual rises or falls in general commodity prices through long periods of years, causing all concerned misery, misunderstanding, and bad feeling, and culminating in makeshift legislation, radicalism, and sometimes even in revolution and war.

In the Bureau of Labor Statistics in Washington there is what is known as an index number, which, as a rough explanation, I will say is computed by averaging the price levels of various commodities. These commodities are in nine groups—farm products; food, and so forth; clothes and clothing; fuel and lighting; metals and metal products; lumber and building materials; drugs and chemicals; house-furnishing goods; and miscellaneous. There are, I think, 243 commodities listed in the nine groups, the wholesale price of each being accurately kept for the purpose of ascertaining the tendency of prices to rise or fall. A chart is kept which by means of a curved line graphically indicates the trend of prices. As your finger traverses this line from 1873 to 1896 you find prices constantly falling; from 1896 to 1914 prices constantly rising, with a sharp upward trend through the period of the war. As I looked at this chart the other day memories of the hard worked and poorly paid farmer of my boyhood flooded back to me. It used to seem to me that this man who did so much for everyone else was able to do very little for himself. I remembered how almost impossible it was for him to pay his loans and mortgages. I remembered how the money lender flourished, and I began to see as clearly as we see the sun at noonday that during this period of constantly falling prices, which means ever higher money, the man who had commodities to sell suffered and the man who had money to sell flourished as the green bay tree; and as my finger traveled up the curve of high prices from 1896 I remembered how the man with the fixed income began to suffer, the complaints of the wage earner; that the school-teacher, the clerk, the office man, the salaried person of every type began to feel the pinch and eventually to actually suffer from this condition; and I saw pictured in letters of fire that the "Wayfaring man, though he were a fool," might read and understand, the fixed income of these people becoming cheap and the commodities that they had to buy for their support and the support of their families correspondingly high.

Some may say, What of it? Where one person is injured another is benefited, but this is not the case. From about 1879 until 1896 populism rose from small beginnings, chiefly in the great agricultural areas of the Middle West; the money lender and the bondholder were held up to every reproach and contumely; the names of Russell Sage and Hetty Green were thought of as the name of "Shylock." Discontent, bad feeling, and difficult financing reduced very much economic output and culminated in the free-silver campaign of 1896.

Shortly after the beginning of the rise of 1896—that is, at about the beginning of this century—the rise in prices began to spread the seeds of socialism among the worker and the man with the fixed income; industrial unrest began, labor unions were formed and became powerful, strikes common, and many of the seeds of the great war were sown.

Nowhere throughout that part of the world using our monetary standard was the rise in prices felt with any more cruelty than among the middle classes and the toilers of Germany, and this discontent among the great bulk of the people went a long way toward creating the opportunity and, in the minds of some possibly, the national necessity for war.

A great teacher once said to his students: "Divide the study of any social situation into four questions: What is it? Why is it? What of it? What are you going to do about it?" I have talked about the first three questions. I fully realize that the study of the problem of stabilizing the purchasing power of money is in its period of early conception, and that the agony of birth and the gamut of the diseases of infancy and childhood must be run before we can hope to see the thing in the wondrous beauty of its maturity.

But some basis of discussion should be established, some concrete plan should be made the target of constructive criticism, and to that end I have introduced a bill, referred to the Committee on Banking and Currency, which attempts to stabilize average commodity wholesale prices by controlling the quantity of money and credits in relation to the volume of trade by increasing or diminishing that quantity as the average price level goes down or up.

It is probably as well not to undertake a detailed discussion of the bill here and now, but to let the matter finally develop from the committee if it should deem my views worthy of consideration as a framework for legislation.

Years of reflection convince me that equality of economic opportunity is probably the most serious concern of statesmanship. Class legislation lessens the creative enthusiasm of the group favored by it and restrains the economic development of the group outside the favored class.

All of us here to-day must in a few short years and in the fullness of time be gathered to our fathers; the eyes of none of us will shine with the light of those who see the blessed brotherhood that one day will come, when the lion and the lamb shall lie down together; but I firmly believe it lies within the power of Congress during the next few years to solve this problem of stabilizing the purchasing power of money, which will add so much to human happiness and help so largely in solving the gravest political questions.

Right here, as a matter demanding immediate consideration, I feel that it should be suggested to the Federal Reserve Board and to the bankers of the country and to the great thinking

public, whose sentiment will so largely control the financial policy at this period of reaction from war inflation; that billions of dollars of war bonds of the Government were paid for in inflated—that is, cheap—money, that to double the price of the money with which these bonds will have to be paid, as is being seriously discussed as a part of a policy of deflation, will change the burden on the taxpayers of this country from twenty-five billions to the equivalent of fifty billions of dollars—that is, will double the burden—that numberless private contracts were entered into at or near the peak, and that practically the actual contract price would be thus doubled; that millions of dollars' worth of farm lands were bought and farm mortgages given during the area of high prices, and that such a policy would probably cut the price of these farms in two and double the burden of the mortgage.

I firmly believe that the purchasing power of money can be stabilized. I believe that the solution, when we have it, will be found to be simple; and I trust that that solution will soon be embodied in legislation. I never want to see agriculture and industrial enterprise struggling in the agony of a long period of falling prices or to see the young, active, bright business man, naturally uninformed as to financial science and portents, feel that he is rising to prosperity on the tide of rising prices only to find his business bankrupt and his hope blasted in the inevitable crisis just beyond the peak.

I spoke a while ago of class legislation. It is mighty hard to control the class spirit which fosters such legislation. We all have the class tendency. With some it is social, with some economic, with some religious, with some sectional, with some a combination of two or more; but in whatever guise it appears, the result is antisocial and detrimental to the people as a whole.

The spectacle we have now in the Senate, and had in the House last summer, of the representatives of powerful interests parceling out among themselves the resources of the country through the tariff bill with a reckless abandon, the same in principle with that of the buccaneers of the West Indies as they divided the loot from the captured trader, is simply a manifestation of the class spirit of powerful economic units, in utter disregard of the interests of the average man, woman, and child, of the person with a comparatively small or fixed income, of the farmer, the small business man, and the laboring man.

Stabilizing the purchasing power of money, if it can be done, strikes at the very root of class advantage and tends to prevent the inception of movements of special privilege. It is mighty easy to get in the habit of losing sight of the under dog, mighty easy to garb with the cloak of conservatism the golden calf of indifference to the common weal.

We all want to be conservatives in protecting the people from the doctrinaire, the political adventurer, or the dealer in the same quack remedies and short-cut treatments which through the ages have gone along with the disintegration and downfall of peoples, but "Where there is no vision, the people perish," and the lessons of the war and postwar period have prepared the minds of the people for two great strides in government of the people, by the people, and for the people—a league of the nations of the world, providing for mutual reciprocal disarmament and legislation stabilizing the purchasing power of money.

In the consideration of this legislation the question of necessary cooperation with other nations need not be controlling, as we are dealing now with a much more uncertain exchange situation than any which independent stabilization by this country could possibly create.

On May 12, at Philadelphia, before the American Academy of Political and Social Science, Mr. Edmund Platt, vice governor of the Federal Reserve Board, speaking on "America and the debts of Europe," had this to say in connection with foreign exchange:

> It seems probable that the major depressions of exchange mark periods when our people were seeking to convert foreign balances into dollars, and that exchange recovered when most of the conversions had been made and losses wiped out. Some very large American exporters are known to have taken considerable losses in this way. They sold in terms of foreign currencies and found them when payments became due considerably depressed, but when recovery was delayed beyond their expectations they finally bought dollars and took their losses. Very large losses are also known to have been charged off by some of our bankers.

Again:

> No longer ago than April 1 the editor of the Economic World, whose articles are always worth reading and usually sound, predicted that "no person now living will ever see the value of the present French franc of actual currency normally and regularly equal to one-half of that of the gold franc established by law as the monetary unit of France." At the time that was published the French franc was quoted at about 9 cents in our currency. It had been as low as 5.79 in 1921 but had recovered to 8.13 at the end of December. Within a little more than two weeks after Mr. March made this prediction French francs sold at 9.37½, and had little more than a quarter of a cent to go to reach half par. They have since fallen back somewhat, but I see no reason why they should not continue to advance if France makes progress toward balancing her budget. They are not lower now than our Civil War greenbacks were at one time, and complete restoration does not appear impossible, though it may take a considerable number of years.

We involuntarily shrink from the serious study of economic questions with which we are comparatively unfamiliar. It is irksome and subjects us to criticism of various kinds. Personally, in my own periods of complaisance with things as they are, I have gotten inspiration from the following lines of the American poet, James Russell Lowell:

> Said Christ our Lord, "I will go and see
> How the men, my brethren, believe in me."
> He passed not again through the gate of birth,
> But made Himself known to the children of earth.
>
> Then said the chief priests, and rulers, and kings,
> "Behold, now, the Giver of all good things;
> Go to, let us welcome with pomp and state
> Him who alone is mighty and great."
>
> With carpets of gold the ground they spread
> Wherever the Son of Man should tread,
> And in palace chambers lofty and rare
> They lodged Him, and served Him with kingly fare.
>
> Great organs surged through arches dim
> Their jubilant floods in praise of Him;
> And in church, and palace, and judgment hall,
> He saw His own image high over all.
>
> But still, wherever His steps they led,
> The Lord in sorrow bent down His head,
> And from under the heavy foundation stones
> The Son of Mary heard bitter groans.
>
> And in church, and palace, and judgment hall,
> He marked great fissures that rent the wall,
> And opened wider and yet more wide
> As the living foundation heaved and sighed.
>
> "Have ye founded your thrones and altars, then,
> On the bodies and souls of living men?
> And think ye that building shall endure
> Which shelters the noble and crushes the poor?
>
> "With gates of silver and bars of gold
> Ye have fenced my sheep from their Father's fold.
> I have heard the dropping of their tears
> In heaven these eighteen hundred years."
>
> "O Lord and Master, not ours the guilt;
> We build but as our fathers built;
> Behold Thine images, how they stand,
> Sovereign and sole, through all our land.
>
> "Our task is hard—with sword and flame
> To hold Thine earth forever the same,
> And with sharp crooks of steel to keep
> Still, as Thou leftest them, Thy sheep."
>
> Then Christ sought out an artisan,
> A low-browed, stunted, haggard man,
> And a motherless girl, whose fingers thin
> Pushed from her faintly want and sin.
>
> These set He in the midst of them,
> And as they drew back their garment hem,
> For fear of defilement, "Lo, here," said He,
> "The images ye have made of Me!"

The Anglo-Saxon peoples have gone a long way since those words were written, but, my friends, the next time you watch the glory of the winter storm, in warmth and comfort, consider to what percentage of the people that storm means only misery and hardship. That thought has often made me feel with terrible distinctness the long, long hill humanity has got to climb to relieve the agony of the world.

I am confident the subject of these remarks is entitled to our most painstaking consideration. I am not so confident that the suggestions embodied in my bill even approximate a solution. I have an abiding conviction that this great body will at the proper time approach the matter with the caution which it demands, but with courage, with resolution, with vision, and with hope. [Applause.]

Mr. WINGO. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I am heartily in favor of this bill which makes a provision of law requiring that the great industry of agriculture should be one of those considered in determining the membership of the Federal Reserve Board. I think it is perfectly proper and logical for us to pass an act of this kind. The Federal reserve system is governed by the Federal Reserve Board. That is to say, its policies are largely determined by the board. Therefore, agriculture, being one of the great basic industries of the Nation, should have a voice in determining those policies; not for the purpose of obtaining any selfish advantage, but for the purpose of seeing that its situation and interests are properly presented and are understood. I am in favor of the Senate bill as it originally passed that body, increasing the membership of the board by one member. I think that is perfectly proper. We have 12 Federal reserve districts, we have 12 Federal reserve banks with various branches, and I

think a board with a membership of six appointed members—we have two ex officio members, the Comptroller and Secretary of the Treasury—is a proper number, and I think the House will do a wise thing to defeat the committee amendment and adhere to the Senate bill as originally written.

I am not supporting this bill because I take any part in the wholesale denunciation of the Federal Reserve Board heard here to-day and elsewhere in the country for supposedly deliberately forcing down the price of farm products. I am not here to say that the Federal Reserve Board makes no mistakes. I am not here to say that it administered the Federal reserve act with a perfect degree of wisdom. But, as I undertook to show a while ago in response to a question by the gentleman from Nebraska [Mr. ANDREWS], taking the chart which Hon. John Skelton Williams has printed, we find that during the 12-month period beginning January 1, 1920, and ending December 31, 1920, when there was a very drastic decline in the prices of agricultural products, there was not a decline in the amount of loans in the Federal reserve banks. On the contrary, there was a large amount of increase in the loans and also in the amount of Federal reserve notes in circulation. Let me say right here that if I thought the Federal Reserve Board was responsible for the decline in the price of farm products, I would condemn them just as severely as anyone, because I have, and the people I represent have, suffered just about as severely from price declines as anywhere in the United States. I have earnestly and diligently studied the whole question with its various ramifications, and I can not bring myself to see where the Federal Reserve Board or anyone else could have prevented a decline from the high prices of early 1920. The board might have adopted some temporary policy which would have postponed the decline for some months, but it is very probable that if such policy had been adopted the decline would have been all the worse when it did come and all the more disastrous.

It is said here to-day in debate that the Federal Reserve Board deflated prices by deflating credits. I find the dictionary definition of the word "deflation" is to reduce from inflation by releasing the air or gas. Let us see whether the records will sustain the charge that prices of farm products were "deflated" by "deflating" bank credits. Let us examine the case of one agricultural product that I did not mention a while ago. Corn in January, 1920, according to the chart prepared by Mr. Williams, was $1.47 a bushel. The outstanding loans of the Federal reserve system at that time were $2,736,670,000. Twelve months after this time, in December, 1920, corn had gone down from $1.47 a bushel to 73 cents a bushel, a shrinkage of little more than half, and therefore according to Mr. Williams's logic, and those who support his views, the loans of the Federal reserve system should show a decline of approximately one-half, whereas, as a matter of fact, on December 1, 1920, the loans instead of having decreased had increased from $2,736,670,000 to $2,974,836,000. Looks to me like these figures show that Mr. Williams's theory is working backward from the way he is contending.

Mr. ANDREWS of Nebraska. Mr. Chairman, will the gentleman now yield?

Mr. BLACK. Yes.

Mr. ANDREWS of Nebraska. That increase did not go to the agricultural sections. It went to the large centers, and the men who ran the deal on sugar advancing the price from 5 and 6 cents a pound to 25 and 30 cents a pound. They were the men who got the money.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Chairman, will the gentleman yield me a few minutes more?

Mr. WINGO. Mr. Chairman, I yield the gentleman three minutes more.

Mr. BLACK. Let us see about sugar. That is one of the products shown here on Mr. Williams's chart. Sugar on the 1st of January, 1920, was worth 15.37 cents a pound. The gentleman from Nebraska says what? He says that the Federal Reserve Board was transferring its funds from the agricultural section to the financial centers to hold up sugar to 25 and 30 cents a pound. Well, if they were doing it, which they were not, they did not succeed, because on December 1, 1920, sugar also had declined from 15.37 cents a pound to 8 cents a pound, practically a corresponding decline in percentage with that of corn.

The most insistent critic of the Federal Reserve Board has been Hon. John Skelton Williams, former Comptroller of the Currency, and nearly all of the criticism heard here to-day is based on figures that he has published. He has a right, of course, to freely voice his opinion, but let me read from the annual report which he filed as Comptroller of the Currency immediately before he retired from office, and which was after all of these alleged misdoings of the Federal Reserve Board had taken place. I read from page 52 of that report; the report is dated December 6, 1920, and reads:

> Largely through the aid and excellent functioning of the Federal reserve system the business and banking interests of the country have passed successfully through the perils of inflation and the strain and losses of deflation without panic and without the demoralization which has been produced in the past at various times from far less serious and racking causes. Those banking and other interests which at the outset so vigorously opposed the Federal reserve system are now among its warmest advocates.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BLACK. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLACK. Mr. Chairman, when my time expired I had intended to go further and answer more completely the allegation contained in the question asked me by the gentleman from Nebraska [Mr. ANDREWS], which was to the effect that while it was true that the loans of the Federal reserve banks increased from $2,736,670,000, January 1, 1920, to $2,974,836,000, December 1, 1920, it was also true that this increase in loans was to the big financial centers and there was an actual decrease in the agricultural sections.

Now, if that statement were correct it would furnish argument that it was deflation of credits in agricultural sections which caused the decline in prices of farm products. It is not true, however. It is very far from being correct. I presume it is the Kansas City Federal Reserve Bank which serves the State of Nebraska, in which the gentleman, Mr. ANDREWS, lives. The Kansas City Federal Reserve Bank had $110,380,000 rediscounts on January 1, 1920. These credits had expanded to $139,402,000 on January 1, 1921, and its Federal reserve note issue had increased in the same period $7,500,000. Total expansions, $36,522,000. Now, take the Federal reserve bank of my own district, that at Dallas, Tex. It held $28,371,000 in discounted paper on January 1, 1920, whereas the amount had been increased to $97,392,000 on January 1, 1921.

Yet, in the very same period that the rediscounts of the Federal reserve bank at Dallas had been increased threefold, the price of cotton had fallen from 40 cents per pound to 15 cents per pound.

Does that look like it was deflation of credits which brought about the decline in the price of cotton?

Anyone is entitled to his opinion and I have no quarrel with him for expressing it.

The following are the reasons which I think are in the main responsible for the decline in prices:

(1) Millions of men who were engaged in war and were therefore strictly consumers and not producers during such time they were so engaged were, when the war closed, released to follow productive occupations instead of destructive ones, and the result of which has naturally been to increase production and relieve scarcity.

(2) Great quantities of raw materials which had been stored in remote parts of the world during the war when there was no shipping available to transport them to markets were released immediately when the shipping was available, and for many months this resulted in an oversupply of such commodities as wheat, wool, hides, vegetable oils, sugar, and cotton.

(3) Exhaustion of European credits. During the war France, England, Italy, Belgium, and Russia borrowed about $10,000,000,000 from the United States and spent it all here in buying cotton, food supplies, and munitions of war. Their war needs were of the kind which had to be supplied immediately, therefore their purchasing agents paid most any price that was asked. When these credits became exhausted early in 1920 these nations found it increasingly difficult, and altogether impossible in some cases, to finance their purchases of our products, and, as a natural consequence, the market for all of our exportable surplus, including cotton, was greatly curtailed. Of course, prices began to tumble when manufactured goods and farm products began to accumulate in warehouses instead of going into the channels of consumption.

It is a whole lot easier to make somebody the goat than it is to dig down and find out the fundamental causes which brought about the decline. Let us get busy and try to correct the present unfavorable situation of agriculture by constructive means instead of spending so much time criticizing the Federal Reserve Board.

The extension of remarks referred to are here printed in full as follows:

Mr. BLACK. Mr. Speaker, I secured leave to extend my remarks in the RECORD. I want to now take advantage of that

leave by making a short statement of my support of the bill and of other constructive legislation which I have supported since I have been a Member of Congress.

Let me say at the beginning that I think it is highly desirable that the Federal Reserve Board should at all times have some member on it who has a broad and intimate knowledge of agriculture and live stock. The board should be so composed that its membership will have a cross-section view of the composite activities of the country, and this can not be done if a representative of agriculture is omitted.

The Senate bill which the House passed and which I was glad to support provides that this be done by including "a fair representation of the financial, agricultural, industrial, and commercial interests and geographical divisions of the country." I think it is a very desirable piece of legislation and will contribute to the value of the Federal reserve system. Other constructive measures which I have supported since I have been a Member of Congress are as follows:

UNITED STATES SHIPPING BOARD.

To establish and encourage and develop a merchant marine so that American commerce, including our heavy tonnage of exported agricultural products, will not have to depend on foreign ships for ocean transportation. I am against any ship subsidy law. (May 20, 1916, p. 8374, CONGRESSIONAL RECORD.)

GOOD ROADS LAW.

This bill provides a system of cooperation between the Federal and State Governments in the building of hard-surfaced highways. Liberal appropriations have been made by Congress under it, and as a consequence more improved highways have been built than during any other similar period in American history. (January 25, 1916, pp. 1536–1537, CONGRESSIONAL RECORD.)

IMMIGRATION RESTRICTION.

To regulate entry of aliens into the United States and provide certain restrictions against their entry. This law was amended in 1921 and 1922 to still further restrict the number of admissible aliens, and I voted for these amendments in both cases. Also supported legislation to deport undesirable aliens, such as Emma Goldman and Alexander Berkman. (March 30, 1916, p. 5194, CONGRESSIONAL RECORD.)

FARM LOAN ACT.

Established system of 12 farm loan banks, 1 of which is located at Houston, Tex. System affords farmers opportunity to borrow money to be used in purchasing or improving homes, at low rate of interest and long terms of payment. The most recent statement of the Farm Loan Board shows that more than $500,000,000 has been loaned by the system in the United States and more than $55,000,000 of which has been loaned by the Houston (Tex.) Farm Loan Bank. (May 15, 1916, p. 8017, CONGRESSIONAL RECORD.)

WAR REVENUE ACT.

To provide money for defraying the expenses of the war, levying high surtaxes on large incomes and excess-profits tax on corporations making large profits during the war. (May 23, 1917, pp. 2818–2819, CONGRESSIONAL RECORD.)

FOOD CONTROL.

To prohibit hoarding of foodstuffs, insure ample supply, and to prevent profiteering in foodstuffs. (June 23, 1917, p. 4190, CONGRESSIONAL RECORD.)

WAR RISK INSURANCE LAW, ALLOTMENT AND ALLOWANCE.

Provided insurance for soldiers, sailors, and marines at low rate, made provisions for compensating those wounded and disabled in service, extended financial assistance to dependents of soldiers, sailors, and marines.

When this bill was being considered in Congress I offered a series of amendments designed to equalize and make uniform its benefits, which were adopted by an overwhelming vote in the House and were accepted by the Senate. The purpose and effect of these amendments is briefly explained in the following account which was published at the time by the Survey, one of the leading magazines of the country:

By a vote of 139 to 3 the House wrote into the soldiers and sailors' insurance bill, before its passage on September 13, the principle of equal care as between the dependents of officers and of private soldiers and sailors. The amendments offered by Representative BLACK, of Texas, indorsed in this decisive fashion, provide that the payment to be made to the dependents of soldiers and sailors killed or totally disabled shall be specific rather than based on a percentage of the pay of the dead or disabled man.

Congressman BLACK, with a number of other Members of the House, assailed the committee's plan of compensation, based on the rate of pay of the soldier or officer, as being an attempt to establish class and caste in America "while we are carrying on a war for democracy." Mr. BLACK termed it "preserving the distinction of rank and pay beyond the borders of the grave."

Representative Alexander, of Missouri, one of the Members who had charge of the bill in the House, gave his entire approval to the Black amendments when the measure was finally passed. He said:

"It was clearly demonstrated in the debate that the House considered it only fair that there be established complete equality in treatment as to this compensation on the Government's part of the dependents of all in the service." (September 13, 1917, p. 7104, CONGRESSIONAL RECORD.)

FARM LOAN BONDS.

Authorized the Secretary of the Treasury to purchase farm loan bonds during the time when the bond market was being absorbed in the sale of Liberty bonds. Under the law the Secretary of the Treasury purchased $195,175,000 farm loan bonds, which money was in turn loaned by the farm loan banks to the farmers of the United States. The Treasury still holds $182,285,000 of these bonds for their orderly redemption at maturity. The Treasury will not suffer any loss from this purchase, but it was of great assistance to the farm loan system. (January 4, 1918, p. 615, CONGRESSIONAL RECORD.)

WHEAT GUARANTY.

Provided for fulfillment of Government promise of guaranteed price of wheat raised by the producers. (February 22, 1919, pp. 4051–4052, CONGRESSIONAL RECORD.)

AMEND AND LIBERALIZE WAR RISK INSURANCE ACT.

This bill, usually known as the Sweet bill, amended the war risk insurance act so as to provide a larger amount of compensation to the wounded and disabled veterans of the World War. The act applies in equal degree to officers and privates. (September 13, 1919, p. 5351, CONGRESSIONAL RECORD.)

RELINQUISH GOVERNMENT OPERATION OF RAILROADS.

This bill provided for the relinquishing of Government operation of the railroads March 1, 1920, and for private operation thereafter under Government regulation. It was this bill which created the Railroad Labor Board to settle controversies between the carriers and their employees with reference to wages and working conditions. The law creating the Labor Board does not forbid strikes, but its chief virtue consists in the fact that it affords a definite tribunal for settlement of controversies, and in my judgment renders strikes in the railroad industry on a national scale quite unlikely.

When the railroad brotherhoods filed their brief and argument in docket No. 142 before the United States Labor Board upon the question of the jurisdiction of the board, they used as a part of their brief a quotation from my speech on the transportation act. This brief consisted of 42 pages, and was sent to me by Mr. W. S. Carter, president of the Brotherhood of Locomotive Firemen and Enginemen. It quotes in support of labor's contention from a message of President Wilson and from two speeches delivered in the Senate and two in the House during the debate on the transportation act. The two Senators quoted are Senator CUMMINS, who was the author of the bill in the Senate, and Senator ROBINSON, of Arkansas, Democrat, who was one of its strongest and ablest supporters. The two Members of the House whose speeches are quoted are Mr. Esch, of Wisconsin, author of the bill in the House, and myself. I take pleasure in giving herewith that part of my speech which is quoted. It is:

I believe that the first legitimate charge in any industry is a fair and just wage to its employees. I would not vote for any bill which I thought would impair the rights of labor in securing this fair and just wage. In my judgment, the establishment of the Labor Board, which is created by this bill, will go a long way toward solving labor difficulties in a constructive way. This labor provision gives recognition to that principle, and unless I very erroneously appraise its value, it will serve just as useful a purpose in securing and protecting the just rights of labor as it will the rights of capital and the public. I especially indorse that provision of the section which says:

"In determining the justness and reasonableness of such wages and salaries or working conditions, the board shall, so far as practicable, take into consideration, among other relevant circumstances, the scale of wages paid for similar kinds of work in other industries. Second, the relation between wages and the cost of living. Third, the hazards of the employment. Fourth, the training and skill required. Fifth, the degree of responsibility. And sixth, the character and regularity of employment. These provisions will insure a square deal to labor." (February 21, 1920, p. 3315, CONGRESSIONAL RECORD.)

VETERANS' BUREAU.

Creates an independent bureau under the President, known as the Veterans' Bureau, and coordinates under one head hospitalization, vocational training, war risk insurance, and compensation payments of veterans of the World War. This saves much duplication of work, and if properly administered should enable ex-service men to secure more prompt consideration of their claims. (August 2, 1921, p. 4562, CONGRESSIONAL RECORD.)

WAR FINANCE CORPORATION.

A bill to enlarge and extend the facilities of the War Finance Corporation and enable it to make advances to banks, cooperative organizations of farmers, and other financing institutions to assist in production of farm products and live stock and help

in the orderly marketing of same. Under this bill already more than $350,000,000 in loans have been made for agricultural and live-stock purposes, and the sum is increasing from day to day and has done much to help the situation in the agricultural and live-stock States. (August 22, 1921, p. 5449, CONGRESSIONAL RECORD.)

FARM LOAN BANK DEPOSITS.

This bill authorizes and directs the Secretary of the Treasury to deposit from time to time, as the needs of the farm loan banks may require, $25,000,000 to be used by said banks in making farm loans during the time sales of farm loan bonds are taking place, said money so deposited to be returned to the Treasury as soon as the sale of bonds is effected. This law is working with excellent results. Under its operation the Treasury has suffered no loss and the loan operations of the farm loan banks have been greatly helped. (June 24, 1921, p. 3043, CONGRESSIONAL RECORD.)

VETERANS' HOSPITALS.

The Langley bill provides for the construction and purchase immediately of additional hospitals for sick and disabled veterans of the World War and appropriates $17,000,000 for said purpose. (March 31, 1922, p. 4892, CONGRESSIONAL RECORD.)

GOOD ROADS MACHINERY.

A bill requiring the Secretary of War to turn over to the Secretary of Agriculture for distribution in the several States through the State highway commissions all surplus Army trucks and other suitable tools and machinery for use in road building. This has put to good use much surplus war material which otherwise would had to have been sold at great loss. (November 6, 1919, p. 8049, CONGRESSIONAL RECORD.)

POSTAL SALARY BILL.

A bill to increase salaries of postal employees and put their compensation on a more equitable basis. I was a member of the committee which drew this bill, and so carefully was it drawn so as to do justice to the postal employees as well as to be fair to the taxpayers that it passed the House by a vote of 344 to 0, and I think has given general satisfaction. (June 3, 1920, p. 8397, CONGRESSIONAL RECORD.)

FARM ORGANIZATION BILL.

This bill, usually referred to as the Capper-Volstead bill, makes broad and liberal provisions for the organization of farmers in the following language:

> Persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce, such products of persons so engaged.
>
> Such associations and their members may make the necessary contracts and agreements to effect such purposes.

If there ever was the slightest doubt about the complete authority of the farmers to organize and bargain collectively, that doubt has now been entirely removed. (February 11, 1922, CONGRESSIONAL RECORD.)

Mr. Speaker, in conclusion, let me say that I am glad that we live in a Republic where the people are the source of power, and where public officials must account to them for the way they have discharged the duties of their office. Such is my purpose in giving the foregoing brief recital of some of the most important measures which I have worked for and supported since I have been a Member of Congress.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. BURTON].

Mr. BURTON. Mr. Chairman, I do not believe in this specification of the qualifications for members of the Federal Reserve Board at all. When the bill of the monetary commission was under consideration some Member suggested that the Secretary of Agriculture be one of the ex officio members. The suggestion was treated at first as a joke, but we all recognized that agriculture was of such vital importance in this country that it was inserted in the bill as it was originally introduced. It may be very well to give agriculture a member on this board, but what will we have next? We will soon have a demand for representation from the mining interests, and then from the lumber interests, and then perhaps from the labor unions, and next from the women's clubs.

If there is anything that should be left in the bill it is the provision that is left out, that not less than two of the members shall be possessed of experience in banking and finance. The function of this Federal Reserve Board is banking and finance, and there should be men appointed who have had experience in those lines.

I must entirely disagree with some of the things that have been said here to-day as to any responsibility resting on the Federal Reserve Board for the misfortunes which have come upon the country. What ought to have been done, and I assert it with confidence, was immediately after the armistice to increase the rate of discount by the Federal reserve banks so as to put a check upon the inflation that was then in vogue. After the enormous demands of the war had ceased it was inevitable that prices should fall, but instead of that, what happened? By a policy of inflation, by an overdegree of confidence, prices did not reach their peak until April and May of 1920. That was altogether abnormal. I do not believe there should have been any sudden increase after the armistice, but a gradual increase to put the brake on those false hopes which were so deluding men in all branches of industry.

There has been some criticism of Governor Harding. I should regret very much if Mr. Harding should cease to be a member of the Federal Reserve Board. I regret that he has been selected here for objurgation and attack. In good faith and with skill, I think, he has performed the duties of the head of that board. In view of the fact that it is the sentiment of the House that there should be a special representative of agriculture on the board, I shall vote for the eight members as provided by the Senate rather than the seven members provided by the House, so that Governor Harding may be chosen.

We faced a condition when the war came to an end. Inevitably, sooner or later prices must go down. I do not believe there was any discrimination against the agricultural interests of the country. It was true the fall in agricultural products was more rapid, but naturally the banking interests of the country call in their loans where the security is insufficient. If the calamities rested more heavily on agriculture, much as we deplore the fact, it was due to conditions beyond the control of the Federal Reserve Board.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. BURTON. I have not the time. The price of farm products was determined for the most part by the international demand.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. CONNALLY].

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, the gentleman from Ohio [Mr. BURTON] inveighs against that particular language of the bill which directs that the President in making selections for the Federal Reserve Board "shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country."

The particular objection, judging from his remarks, is not against the industrial representation and commercial representation but against the agricultural——

Mr. BURTON. If the gentleman will just yield for a moment, the gentleman misapprehends in regard to that. I think they should have representation by their general qualifications, wiping out those words, industrial, commercial, and all along.

Mr. CONNALLY of Texas. The present law, as I understand it, does specify.

Mr. BURTON. Financial, commercial, and geographic.

Mr. CONNALLY of Texas. Financial and commercial—I grant the gentleman that. The law now provides that he shall consider "financial and commercial" interests, and unless this bill is passed the same conditions will continue. We still have commercial and industrial representation, whereas the gentleman from Ohio believes in wiping out all designations, leaving it to their general qualifications. I will suggest to the gentleman from Ohio that the language of this bill does not compel the President to select members of the Federal Reserve Board from any one particular class of citizens, as does the present law. He will not be as much restricted in his choice as he is restricted by existing law. The present law provides that in making appointments to the Federal Reserve Board he "shall have due regard to a fair representation of the financial and commercial interests and geographical divisions of the country." The pending bill adds "agricultural" to the interests that shall be considered. It is intended to secure a well-balanced board.

The provisions of this bill direct the President in making selections for this board to have due regard for the claims of agriculture, to have a representative on the board who understands and knows something about the demands, the commercial demands, and the financial needs of the agricultural interests. That man may be an agriculturist or he may be a banker; that man may be a business man; that man may be any other citizen provided he knows and understands and is in sympathy with the needs, the commercial needs, of the agricultural interests of this Union. I would remind the gentleman from Ohio that his financial institutions and his commercial

institutions and his industrial institutions that are to be considered for representation on the reserve board will finally fail to prosper and fail to succeed if agriculture does not receive its proper recognition by the financial, commercial, and industrial institutions of this country. If agriculture fails to receive its just reward, its distress and lack of purchasing power will be reflected in business and commerce. Agricultural depression and poor markets for farm products spell poor business for merchants and business men, distress for bankers in the agricultural sections, and general business depression.

Agriculture is the basic industry of the United States. A third of the people are directly engaged in that pursuit. Agricultural products feed and clothe the American people. The interests and needs of agriculture should and must be regarded in connection with the operations of the Federal reserve system. Agricultural credit and currency needs are differentiated from the needs of commercial enterprises, from the needs of industry, and from the needs of finance. Commercial dealings usually only require short-time credits. Whereas agriculture, with only an annual turnover, requires a longer credit period. Mr. Eugene Meyer, jr., managing director of the War Finance Corporation, recently made the statement that agriculture required a credit period of at least nine months. His experience as head of the War Finance Corporation brought him to that conclusion. But for that experience he probably would never have learned that wholesome lesson, though he is a banker and financier of long experience.

AGRICULTURAL REPRESENTATIVE ON FEDERAL RESERVE BOARD.

Mr. Chairman, under this bill the President will be empowered to appoint an additional member of the reserve board, and it is intended that that new member shall have a knowledge of agricultural credit needs, that he shall understand market conditions in the agricultural sections, that he shall bring that knowledge to bear in the discharge of his duties, and that the Federal Reserve Board shall be made a valuable agency to supply credit and currency needs to agricultural interests, in producing crops and in marketing those crops when produced. Another splendid provision of the bill is that prohibiting Federal reserve banks from erecting any building at a cost greater than $250,000 without the consent of Congress having previously been expressly given. This limitation is wise and prevents extravagant expenditures for such purposes.

CONTINUANCE OF WAR FINANCE CORPORATION.

Mr. Chairman, that brings me to the matter of continuing the War Finance Corporation for at least another year. The War Finance Corporation was created to assist in financing the sale of American products at home and in foreign countries. Exporters, bankers, farmers' marketing associations, and selling pools have been able to secure advances from the War Finance Corporation to finance the sale or exportation of farm and other products. Millions of dollars have been advanced to finance the exportation of cotton and wheat. The cattlemen and ranchmen have received material assistance from this agency. Unless continued the law creating the War Finance Corporation will expire on July 1, 1922. The committee has reported a bill continuing its operation until July 1, 1923, and will call up that bill to-day, if it is possible to reach it. I strongly favor the continued existence of the War Finance Corporation, and if the bill is not reached to-day shall urge that it be passed well before July 1. Such action will make possible the continuance of the very helpful and useful functions of that institution especially helpful to agriculture and stock-raising interests.

FREIGHT RATES.

Agriculture and cattle interests have suffered greatly in the past two years. They have suffered not only because of low prices for their products, but they have suffered because of high freight rates—freight rates so high that they were a burden to trade and commerce.

I voted against the Esch-Cummins railroad bill when it was passed by Congress. I spoke against its passage. I pointed out then that its passage would increase freight rates. That forecast came true. Rates were increased after the passage of that bill.

BILL TO REDUCE RATES.

On May 26, 1921, I introduced a bill (H. R. 6642) which, if enacted, would have restored to the Interstate Commerce Commission the power to fix "just, fair, and reasonable" rates, just as that power existed before the passage of the Esch-Cummins bill. Under my bill the guaranty feature of the railroad bill would have been repealed, and the Interstate Commerce Commission would have been empowered to lower all freight rates regardless of the guaranty feature. My bill should have been passed. If it had passed, freight rates could long since have been lowered.

THREE AIDS TO AGRICULTURE AND BUSINESS.

Representation on the Federal Reserve Board, the continuance of the War Finance Corporation, and reduced freight rates are all designed to give agriculture and business in agricultural and stock-raising communities a chance to live, a chance to sell their products at a fair price. I have stood and now stand for all of them. I am gratified that this bill is before us.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEAGALL. I yield the gentleman one additional minute.

Mr. CONNALLY of Texas. And I think that hand in hand with this bill should go the other bill that is to be acted upon this afternoon, continuing the War Finance Corporation for another period. What is the trouble to-day in America? It is not because we have not goods. It is not because we have not hands that are ready to work; it is not because our people are unwilling to apply themselves to industry, but it is because the people of America have no place to profitably sell their goods. The foreign markets have dried up because the foreign purchasers can not pay in gold. A Republican tariff helps to still further destroy foreign markets. The War Finance Corporation can assist in financing exports of cotton and other farm products to foreign countries in the future even more than it has in the past. These measures can and must be made agencies for great good to agriculture and American business. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. WINGO. I yield 10 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman and gentlemen, I want your attention for a minute to what will be the net result if we pass this bill as amended here as proposed to be amended by the Committee on Banking and Currency. It will simply result in inserting in these classes that are to be considered in appointing a member of the Federal board to two words, "financial" and "agricultural," so that the President in appointing will give due consideration to financial, agricultural, commercial, and industrial interests instead of the commercial and industrial, as it is now. Then, after that, to strike out that provision which will make it mandatory to appoint two members who are expert bankers and financiers. That is all it amounts to if we pass it as amended and, as proposed, I would say from my standpoint it is not worth a cent. What is the use in telling the President that he must consider agriculture? Does not everybody know that the President considers agriculture and every great interest anyway? You do not give him another member whereby he can put an agricultural-minded man on the board. That is what we want done, and it will take away the power immediately to do that. Now, I want to call attention to what the Secretary of Agriculture says about that, and the gentleman from Pennsylvania said the Secretary of Agriculture intimated that it might be very agreeable for him to go on this board. I think the gentleman is mistaken, and that he will not find anything of that kind in the hearings.

Speaking to the general proposition of increasing the membership of the board—

Says Secretary Wallace—

I think it is quite true, as has been said here, that, if you are thinking of a purely administrative body, the larger the body very often the more difficult to administer the affairs of the organization. I have not thought of the Federal Reserve Board as a purely administrative body, but as an institution which determines the general financial and credit policies of the country, and from that standpoint I am not able to agree with the suggestion that a larger membership would be inadvisable.

That is what the Secretary of Agriculture says about it, and he is a man who has a broader conception of the problems of the agricultural interests of this country than any man in this Government since I have been in Washington in any official position. [Applause.]

And in reply to the suggestion of the gentleman from Pennsylvania that possibly Mr. Wallace would like to go on this board, I will say that if this bill is passed, and he is put on this board, I will take off my hat to him and to the President both, because I think he would make a good addition to the board. There is no question of the benefit of it, and it ought to be adopted in such form that the President can do something for that industry.

He says:

On the contrary, it seems to me that the membership of the board, which in time, if not now, will, through the exercise of its administration of the great credit machinery of the country, have a direct influence upon prices and upon business in general should be a cross section of our industrial life, including agriculture—I am not using the words "industrial life" in a restrictive sense. Such a board might well represent a cross section of the entire business life of the Nation.

And I agree with the Secretary of Agriculture, and I think the House ought to reject the amendment offered by the Banking and Currency Committee of this House and adopt the bill as it came from the Senate and give the President an opportunity now to answer the call of the farmers' organizations of this country and give them an agriculturally minded man, and not in months hereafter, and let him begin to function.

Now, Mr. Chairman, there is another feature of this bill that I want to say just one word about. There is a provision that prohibits any Federal reserve bank from spending over $250,000 for building a house in which to operate without the consent of Congress. The committee saw fit to strike that out. I am opposed to that. The committee before struck out an amendment making the limit $500,000, and I say that is enough for the Federal Reserve Board or any Federal reserve bank to spend without having the consent of Congress.

I am opposed to that amendment and I hope the amendment will be rejected. It is said that this is not our money, but that it is the money of the banks. Let us see about that. Let us look just a minute at the seventh section of the Federal reserve act. When the Federal reserve banks are wound up all the surplus that they are putting into these buildings will belong to the Government of the United States, and all the surplus they have over and above what it takes to pay back the face value of the stock goes into the Treasury of the United States. In section 7 it says:

> Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock shall be paid to and become the property of the United States and shall be similarly applied.

In the report in this bill it is contended that the surplus that the banks are expending on these enormously expensive buildings—$20,000,000 in New York—belongs to the banks and stockholders. I say it does not, because all that they are entitled to is the 6 per cent dividend, and after their liquidation all the surplus of the stock and surplus earnings belong to the Government of the United States; and we ought to put a string on it and stop the extravagance that makes the people cry out to high heaven about the buildings that are constructed and have been constructed by the Federal reserve banks in this country.

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. STEVENSON. I will.

Mr. ANDREWS of Nebraska. Unless the string is made secure, would not these banks be able to utilize the credit of the Government of the United States for individual profit?

Mr. STEVENSON. There is no doubt about that. They can take the money that belongs to the United States and invest it in property that will not be salable when we come to wind up, if we ever wind up, and it is the money of the United States, and we have no right to sit down and allow this extravagance, that has gone on for the last year or two in constructing buildings and purchasing expensive plants, to go on unchecked, and say Congress will not care for any of those things, like a man in the Scripture when they beat somebody in front of the judgment seat.

Mr. KING. Is it not a fact that they have ordered all of these buildings except one?

Mr. STEVENSON. Yes; but they have established all the branches all over this country and have not yet begun the building.

Mr. KING. And they did that to get ahead of this legislation?

Mr. STEVENSON. Yes, sir. They have undertaken to forestall legislation, and all the parent banks are now provided for by contract, except one in St. Louis, and we will certainly deal squarely with St. Louis when we come to it, but Congress should assert its right and say, "We will let you have a building, all right, but we propose to say that you will not get more than you are entitled to and bring about such criticism of the Federal reserve system as may wreck it in the minds of the people and wreck it as a political institution in the near future."

Now, Mr. Chairman, as to the balance of the bill, there is absolutely nothing to it if you adopt the amendments that have been proposed by the Banking and Currency Committee and that were put through that committee by a bare majority of the committee. You might just as well write "finis" across it and throw it in the wastebasket. It is not worth a cent to anybody or to the country, and will be a bagatelle and an insult to the farmers who have asked to be represented on that board. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFADDEN. Mr. Chairman, I yield eight minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Chairman and gentlemen of the committee, this bill and the one reviving the War Finance Corporation are the two bills now pending before the Congress in which the farmers of the country are most interested. Whether it is admitted that the agricultural interests were deflated in 1920 or not, the farmers of this country believe that they were, and started an investigation to see why it was that their appeals for credit were refused. They discovered that they had no representation on the Federal Reserve Board, and looking into the law they found the act creating the board directed the President to take into consideration the "commercial and industrial interests," but said nothing of the agricultural interests. And so they came to Congress and asked that the agricultural interests of the country be included among those interests to which the attention of the President was directed in the appointment of this board. When they fully considered the matter they found that if they were to have a member appointed upon the board at this time they must increase the membership, otherwise they would be compelled to wait until the expiration of the term of some present member. So the agricultural representatives in the Senate, after a conference at the White House, wrote this bill, in which the members of the Federal Reserve Board were increased to six, and in which agriculture was listed as one of the industries in this country that should be taken into consideration by the President in the appointment of the board. The bill was passed by the Senate and came to the Banking and Currency Committee of the House, where it was bitterly attacked, and the friends of agriculture on the committee had to submit to amendments against increasing the board in order to get the bill out of the committee. Now we are asking that the House defeat the committee amendments and pass the bill as it came from the Senate, which will increase by one the members of the board.

I want to say to the members of this committee that if you do not increase the membership of this board you might as well not pass this bill. If you want to make the farmers wait until the expiration of the term of some member of the board for the President to give agriculture representation on the Federal Reserve Board, leave the law as it is. But if you want to give that representation to the agricultural interests of the country now, you must defeat the committee amendments and increase the membership of the board.

I can say to the membership of this House that if this bill is passed as it came from the Senate I know that the President will appoint a man who is in sympathy with agriculture in this country to the Federal Reserve Board. Now, if you will refer to the hearings had before the committee on the bill you will find that Secretary Mellon is not in favor of increasing the board nor is he in favor of the bill. You will find that Governor Harding of the Federal Reserve Board is not in favor of it.

Mr. BURTON. Mr. Chairman, will the gentleman submit to an interruption there?

Mr. STRONG of Kansas. Yes.

Mr. BURTON. I myself am in favor of increasing the number, but the main argument with them is that the number should be an odd number.

Mr. STRONG of Kansas. Yes; but who ever heard of the Federal Reserve Board locking horns on any question before them? They are all bankers. They know how they want to operate the financial affairs of this country. No one ever heard of their coming to a deadlock on that.

The Merchants' Association of New York wrote to the chairman of the Committee on Banking and Currency on February 11, 1922, and inclosed their resolutions on this subject, and this is what they say:

> The Merchants' Association of New York views with regret and grave concern the action of the United States Senate in passing a bill enlarging the membership of the Federal Reserve Board for the purpose of adding to it a member representing the agricultural interests.

It is the same with respect to the Pennsylvania Bankers' Association, who, on January 16 of this year, wrote to Mr. McFADDEN, the chairman of the Committee on Banking and Currency, in part, as follows:

> In the name of the Pennsylvania Bankers' Association I hereby express unreserved disapproval of the pending bills requiring the appointment of a representative of the agricultural interests on the Federal Reserve Board and appeal to you to use your influence to defeat the proposed legislation.

It is the same with the Association of Credit Men, of Toledo, Ohio. On January 19, 1922, they state:

> DEAR SIR: It has come to our attention that a bill has been presented to the Senate and passed by them making it obligatory for the President to appoint a farmer as a member of the Federal Reserve Board.
>
> The Toledo Association of Credit Men, numbering 300 wholesalers, bankers, and manufacturers, and being one of 134 similar organizations in the United States, believe it would be unwise to have any particular group or class of people represented on the board.

Of course the bankers do not want a representative of agriculture on the Federal Reserve Board. Why? Is it possible

that with the Federal Reserve Board composed of five bankers, and the Secretary of the Treasury and the Comptroller of the Currency also bankers, they will be terror-stricken because one man goes on that board favoring the interests of agriculture?

Now, let us see what the farmers of the country say about it. Gray Silver, representing the American Farm Bureau, is in favor of the bill as it came from the Senate. Mr. Barrett, president of the Farmers' Union of America, is in favor of it. Mr. Atkeson, of the National Grange, is in favor of it. And what does Secretary of Agriculture Wallace say? This is what he said before our committee:

> Speaking to the general proposition of increasing the membership of the board, I think it is quite true, as has been said here, that if you are thinking of a purely administrative body, the larger the body, very often the more difficult to administer efficiently the affairs of the organization.
>
> I have not thought of the Federal Reserve Board as a purely administrative body, but rather as an institution which determines the general financial and credit policies of the country, and from that standpoint I am not able to agree with the suggestion that a larger membership would be inadvisable. On the contrary, it seems to me that the membership of a board which in time, if not now, will, through the exercise of its administration of the great credit machinery of the country, have a very direct influence upon prices and upon business in general should be a cross section of our industrial life, including agriculture—I am not using the words "industrial life" in a restrictive sense. Such a board might well represent a cross section of the entire business life of the Nation. I am not able to see the force in an objection to the increase of the membership of that board either from four to six or to any other number. It is highly desirable that the membership should be sufficiently large to bring into the councils of that board a direct personal knowledge of the business and industries in which the people in the various sections of this country are engaged.
>
> I make a distinction between a board whose chief business it is to determine policies and a board whose chief business it is to carry on the purely administrative affairs of an institution. In the one case, the larger the board the more difficult to administer the business; in the other case, the larger the board, within reasonable limits, the wiser the conclusions that board will reach.
>
> Now, for my part, I see not only no objection to increasing the membership but I can see very decided advantages in doing so, and no disadvantages in increasing that membership within reasonable limits.
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> * * * * * * *
>
> Let me give you a homely illustration of the need of having various sections represented on this board and the various industries. Take the case, for example, the general policy of extending credit on grains and live stock. Take the case of corn and cattle. In the corn belt a large surplus of corn is produced, and a large part of that is fed to cattle or hogs, say 35 to 50 per cent to hogs. You can imagine this situation, where a policy might be determined which would restrict loans on corn and give very liberal loans on live stock to which the corn naturally would be fed. What would be the result? You would put up the price of feeding cattle and feeding hogs and you would lower the price of corn.
>
> That is not a matter of simply making the loan; it is a general policy which might be pursued, and that same thing applies to business throughout the country. It is in the power of this board—I am not talking now of anything that has been done in the past—to so administer the credit machinery of the Nation as to increase or decrease prices in a very large way between industries or as between other activities. For that reason it seems to me highly desirable that the various larger activities of this country should be represented on the board. Agriculture should be represented, not necessarily by a man who comes from the farm but by a man who is agriculturally minded, who understands and is appreciative of agricultural conditions, and at the same time has real training as a banker. It is absurd to suggest that a man who does not understand general financial matters should be made a member of this board. I do not think that anybody has suggested it, and yet some criticisms that have been made seem to assume that the thought is to go into the field and take a man who knows nothing of banking and finance and credits and make him a member of this board. Such criticisms are unfair. It is important that there should be on this board some men who are agriculturally minded, who appreciate the effect upon agriculture and upon prices of certain large policies in administering our great credit machinery.
>
> And the same thing is true of other industries. As I said to begin with, I think the membership of this board should be a fair cross section of the business, industrial, and agricultural life of the Nation, to the end that the general policies which influence prices, which influence the welfare of these various interests shall be fair, intelligent policies. You have got to go further and you have got to consider our relations with other nations in the administration of our credit machinery and their effect on the industries of all of this country.
>
> So that, Mr. Chairman, as I say, I can see no objection to the necessary increase in the membership of the board, and I think it is highly desirable that inasmuch as the law already provides for representation—industrial and commercial—you should add agriculture, which certainly is the fundamental industry of this country, no matter how we may dispute as to the actual number of dollars produced. Surely all must agree that in considering the financial, industrial, and commercial interests of the country agriculture also should be included.

Now, gentlemen——

Mr. MOORE of Virginia. Mr. Chairman, may I ask the gentleman a question?

Mr. STRONG of Kansas. Certainly.

Mr. MOORE of Virginia. If the bill as reported here with the amendments made by the committee passes the House and the Senate, leaving the number of the members of the board just as at present, there would be no opportunity, as I understand, for the appointment of an agricultural representative at this time?

Mr. STRONG of Kansas. No; and there would be no use in passing the bill.

Mr. MOORE of Virginia. There would be no opportunity to appoint such a representative until next August, and should no such appointment be made then, there would be no opportunity for such an appointment until two years thereafter?

Mr. STRONG of Kansas. That is correct; but if you want to pass the bill as the farmers are asking for it, vote down the committee amendments and pass it as it came from the Senate. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from New Jersey [Mr. APPLEBY].

The CHAIRMAN. The gentleman from New Jersey is recognized for two minutes.

Mr. APPLEBY. Mr. Chairman, as a member of the Banking and Currency Committee I had the pleasure of listening to the arguments for and against this important measure. Strong arguments were presented for as well as against the bill now before us. In listening to the many reasons presented why the bill should or should not be enacted into law, I reached the conclusion that the agricultural interests of this country should be represented on this important board. The majority of the members of the committee were of the same opinion, and, consequently, the committee, after mature deliberation, reported favorably the measure now before us. In part the bill reads:

> In selecting the appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard for a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country.

We all agree that the agricultural interests are vast and are among the most important in the country. I agree with Secretary Wallace that an agricultural-minded man will be a great asset to this board. From my own experience and observations I know a number of farmers who are valuable directors of banks. They are uniformly deliberate and fair-minded men. Agriculturists connected with banks in various parts of the country who have appeared before our committee have impressed me with the thought that these so-called "country bankers" are extremely competent to serve on the Federal Reserve Board. Gentlemen, I thank you for the few minutes allotted me on this important subject. [Applause.]

Mr. WINGO. Mr. Chairman, I yield the remainder of my time to the gentleman from Alabama [Mr. STEAGALL].

The CHAIRMAN. The gentleman from Alabama is recognized for 14 minutes.

Mr. STEAGALL. Mr. Chairman, no one appreciates our great Federal reserve system more than I do. Under its operation the legitimate business interests of the country experienced for the first time their liberation from the little coterie of financiers who for many years controlled the supply of credit, dictated prices, and held the business interests of the country practically in their power. Under the new system the Nation enjoyed a prosperity unparalleled in our history. The producing masses of the South and West were given a decent chance and enjoyed a progress and prosperity unknown before. I think it is agreed on all hands that the Federal reserve system alone made it possible for our Government to play its part in financing and winning the great World War. Under this system the masses of our people will recover from the shock of the great storm that shook the foundations of the world and get on their feet again. I do not say for a moment that the Federal Reserve Board has made no mistakes. I think they have, and I have not hesitated to criticize them when I thought so. I have sought in an humble way, whenever I have had opportunity, to aid in correcting mistakes and by constructive methods to cure any errors which have crept into the system. No thoughtful man could have expected that all mistakes could have been avoided even in normal times. Surely conditions during and subsequent to the war embodied difficulties which could not be handled without mistakes. Such was true of bankers in general and of all pursuits having place in our national life.

The Federal reserve system needs constructive, helpful criticism. I have supported every amendment to the law which I regarded as helpful. I have supported every change proposed by which its provisions could be safely liberalized. I expect to continue to do so. I voted to report the bill now before us. I hope it will pass, though I do not regard it as of great importance. The bill, even as it passed the Senate, does not mean a great deal. It does not mean anything as now presented by the committee. [Applause.]

The original act provided that in appointing members of the Federal Reserve Board due regard should be paid to the commercial, industrial, and financial interests of the country. I do not suppose it was thought that any man who would ever serve this great agricultural Nation as President would be unmindful

of our agricultural interests. But during the disturbed conditions in the agricultural sections of the country in recent months and since certain criticism against the Federal Reserve Board in this connection, it has been pointed out that the original act specifically designated the commercial, industrial, and financial interests of the country for consideration in the selection of members of the Federal Reserve Board without mentioning agricultural interests. Since this discussion and in view of the apparent discrimination shown by the letter of the law, it has been insisted that the act should be amended so as to name agricultural interests. Possibly to do so may tend to relieve the feeling which exists to the effect that agriculture has not been treated fairly. I am perfectly willing to amend the act so as particularly to mention agriculture, and to treat it as deserving the same consideration as commerce, industry, and finance. But the amendment may mean something or it may not. After all, it leaves us right where we were when we started.

The whole thing will still be in the hands of the President as regards the appointment of members of the Federal Reserve Board. If he desires that a man agriculturally minded, or who has the viewpoint of one identified with agriculture, be appointed, the President will have all that great class of our population from whom to select a new member of the board, but this will give only one appointee out of a board of seven or eight members. So, if we are to proceed upon the idea that this one member of the board is the only one who has due regard for the agricultural interests of the country, what would be accomplished? One vote would not control the entire board. But some benefit may come from having a man on the board who will approach questions from the viewpoint of agriculture; and since the question has been raised, I think it well enough to amend the law for this purpose. It may result in some good.

The Senate had in mind a plan to add a member to the board, which it was expected would result in the selection by the President of an appointee peculiarly in touch with the needs of agriculture, and whose appointment would be acceptable to the farmers of the country. If the Senate bill is accepted, the President will be free to appoint such a man without disturbing the board as at present constituted. Therefore, if we are going to pass the bill at all, we should take it as it came from the Senate.

The committee has also amended the Senate bill by striking out the provision which limits the amount to be expended for the construction of buildings for Federal reserve banks.

I think it was a mistake to expend the large sums which have been spent and contracted for in the erection of buildings for Federal reserve banks. For this reason I hope that the Senate provision will be adopted, which makes it necessary that we vote down the committee amendment striking out this provision. But only one of the Federal reserve banks will be affected by this provision, and I take it that that bank will have taken necessary steps to construct a building satisfactory to the officers of the bank before this act will become a law. However, the legislation will serve to prevent extravagant expenditures for branch buildings in the future. But, gentlemen, when we get through with all this, no man will contend that the Federal reserve system has been changed in such substantial way as to meet the requirements of agriculture. Everybody who has given study to the question recognizes that the farmer needs a longer-term credit in financing yearly crops and raising live stock than is to be afforded by deposit banks. So I venture to say that Congress might employ its time with more benefit to the farmers of the country in amending the Federal reserve act in some of its essentials, so that agricultural paper might be given more advantageous rediscount privileges, or by establishing some new credit agency, really adapted to the needs of our farmers. In the presence of such a necessity, the efforts devoted to the bill before us are almost as so much idle talk.

While we are engaged in consideration of this bill the farm loan act is in need of amendment to make that legislation responsive to the requirements of agriculture. The farm loan act is the greatest piece of legislation ever passed, specifically for the benefit of the farmer. Yet we have allowed that great system to be choked down for many months and to drag along in a half-handed way, unable to take care of the demands for loans. When the act was sustained by the Supreme Court the friends of the farm loan system, recognizing the peculiar need for the kind of credit which the system was intended to afford, undertook to secure the passage of a bill authorizing the Secretary of the Treasury to carry deposits with the land banks to the extent of $50,000,000 to furnish sufficient capital or turnover to enable the banks to market their bonds and resume business upon a scale commensurate with the demands upon the banks. Some of us wanted to offer greater relief, but we were unable to bring a majority of the Committee on Banking and Currency to our way of thinking. Finally we succeeded in reaching an agreement to report a bill authorizing the Secretary of the Treasury to deposit funds with the land banks to the extent of $50,000,000. We instructed the chairman to ask for a special rule for the consideration of the bill. After the matter drifted for about 10 days the chairman of the committee called the Banking and Currency Committee together again and insisted that after advising with others it had been decided that the amount carried in the bill should be reduced to $25,000,000. This was done against the insistence of every member of the minority on the committee. The bill was reported and passed accordingly.

Some of us carried the fight to the floor of the House and insisted on increasing the amount of relief to be afforded the land banks; but we were defeated. Since then the land banks have been dragging along, unable to meeet the demands upon them. In the meantime Congress has been passing other legislation designed to afford better credit facilities to the farmer. Some of the land banks have been refusing to receive applications for loans or to furnish blanks to applicants. It is deplorable that this great agency of credit, which has been upheld by the highest court in the land, which is the safest and most practicable method yet found for furnishing credit to the farmer upon reasonable terms and interest rates, and to which we are permanently committed, should not have been utilized to afford effective relief during the last year and a half.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. STEAGALL. I have not sufficient time. I am sorry. I do not hesitate to say that our time could have been devoted with better results in effort to put the farm loan banks of the country in condition to do business than in splitting hairs over amendments to the Federal reserve act which carry little or no practical results.

There is another point, Mr. Chairman, at which the farmer needs relief and is not getting it. The railroads of the country are levying rates upon the agricultural products of the Nation that are absolutely destructive of prosperity and in many instances positively prohibitive.

The products of the farmer are rotting at his door because he has no way of transporting them to the centers of consumption. If we were to take the gold and supply it free to the farmers of my State and to the banks there with which to pay every dollar they owe and give them enough to finance a new crop the relief would not last unless there were coupled with it a reduction in transportation charges. There can be no real prosperity for the farmer until he is relieved of the unjustifiable transportation rates imposed by the railroads. But a new light has dawned and a new hope has arisen! We learn through the press that the President has appealed to the generosity of the railroads! What a confession of impotency and helplessness! It is a serious indictment against this administration that no relief has been obtained save such as the railroads have voluntarily put into effect. Maybe the President was somewhat justified in the conclusion that he should throw himself upon the generosity of the railroad owners!

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. STEAGALL. I have not the time. I call attention to another thing which the farmers of the country desire and which has not been done. They have been speaking through their organizations as with one voice for the development of the great property at Muscle Shoals on the Tennessee River and urging that its development be turned over to that great genius, Henry Ford, the master mind of the modern industrial world, that the great power and machinery wasting there might be utilized in benefit to agriculture, which would extend to all classes and all sections of the Union.

The property stands idle. An investment of the Government, amounting to about $100,000,000, lies unused, while the Government spends about $500,000 yearly in protecting that investment. The Ford offer was submitted last summer. It slept down in the office of the Secretary of War until some time in February or March of this year. Since then all time has been devoted to holding hearings and taking testimony from special interests that are opposed to the successful development of this great property. Thomas A. Edison, the greatest scientist on earth, has indorsed the Ford proposition and says this property can be developed to furnish the farmers of the country fertilizers of a better quality and at a lower price. Not only have we failed to take advantage of this offer without delay but even while this opportunity is before us unimproved, we are about to levy an enormous tariff of $50 a ton on potash used by farmers of the country as fertilizer. [Applause.] Farmers of the United States use about one-quarter of a million tons of

potash. About one-fifth of this amount is produced in the United States. A few men with just a few millions invested, and who made back over and over again in profit from the Government during the war every dollar invested by them, are demanding this tribute and placing this indefensible burden on the farmers of the country at this time when they are entitled as never before to at least a just, if not a generous, policy on the part of the Government.

Ah, gentlemen, there are measures of concern to farmers more important than merely writing into the Federal reserve act a provision directing the President's exercise of discretion in appointing members of the Federal Reserve Board. Let us show our interests in the farmers of the country in dealing with these substantial measures, which afford opportunity for substantial service, and which they can recognize and put their hands on. I hope this Congress will take up and accomplish the larger and better tasks. [Applause.]

Mr. McFADDEN. Mr. Chairman, I call attention to the fact that the railroad rates which the gentleman has referred to were levied by the Interstate Commerce Commission appointed by a previous administration. [Applause.] Mr. Chairman, I am not willing to agree to some of the statements made here to-day in criticism of the Federal Reserve Board. I think the Federal Reserve Board and the administration of the system under Governor Harding has been a great success. If I was at all afraid that the President of the United States would not reappoint Governor Harding on the board, and by increasing the membership of the board to eight he would reappoint him, I certainly would vote for the amendment as proposed here to-day. I believe that Governor Harding's administration of the board has been a most excellent one, and when we stop to consider the great responsibilities and duties that were placed on the board during the period of great stress we can only pick out one or two things subject to criticism. That system has carried the country over a very trying period. The proposition to amend the act was largely aimed at Governor Harding. The proposal in the other body of this Congress was aimed directly at him, and one Senator offered an amendment providing that the next appointed member should be an agriculturist for the sole purpose of keeping Governor Harding off the board. I say that his record deserves consideration by Congress and the people of this country, and I hope the President of the United States, in his wisdom, will recognize the great work that he has done. The financial people of the country are recognizing it, and so are the agriculturists, just now as we are getting away from the immediate stress so that they can get a clearer view of what happened, and I want to have read a resolution adopted by a group of Iowa bankers at a recent meeting at Council Bluffs, Iowa.

The Clerk read as follows:

Resolutions adopted by a group of Iowa bankers at a recent meeting at Council Bluffs, Iowa.

The Federal reserve system has made a splendid record for service during the war and since the armistice and is entitled to the indorsement of the people. Because of that service, unquestionably hundreds of banks and business houses had been saved from failure and thousands of individuals saved from bankruptcy during the business cycle of expansion, extravagance and speculation, deflation and inflation, which was the inevitable aftermath of war.

It would be too much to expect that a financial institution developing from a beginning to such large proportions in a period of seven years would be a perfect machine. Constructive and intelligent criticism should always be welcomed. In any changes, however, which may be made in the workings of that system it should be remembered that its chief function is to hold the reserves that are carried against the deposits in our commercial banks, and that the safety of these deposits requires that all investments made from such reserves should be of a short and liquid character.

We especially deprecate the efforts from some sources to bring this institution and its management into the contentions of politics and deplore the uninformed criticisms of this institution and misrepresentations which attempt to hold it responsible for everybody's misfortunes, the greater number of which have grown out of the natural and inevitable working of laws of supply and demand, both at home and abroad.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 10 of the Federal reserve act, approved December 23, 1913, is amended to read as follows:

SEC. 10. A Federal Reserve Board is hereby created which shall consist of eight members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and six members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the six appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country. The six members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of $12,000, payable monthly, together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of $7,000 annually for his services as a member of said board.

The Secretary of the Treasury and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank. The appointive members of the Federal Reserve Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. Of the six members thus appointed by the President, one shall be designated by the President to serve for two, one for four, one for six, one for eight, and the balance of the members for 10 years, and thereafter each member so appointed shall serve for a term of 10 years, unless sooner removed for cause by the President. Of the six persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within 15 days after notice of appointment make and subscribe to the oath of office.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The first meeting of the Federal Reserve Board shall be held in Washington, D. C., as soon as may be after the passage of this act, at a date to be fixed by the reserve bank organization committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank, nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the six members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate by granting commissions which shall expire 30 days after the next session of the Senate convenes.

Nothing in this act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section 324 of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

No Federal reserve bank shall have authority hereafter to enter into any contract or contracts for the erection of any building of any kind or character, or to authorize the erection of any building, in excess of $250,000, without the consent of Congress having previously been given therefor in express terms: *Provided*, That nothing herein shall apply to any building now under construction.

The Clerk read the following committee amendment:

Page 1, line 6, strike out the word "eight" and insert the word "seven."

Mr. WINGO. Mr. Chairman, as I understand, we are to vote on each committee amendment separately, so there is no need of reporting them all at once.

The CHAIRMAN. The amendments will be acted upon as they are read.

Mr. WINGO. Mr. Chairman, other Members have called attention to what is back of this amendment. The bill as it passed the Senate amended the law so that there would be six appointive members, and that would mean an additional member. The committee amendment simply kills that amendment to the law as made by the Senate; and if you adopt the committee amendment you leave the law as it stands, with five appointive members on the board. There is no use dodging the purpose. The bill has been heralded over the country as a proposal to give the farmers a representation on the Federal Reserve Board. It has been openly stated in the Senate, it has been openly stated upon the highest authority in the newspapers, that the President has promised that if you would give an additional member he would appoint a "dirt farmer" as a member of the Federal Reserve Board. Ordinarily this side of the House takes the position that it would oppose any increase in the number of offices which the opposite party could fill by one of its own members. But this goes beyond that question; and we Democrats have taken the position that we are perfectly willing to enlarge the board, to give the Republican President the power to fill another important position, because we believe

that it will have a fine effect if he selects as a member of that board a representative of agriculture.

Gentlemen may say that it will not amount to anything, assuming that the farm member would be outvoted; but, gentlemen, if you make it possible for the President to appoint a representative of agriculture on that board it will have a fine effect on agriculture and upon the mind of the American farmer, and for that reason I think it will be worth the additional burden by putting on an additional member of the board, for in the last analysis the expense does not come out of the Treasury of the United States but out of the banks themselves. That is all there is involved in it; and if you really and sincerely want to have agriculture represented on the Federal Reserve Board, if you want to give the President an opportunity to carry out what you have heralded as his intention, give the President the opportunity to appoint as an additional member a dirt farmer, you will vote down the committee amendment. We Democrats are united in favor of giving agriculture a representative on the Federal Reserve Board; and if enough Republicans will join us and vote down the committee amendment, the President then will have the opportunity to do as he has promised and make such appointment.

Mr. TINCHER. Mr. Chairman, ordinarily I do not agree with the sentiment of criticizing public officials on the floor of the House, and I do not think criticism should ever be indulged in unless the person indulging in the criticism is somewhat familiar with the situation and is willing to be specific in respect to the facts. I would like to be able to agree with the distinguished gentleman from Ohio [Mr. BURTON], for whose opinion ordinarily, unless absolutely informed otherwise, I have the highest regard, but I hope, Mr. Chairman, that we have not forgotten that the policy advocated by the distinguished gentleman from Ohio in respect to deflation after the war was not carried out by the Federal Reserve Board. Instead, what did they do? They came to the House of Representatives and asked us for an amendment to the Federal reserve act permitting them to put in effect what they called a graduated scale of interest charges for the purpose of reconstruction after the war. I had the pleasure of opposing that on the floor of the House. What was the result of it? They started their deflation under the leadership of this man, Governor Harding, and they charged the member banks of my section of the country, who were loaning for agricultural purposes alone, as high as 60 per cent interest on the money, thus insuring to the country that they would destroy agriculture or have deflation, while at the same time in New York the Federal reserve bank was furnishing money for industry at 6 per cent.

Mr. Chairman, I want to say that that discrimination against the basic industry of this Nation is unpardonable and will go down in history as the crowning infamy to destroy the present leader of the Federal Reserve Board. If President Warren G. Harding wants to send to the people of my section of the country a message that he has no regard for their rights and acts at the suggestion of some clique of eastern bankers, he will reappoint Mr. Harding of the Federal Reserve Board, but if he wants the agricultural interests of the country to understand that they have a friend in the White House, he will never make that reappointment. [Applause.]

Mr. Chairman, I am for the Senate bill. There will be but one vacancy, and that is to come in August. The horrible example of what the Federal Reserve Board without a man on it interested in agriculture has done for agriculture should make the American Congress willing to act, not to-morrow, but to-day, and we should give President Warren G. Harding an opportunity to put upon that board a representative of the basic industry of the country, and not wait 24 hours to do it. [Applause.] I hope, Mr. Chairman, that every amendment suggested by the committee to the Senate bill will be voted down. [Continued applause.]

Mr. LUCE. It is unfortunate that gentlemen from Kansas should get their wires crossed. If they would have more consultation with each other they might avoid such unfortunate declarations as that to which we have just listened. There is another gentleman from Kansas, he whom the newspapers have freely announced in late months as the chairman of the so-called agricultural bloc. I have already referred this afternoon to the report of the Commission of Agricultural Inquiry. Of this commission the chairman of the so-called agricultural bloc was a member. The report of this commission was unanimous except that in one particular the gentleman from New York [Mr. MILLS] differed from his associates. This commission, including the gentleman from Kansas, who is the chairman of the agricultural bloc, said that its only criticism of the policy of the Federal Reserve Board was not that it did not deflate but that it did not begin the deflation quick enough. Gentlemen may go and look for themselves and see how far apart these spokesmen for Kansas stand in their verdict on this question. I appeal from the gentleman in front of me to the chairman of the agricultural bloc and the report in which he says the only fault he finds with the board is that it did not begin the deflation quick enough.

As to the governor of the Federal Reserve Board, I stand with the chairman and with nearly every member of the Committee on Banking and Currency. That committee has had the opportunity to watch at close range the course of the Federal Reserve Board. As a result, its members, regardless of party, are almost a unit in believing that the best interests of the country call for the continuance of Governor Harding in his position. Reappointment should come to him as a reward for work wonderfully done. It should be given to him in resentment of the slanders and the libels that unjust critics have showered on his efforts. I join with those who call for his reappointment in order to vindicate him and to vindicate his board, so that the administration may tell the country it will pay no heed to all this unwarranted abuse.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I have only five minutes.

Mr. TINCHER. I was specific in the facts. Will the gentleman deny anything I said that that board did? Did they not go and lobby for this bill? Did they not go to Kansas City and put in that rate? Did they not charge the member banks of my section of the country as high as 60 per cent and force them to sell their agricultural products while the rate in New York was but 6 per cent?

Mr. LUCE. Oh, I merely asked the gentleman to get together with the other gentleman from Kansas, the chairman of the agricultural bloc.

Mr. TINCHER. Perhaps the gentleman will be surprised that I do not happen to know what was in some report, but I ask him not to think for a minute that we are not together. Do not get that into your head.

Mr. LUCE. For one other purpose I want to enter an appeal. This time it is from my Democratic friends who have to-day spoken on this floor to another Democrat, a Senator, who in one of the most remarkable addresses ever delivered in either branch of Congress, an address conspicuous for its oratorical excellence, for its ample and exact statement of facts, for its power and force, defended the Federal Reserve Board. That address did high credit to his party as well as to himself. I appeal from those of his partisans who have spoken here to-day to the man who perhaps more than any other one man was responsible for giving the Federal Reserve System the form it took. For adequate defense against the aspersions that to-day have been cast on it once more, I refer you to the unanswerable argument of the Senator from Virginia.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McFADDEN. Mr. Chairman, in support of the amendment I take this opportunity to make a brief statement in regard to the deflation policy of the Federal Reserve Board, referred to by the gentleman from Kansas [Mr. TINCHER]. If the gentleman will go to the records of the Federal Reserve Board, he will find that the Federal Reserve Board went on record officially in regard to deflation a year before deflation took place. The facts are that the domination of the Secretary of the Treasury at that time prohibited putting into operation what would have been an orderly deflation.

Had the then Federal Reserve Board had their way at that time in 1918 and 1919, and had they been permitted to announce to the country a year before they did their deflation policies, there would have been an orderly deflation and the men who were engaged in production should not have been permitted to go ahead and produce the great quantity of foodstuffs which they did, and which afterwards they had to suffer a loss by the sudden deflation due to the fear of the Treasury. I think it is only fair to put this blame where it belongs in regard to the question which has just been raised and stop blaming the Federal Reserve Board. The deflation was world-wide, and the records prove the fact——

Mr. STEVENSON. Will the gentleman yield for just one question?

Mr. McFADDEN. I will.

Mr. STEVENSON. Was not that policy necessitated by the fact that we had to sell $5,000,000,000 of Victory loans, and if they were deflated we could not possibly sell them?

Mr. McFADDEN. That, I believe, was the theory advanced by the Secretary of the Treasury at that time, although I believe this, that if the Secretary of the Treasury had appealed to public-spirited citizens and acted wisely, he could have sold the bonds; the people would have bought; then these people

would have supported the Treasury if the facts were made known to them. The public never refused to buy the Government's issues of bonds.

Mr. HOCH. And having permitted the policy of inflation to continue for such a long period, does the gentleman think it was wise or proper to begin such a drastic deflation policy?

Mr. McFADDEN. I am not in favor of a drastic deflation policy any more than any other gentlemen. It is a very unfortunate affair, but it is due to the fact that we had to make a sudden beginning, this wild extravagance had to stop some time, and we had to begin somewhere. If the Federal Reserve Board had not been interfered with by the Treasury, we would not have had this serious time of deflation—nothing could stop it at that late date.

Mr. KING. What year was the Victory loan placed?

Mr. McFADDEN. 1918.

Mr. WINGO. I gather from my friend's statement he agrees with this so-called joint committee inquiry report referred to, and is of the opinion that the farmer was skinned just a year too late.

Mr. McFADDEN. I do not agree with the gentleman's words in that respect at all. No one was out to skin the farmer at all. It was a condition no one could help.

Mr. WINGO. What else was to be expected but what has developed?

Mr. McFADDEN. If the farmer and all others had been advised a year or two before what the action of the Federal Reserve Board desired, the farmer would not have planted such large crops and would have marketed his crops already on hand at good prices, but the Secretary would not let the warning go out.

Mr. WINGO. That would be very delightful, to tell the farmer to let his soil lie out. That is the trouble with you gentlemen, you do not know anything about agriculture.

Mr. MORGAN. Will the gentleman yield? In view of the fact that the gentleman has made a study of finance and the deflation policies of the Federal Reserve Board, will the gentleman explain to the committee just what element was responsible for the discrimination in the production of crops resulting in a serious depression of agriculture but maintaining industrial interests to the extent of $30,000,000,000 artificially where agriculture was deflated to below normal?

Mr. McFADDEN. I can not subscribe to that. The statement of the actual figures and the actual situation do not justify a statement of that kind. Mr. Chairman, inasmuch as the amendment just offered and several other amendments in the bill apply to the change of number of the membership of the board, I would suggest that we vote on those amendments which involve a change in the membership en bloc.

The CHAIRMAN. The time of the gentleman has expired. The time for debate has been exhausted.

Mr. WINGO. Let me offer this suggestion, that the chairman ask unanimous consent that the other committee amendments affecting the size of the board be now reported and that all of them shall be voted on en bloc. That will be acceptable to us.

Mr. McFADDEN. I make that request.

Mr. DOWELL. That amendment is in the first paragraph of the bill.

Mr. WINGO. There are several places, or, in other words, those which affect the size of the board.

The CHAIRMAN. Without objection, the Clerk will report all of the amendments——

Mr. BEGGG. Mr. Chairman, a parliamentary inquiry: How can we vote on all of the amendments in regard to the size when they vary in number? One is six, another eight——

The CHAIRMAN. The Chair's understanding is that there is only a difference between five to six.

Mr. WINGO. The eight members include the ex officio members; the six are appointive members.

The CHAIRMAN. The difference between the committee amendment and the Senate bill is the difference of between five and six. The Clerk will report the additional amendments.

The Clerk read as follows:

Page 1, line 8, strike out "six" and insert "five." Page 1, line 10, strike out "six" and insert "five." Page 2, line 4, strike out "six" and insert "five." Page 2, line 23, strike out "six" and insert "five." Page 3, line 3, strike out "six" and insert "five." Page 2, line 25, strike out the words "the balance of the members" and insert the word "one." Page 3, line 3, strike out the word "six" and insert the word "five." Page 4, line 8, strike out the word "six" and insert the word "five."

The CHAIRMAN. Is there objection to voting upon these amendments en bloc? [After a pause.] The Chair hears none.

Mr. SWING. Mr. Chairman, I rise in opposition to the amendments.

The CHAIRMAN. The gentleman from California is recognized.

Mr. SWING. Mr. Chairman and gentlemen of the committee, this proposal to add an additional member to the Federal Reserve Board is here because there is an urgent need that agriculture and its interests be heard by this board.

I can not understand how men can continue to deny that the deflation policy adopted by the Federal Reserve Board was not deliberately aimed at the farmers of this country. I was present at a meeting of the bankers of southern California, held at El Centro, in my district, in the middle of November, 1920, when W. A. Day, then deputy governor of the Federal Reserve Bank of San Francisco, spoke for the Federal reserve bank, and delivered the message which he said he was sent there to deliver. He told the bankers there assembled that they were not to loan to any farmer any money for the purpose of enabling the farmer to hold any of his crops beyond harvest time. If they did he said the Federal reserve bank would refuse to rediscount a single piece of paper taken on such a transaction. He declared that all the farmers should sell all of their crops at harvest time unless they had money of their own to finance them, as the Federal reserve bank would do nothing toward helping the farmers hold back any part of their crop, no matter what the condition of the market.

Mr. COOPER of Wisconsin. Did the gentleman from California hear that?

Mr. SWING. I did; I think I was the only person present who was not a banker. This was, in a way, confidential advice being given by the Federal reserve bank for the guidance of the smaller banks, many of whom were members. One of the bankers asked Mr. Day this question, "If you say to us we can not loan the farmer the money with which to hold his crop, to whom may we loan money to hold the crop until it can be taken up by the market in an orderly way according to the demands of the consumers?" "Oh," said Mr. Day, "of course, we will have to loan money to the middlemen to take up the crop and hold it until the market is ready for it."

I say that that was the declared policy of the Federal Reserve Board made by an officer of the board delegated for the purpose of making the announcement for the information and guidance of the bankers of my district. No one could be in doubt for one minute as to what the natural, logical, and necessary consequences of such a policy would be. If the entire crop of the country is thrown on the market at the time of harvest, of course, the market would be depressed. You can "bear" the market or you can "bull" the market. The Federal reserve bank deliberately set out to "bear" the market. They succeeded so well that they broke the market—not only broke the market but broke the farmers as well. We there saw the strange spectacle of the farmer citizens of this country being ruined by being forced to sell their products on a glutted market, at less than what it cost to grow them, as a direct result of a policy adopted by their own Government—a Government created to aid them, not to harass them. I say it was criminal, it was damnable for this all-powerful agency of our Government to deliberately crucify the farmers of this country. And that it may not happen again, I hope we adopt this bill as written by the Senate and provide a place on the board for a representative of the farming interests so that hereafter their voice may be heard—yes, heard and heeded. [Applause.]

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on these amendments be now closed.

Mr. QUIN. I object. I want to speak on this bill.

Mr. McFADDEN. How much time does the gentleman desire?

Mr. QUIN. Five minutes.

Mr. McFADDEN. I ask unanimous consent that all debate on all the amendments close in five minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks that debate on the amendments close in five minutes. Is there objection? [After a pause.] The Chair hears none.

The gentleman from Mississippi [Mr. QUIN] is recognized.

Mr. QUIN. Mr. Chairman and gentlemen of the committee, I do not know what the purport in full of this bill is. The Republican leaders have advertised it as a guaranty that a farmer will be named on the Federal Reserve Board. I am for a real farmer to be named. I am against all the Republican amendments offered on the floor to revise the report of the full committee. Gentlemen seem to be divided. I know one thing, that there should be something done to give the farmers of the United States representation on the Federal Reserve Board. They do not have it to-day.

You people talk about inflation and deflation. It does not take a smart man, my friend, to understand the questions you asked the gentleman from Pennsylvania. Every man in the United States that has been on a farm or has handled farm products knew that through the Federal Reserve Board and the

Secretary of the Treasury the farmers in the fall of 1920 and spring of 1921 were robbed of 65 per cent of the value of their products. There was no friend of the farmer on the Federal Reserve Board at that time. Who could get the money? The sweet-singing mocking birds of Wall Street always got the money they wanted [laughter], but the farmer, who produced by toil the cotton, the meat, the corn, the wheat, and the wool of the United States, could not get a dime of money through the Federal Reserve Board. Whose fault was it? It was the head of the Federal Reserve Board and Secretary Houston, of the Treasury. I have no praise for Governor Harding, and still less for Secretary Houston, who occupied the office of Secretary of the Treasury at that time. But you are not fooling the farmers as to who was robbing them at that time. They knew who was getting the value of the products. It was natural for deflation to set in, but the gentleman from Pennsylvania now tells us that this Federal Reserve Board informed the committee that 12 months beforehand they cold-bloodedly notified the farmers to get ready to stand up and be robbed, for they were coming to rob them. I do not think they gave any such notice to the cotton farmers of the South. That bunch kept it a profound secret from the farmers and from all of us friends of the farmers. Certainly the Federal Reserve Board knew they were going to rob the farmers by deflation and at the same time enhance the property of those who held the securities and financed the middlemen who were preying on the farmer at that time. The cotton farmers of the South were robbed. Their cotton was reduced from 48 cents per pound to 12 cents a pound. Your Federal Reserve Board would not loan the cotton farmers a dollar on their cotton, and they would not allow the local banks to rediscount any notes with cotton as security.

The people of the United States knew that somebody was doing that. Who was it? The gentlemen here to-day have exposed it. It was the Federal Reserve Board. Is there a man on this floor who does not believe that the agricultural interests of the United States ought to have a man on that board? Even though it be written in the law, I do not want to trust the Secretary of the Treasury or any other Cabinet officer to go and pick him. Let the farmers' organizations select the man and put him before the President to be named. Let it be in the law that it shall be a man who is in sympathy with the dirt farmers of the United States, with the men who toil in season and out of season to produce the necessary food and raiment to keep the wheels of commerce running throughout these United States. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired. The question is on agreeing to the committee amendments reported.

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. TINCHER. Mr. Chairman, a division.

The CHAIRMAN. A division is asked for.

The committee divided; and there were—ayes 19, noes 90.

So the committee amendments were rejected.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 2, line 3, after the word "industrial," insert the word "and."

Mr. WINGO. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WINGO. As I understand it, we will consider the committee amendments first, and then if that is in order we will take up all the others in one paragraph as a parliamentary section?

The CHAIRMAN. The gentleman is correct. The Clerk will again report the amendment.

The amendment was again read.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. MOORE of Virginia. Mr. Chairman, I simply want to suggest a point to the committee that has been considered by several lawyers on this side of the House. Some of them are of opinion that as the first section of the bill is a sweeping amendment of the existing law and provides for an increase in the number of members of the board it may operate to cause the board to be reconstituted, there being no expression which would prevent that result.

I have no very definite and final view of the question, but the opinion is entertained by several capable and experienced lawyers, among them a former chief justice of a State court, that such would be the result; that unless it is explicitly provided that the members who are now in office shall retain their positions, it would be within the province of the President to make new appointments of all the members of the board. That is, of course, not intended, but I think if there is a possibility of that occurring it ought to be taken into account. Anyway, the point should be mentioned here, so that if the House should determine that the opinion is incorrect a court in construing the statute will at least be advised of the attitude of the House.

Mr. STEVENSON. Mr. Chairman, the question raised is an interesting one, but viewing it from the standpoint of practice in this body, ever since I have been here, certainly it is nothing unusual to amend a law so that a section will hereafter "read as follows." Now, I find in Sutherland's Statutory Constructions the following, where it deals with cases of that kind:

The amendment operates to repeal all of the section amended not embraced in the amended form.

For instance, here, where it says there shall be seven members, that is not reenacted. It says "eight" members, and, therefore, it repeals the word "seven." The portions of the amended section which are merely copied without change are not considered as repealed and again enacted, but have been the law all along, so that all the provisions here that have not been changed are simply restated as being the law already and merely the change is being enacted, and the new parts or changed portions are to be taken as the law enacted at this time. So that the word "eight" where it was "seven" before is to be taken as being the law from this time henceforth but not in the past, and all the balance which has not been changed has been the law all the time.

Mr. BLACK. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BLACK. My recollection is that we passed a section very similar to this, increasing the membership of the Interstate Commerce Commission from seven to nine, I think it was, and I have never heard it contended that that amendment worked a repeal of the law with reference to the Interstate Commerce Commission.

Mr. STEVENSON. Now, Mr. Chairman, to conclude what I was saying, that is the general rule, and that has been the practice in this House. What would be the result if the contention of the gentleman from Virginia [Mr. MOORE] should be correct? The result would merely be that we would have repealed the term of office of the men who are now on that board who are appointive. That might be, but who is to question it? Somebody who wanted to get clear of them would have to bring a proceeding in the nature of a quo warranto to determine whether they were officers or not. If that were done and it turned out that that provision had been repealed, then it would be a simple matter for the President to reappoint them.

Mr. WILLIAMSON. Is not the effect of the amendment simply to add one person to the present board?

Mr. STEVENSON. Yes; and to provide for his term of office. That is all, and it does not affect the other members.

Mr. MOORE of Virginia. What would be his term of office?

SEVERAL MEMBERS. Ten years.

Mr. MOORE of Virginia. It is not made expressly 10 years for the new appointee. The bill does not so provide.

Mr. FUNK. The balance of the board are for 10 years.

Mr. MOORE of Virginia. The balance of the board are for 10 years, but who are the balance?

Mr. McFADDEN. The present members. The new appointive member would be appointed for the term of 10 years and the old members would continue to serve out their terms, their original appointment having been for the period of 10 years.

Mr. STEVENSON. That is correct.

Mr. MOORE of Virginia. That is, of course, the construction for which the gentlemen contend. I said before, and I will say again, that I am not attempting to press any very definite and final opinion upon the House; but the authorities are not entirely clear, and it is at least possible it might be held that a new element, which is to be the basis for the formation of the board, being introduced, and there being no declaration that the new member shall be appointed for 10 years, the President is given the right to re-create the board by appointing anew all of its members. Now, with respect to the Interstate Commerce Commission that is not necessarily an analogy.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Virginia. I ask for two minutes more.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that his time be extended two minutes. Is there objection?

There was no objection.

Mr. MOORE of Virginia. So far as that analogy suggested by my friend from Texas is concerned, we can not regard it as of any force unless we get the law and examine its language. It may be that the law as amended covered the very difficulty

that has been suggested here. I have sent for a copy of it in order to have an opportunity to read it and see whether it is parallel to the provisions of this bill.

The CHAIRMAN. All debate on this amendment has expired. The question is on agreeing to the amendment.

Mr. TINCHER. What is the amendment?

The CHAIRMAN. It is the insertion of the word "and."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 18, after the word "expire," strike out the words "30 days after" and insert the word "with."

Mr. BURTON. Mr. Chairman, with reference to this amendment I want to read a very familiar clause in the Constitution of the United States which provides that—

The President shall have power to fill up all vacancies that may happen during the recess of the Senate by granting commissions which shall expire at the end of their next session.

It would seem that the bill as originally drawn in the Senate ignored that provision of the Constitution.

Mr. TOWNER. Mr. Chairman, a parliamentary inquiry. Has the amendment in line 25, on page 2, been acted upon?

The CHAIRMAN. That amendment was voted on and lost.

Mr. TOWNER. I did not so understand it.

The CHAIRMAN. That was included among the amendments voted on and lost.

Mr. McFADDEN. Mr. Chairman, I hope this amendment will be adopted. It is a practical amendment and should be adopted.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 4, line 19, after the word "Senate," strike out the word "convenes."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 20, strike out the words:

"No Federal reserve bank shall have authority hereafter to enter into any contract or contracts for the erection of any building of any kind or character, or to authorize the erection of any building, in excess of $250,000, without the consent of Congress having previously been given therefor in express terms: *Provided*, That nothing herein shall apply to any building now under construction."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. McFADDEN. Mr. Chairman, I hope the committee will adopt this committee amendment. The buildings are all under contract or have been built with the exception of one. This is a retaliatory measure, it seems to me, and is an attempt on the part of Congress to interfere with private enterprise. There is just as much reason for limiting the cost of the national-bank buildings as there is to limit the cost of these buildings, and after all is said and done the buildings are all under contract, I understand, except one in St. Louis. My understanding is that there is no particular objection to the arrangements for the building at St. Louis. If Congress wants to deal with the building situation, if it feels that the Federal reserve banks have been extravagant, it should come in another form rather than a restriction now that will not amount to anything.

Mr. KING. Mr. Chairman, I think the amendment ought to be adopted, but not for the reason stated by the chairman of the committee. There is some propaganda going abroad that the Federal reserve banks and all of their money belong to the bankers. It does not; it belongs to the people. The money for the buildings erected belongs to the people of the United States and not the bankers. As a matter of fact, they rushed the thing along, knowing that legislation was coming. The reserve banks let contracts while they had the authority for all these bank buildings except at St. Louis. Now, why should St. Louis be discriminated against when all the rest have got a chance to erect their buildings? If you adopt the amendment it will permit them to do it, but if you do not, all of the rest of the cities will have these fine million-dollar buildings and St. Louis will be without one.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. KING. Yes.

Mr. WILLIAMSON. Do I understand that the proposed building at St. Louis is the only building affected by this amendment?

Mr. KING. Yes.

Mr. WILLIAMSON. The other buildings have all been started?

Mr. KING. They have been started or under contract.

Mr. O'CONNOR. Will the gentleman yield?

Mr. KING. Yes.

Mr. O'CONNOR. Is not New Orleans in the same position as St. Louis?

Mr. KING. The building at St. Louis has not been begun unless it is within the last week, since the meeting of the Committee on Banking and Currency.

Mr. O'CONNOR. The committee amendment will permit New Orleans people to go along and construct their building the same as St. Louis.

Mr. McFADDEN. My understanding is that that building is under contract now.

Mr. O'CONNOR. I think it is under contract but not under construction.

Mr. McFADDEN. These restrictions would not apply to any building under contract. Mr. Chairman, I ask unanimous consent that all debate on this amendment and amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate on this amendment and all amendments thereto close in five minutes. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, I am surprised at the statement of the gentleman from Illinois [Mr. KING] and the gentleman from Pennsylvania [Mr. McFADDEN] that it will not affect any of the buildings except at St. Louis. It may affect about 11 buildings if you include branch bank buildings. They already propose to erect a branch bank building at Little Rock, in my State. They want to start out with a good building, and I favor it, but they think I am very disloyal to my State because I insist on Congress approving and limiting costs. I am not willing for them to build without consent of Congress a building at Little Rock, St. Louis, or anywhere else, a public building the title to which will be in the United States, for you may camouflage all you will, it is built by money that in the last analysis would go into the Public Treasury of the United States. It is a public building, and I believe if it is necessary to build a branch building at Little Rock the Arkansas delegation can convince Congress of the necessity for the building, and if we can not do it we are not entitled to it.

They can build branch buildings all over the country. Why, what do they propose? I would be delighted for them to build a half-a-million-dollar building at Little Rock, and every Member of Congress would be delighted to have a fine branch bank building, and sooner or later, as one Member suggests, they think they would get a two or three million dollar building in some cities. Gentlemen, you can not defend the extravagant expenditure for these Federal reserve buildings built in Richmond and New York. This board has permitted extravagant expenditures that no man can defend; and we ought to say that when they want to spend over $250,000 for a public building they shall come to Congress for approval.

Mr. COOPER of Wisconsin. How much are they spending on the New York building?

Mr. WINGO. The Lord only knows. They made two or three different statements in the report that they made to the Senate. Mathematically they contradicted themselves two or three times. You will trust the Federal Reserve Board, and yet you will not trust the Postmaster General to build a $25,000 post-office building when he thinks it is necessary. If you can trust the Federal Reserve Board to spend millions in buildings, why can you not say that you will trust the Postmaster General to build a $50,000 post office whenever he thinks it proper. We would not trust him. Gentlemen, it is just a question of whether or not you are going to keep control of this matter so as to check what is confessedly an extravagant and wasteful policy of building Federal reserve buildings. I am in favor of public buildings, but they must be kept in the bounds of reason.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. All time has expired. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

Mr. LONDON. Mr. Chairman, I have an amendment which I desire to offer.

The CHAIRMAN. The chairman of the committee has sent an amendment to the desk, which he has offered.

Mr. McFADDEN. Mr. Chairman, I offer the amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: On page 3, line 3, strike out the period after the word "President" and insert a comma and the words "and of the six members thus appointed at least two shall be persons experienced in banking or finance."

Mr. McFADDEN. Mr. Chairman, that is the provision in the present law. I do not believe the Members of the House

will be opposed to the principle that at least two of these six men shall be experienced in finance or banking. I believe it is a safeguard that ought to be put in the law, and I sincerely hope that the Members of the House will agree to it.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. DOWELL. A few moments ago, when the gentleman was discussing the question of having a farmer on the board, he vigorously protested against having what he called class legislation.

Mr. McFADDEN. That is not the point. This is the leading financial system of the country, and there must be at all times on that board men who have knowledge of banking or finance.

Mr. DOWELL. Does not the gentleman believe and know that the President will take care of the situation and appoint a competent board to take charge?

Mr. McFADDEN. I believe this President will, but we have changes of Presidents every now and then, and for the good of the farmers of this country I say that this system should be competently managed. This is a banking system, a specialized system, and it needs experienced men who know the science of banking and credits to administer it. And when I suggest only two men upon this board shall be such men, I believe the suggestion is a worthy one. If this system had been managed by men of the type that are now criticizing the management of the system during this trying credit strain, we would no doubt have some such a condition as prevails at present in Europe, where the money is greatly depleted in value. The wise management of this system has saved us from that.

Mr. MOORE of Virginia. Mr. Chairman, I rise simply for the purpose of renewing the suggestion I made a moment ago. Reference was made to the statute amending the act to regulate commerce. Let us see what happened when the act to regulate commerce was amended on August 9, 1917. The number of interstate commerce commissioners had been seven, and by the amendment the number was increased to nine. The act amended section 24 "to read as follows," the form being the same as employed in this bill. The amendment increased the number from seven to nine. I want to quote the language of the act and suggest in the interest of safety that at some stage of this legislation similar language should be incorporated in the present bill:

> Such enlargement of the commission shall be accomplished through the appointment by the President, by and with the advice and consent of the Senate, of two additional interstate commerce commissioners, one for a term expiring December 31, 1921, and one for a term expiring December 31, 1922. The terms of the present commissioners or any successor appointed to fill a vacancy caused by death or resignation of any of the present commissioners shall expire as heretofore provided by law.

That language made it perfectly clear that the additional members were to be appointed for specified periods. In order to relieve the matter that we are dealing with of any doubt, it seems to me the proper thing is to make a specific provision that the additional member shall be appointed for a term of 10 years. I shall, however, leave the matter to the committee without offering an amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

Mr. MONTAGUE. Mr. Chairman, let us have the amendment again reported.

There was no objection, and the Clerk again reported the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

Mr. LONDON. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

> Amendment offered by Mr. LONDON: Page 2, line 2, after the word "the," insert the word "labor" and a comma.

Mr. LONDON. Mr. Chairman, I shall not take much time. We have heard enough noisy speeches about the profound love of the Congress for the farmer. I shall be brief.

The bill has been hailed as a bill to put a "dirt farmer" on the Federal Reserve Board, which is the principal governmental financial agency. The law which this measure proposes to amend provides that in selecting the appointive members the President shall have due regard to a fair representation of the different "commercial, industrial, and geographical divisions of the country." By the terms of this bill the President in making his appointments shall have due regard to a fair representation of "the financial, agricultural, industrial, and commercial interests and geographical divisions." The bill thus adds two interests which the President is to take notice of, namely, the financial and the agricultural interests. My amendment proposes the addition of one more group of interests, namely, that of labor.

It has been brought out during the discussion that the President will be under no obligation, if this bill becomes a law, to nominate a farmer for membership on the board. Nor is there anything which would prevent the President from appointing a farmer now. Why, then, is this measure proclaimed to be a remedy for the ills of the farmer?

The answer is simple. In many States, particularly in those where there was a strong Populist movement years ago, there is an insistent demand by the agricultural classes that something should be done for them. They are discontented. They know there is something wrong somewhere. They are beginning to demand recognition of their claims and of their grievances. They are beginning to organize.

By providing that in nominating members of the Federal Reserve Board the President shall not overlook to give representation to agricultural interests, the authors of this bill hope to be able to convince the farmer that his interests will be taken care of.

The number of tenant farmers is growing. The number of mortgaged farms is increasing. The farmers' opportunity to sell his product is diminishing and his lot is becoming harder every day. The proponents of this bill hope to satisfy him that they have done something for him when they have inserted the word "agricultural" in section 10 of the Federal reserve act. They are giving him a word instead of a reality.

But words are not without value. While words are intended to be the symbols of ideas the very employment of a word very often suggests ideas. Intended to throw sand in the eyes of the farmer, the employment of the word "agricultural" may acquire real significance when the tillers of the soil will become conscious of their real rights and interests. The fact that the framers of the law have been compelled to concede that the agricultural interests as such require representation on the personnel of the financial agency of the country may some day lead the farmer to understand that to be truly represented he must have spokesmen whose interests are identical with his. And if he is to have his spokesmen on the financial board of the Government, why not in the legislative branch of the Government?

Without it ever having been intended, this bill will help do away with the fiction that there are no group or class interests in society.

I propose my amendment not because I expect that it will be of any more benefit to labor than it will be to the farmer but solely for the purpose of completing a logical process. If the financial, the commercial, the industrial, and the agricultural interests are to be respectively represented, why not labor?

I expect a unanimous vote in support of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the Chair announced the noes appeared to have it.

On a division (demanded by Mr. LONDON) there were—ayes 21, noes 47.

So the amendment was rejected.

The CHAIRMAN. The Chair suggests in line 10, page 5, following the colon, the word "section 324" should be inserted.

Mr. WINGO. What is the suggestion?

The CHAIRMAN. That in line 10, following the colon, "section 324" should be inserted, so as to read, "Section 324."

Mr. McFADDEN. I will say that is in the bill I have here.

The CHAIRMAN. It is not in the copy the Chair has, and it is not in the copy which the Clerk has at the desk.

Mr. MONDELL. Mr. Chairman, line 9, page 5, reads:

> "Section 324 of the Revised Statutes of the United States shall be amended so as to read as follows:

Mr. McFADDEN. I ask unanimous consent the correction may be made.

The CHAIRMAN. Without objection, the amendment will be agreed to.

There was no objection.

The CHAIRMAN. Automatically, no other amendments being offered, and none pending, the committee will rise, and the Chair will report the bill to the House with sundry amendments.

Accordingly the committee rose; and the Speaker having resumed the Chair, Mr. CAMPBELL of Kansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill S. 2263, under the rule the bill was read for amendment, and being concluded, no amendments pending, the Chair automatically directed that the committee rise and report the bill to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Under the rule, the previous question being ordered, the question comes, Is a separate vote demanded on any amendment?

Mr. WINGO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WINGO. I would like to know, so as to be correct, if the only amendments are on page 2, line 3, and on page 4, lines 18 and 19. Those are the only amendments adopted by the committee.

The SPEAKER. Those were the only amendments. If not, the Chair will put the amendments in gross.

The question was taken, and the amendments were agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. McFADDEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. KRAUS, for three days, on account of attendance at a convention.

To Mr. J. M. NELSON, indefinitely.

EXTENSION OF REMARKS.

Mr. ANDREWS of Nebraska. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill just passed.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. KING. Mr. Speaker, I ask unanimous consent to extend my remarks on Senate Joint Resolution 160.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that all who have spoken on this bill have leave to extend their remarks in the RECORD.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that all who have spoken on the bill have leave to extend their remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. LONDON. Mr. Speaker, I ask leave to extend my remarks on the bill just passed.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks on the bill just passed. Is there objection? [After a pause.] The Chair hears none.

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks made on the floor to-day in the RECORD.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

WAR FINANCE CORPORATION.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to take up for consideration the bill S. 2775. This is an amendment to the War Finance Corporation, extending the life of the corporation for one year.

Mr. LUCE. Mr. Speaker, I object.

Mr. McFADDEN. Mr. Speaker, this will not bring forth any particular discussion.

Mr. GARNER. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. GARNER. Does the gentleman intend to pass this bill extending the life of the War Finance Corporation?

Mr. MONDELL. It will be passed and become a law in due time.

Mr. CAMPBELL of Kansas. I have a rule here that I would present this evening if it were not after 5 o'clock.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 17 minutes p. m.) the House adjourned until Wednesday, May 24, 1922, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

615. Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury, transmitting tentative draft of a bill relative to adjustment of the accounts of the former Assistant Treasurer of the Unied States at Boston, Mass., was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII.

Mr. GRAHAM of Illinois: Committee on Interstate and Foreign Commerce. H. R. 11409. A bill granting the consent of Congress to the city of Ottawa and the county of La Salle, in the State of Illinois, to construct, maintain, and operate a bridge and approaches thereto across the Fox River; with amendments (Rept. No. 1024). Referred to the House Calendar.

Mr. GRAHAM of Illinois: Committee on Interstate and Foreign Commerce. H. R. 11408. A bill granting the consent of Congress to the county of Winnebago and the town of Rockton, in said county, in the State of Illinois, to construct, maintain, and operate a bridge and approaches thereto across the Rock River, in said town of Rockton; with an amendment (Rept. No. 1025). Referred to the House Calendar.

Mr. DEMPSEY: Committee on Rivers and Harbors. H. Res. 305. A resolution directing the Secretary of War to transmit certain facts to the House of Representatives; with an amendment (Rept. No. 1027). Referred to the House Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MORGAN: A bill (H. R. 11762) to authorize the coinage of a 50-cent piece in commemoration of the one hundredth anniversary of the birth of the late President Rutherford Birchard Hayes, at Delaware, in the State of Ohio; to the Committee on Coinage, Weights, and Measures.

By Mr. McFADDEN: A bill (H. R. 11763) to provide adequate credit facilities for the orderly marketing of agricultural products, and for the preservation and development of the livestock industry of the United States; to amend the Federal reserve act; to extend and stabilize the market for United States bonds and other securities; to extend the powers of the Federal Farm Loan Board created by the farm loan act; to provide fiscal agents for the United States and for the War Finance Corporation; and for other purposes; to the Committee on Banking and Currency.

By Mr. QUIN: Joint resolution (H. J. Res. 331) to appropriate $2,000,000, or so much thereof as may be necessary, for the purchase of milch cows and suitable planting seeds to be supplied to farmers in the overflowed areas in Mississippi and Louisiana and other portions of the United States, said amount to be expended under rules and regulations prescribed by the Secretary of Agriculture; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. CHANDLER of Oklahoma: A bill (H. R. 11764) for the relief of J. H. Arnold; to the Committee on War Claims.

By Mr. GORMAN: A bill (H. R. 11765) for the relief of Christine Mygatt; to the Committee on Claims.

By Mr. JEFFERIS of Nebraska: A bill (H. R. 11766) for the relief of William Quinlan; to the Committee on Claims.

By Mr. KNUTSON: A bill (H. R. 11767) for the relief of Andrew A. Gieriet; to the Committee on War Claims.

By Mr. SNYDER: A bill (H. R. 11768) granting a pension to Anna E. Davidson; to the Committee on Pensions.

By Mr. SLEMP: A bill (H. R. 11769) granting a pension to Rebecca A. Montgomery; to the Committee on Pensions.

By Mr. TOWNER: A bill (H. R. 11770) granting a pension to Frances Jackson; to the Committee on Invalid Pensions.

By Mr. WOODYARD: A bill (H. R. 11771) granting a pension to Lillian Rowley; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

5734. By Mr. BARBOUR: Petition of Common Council of the City of San Diego, Calif., indorsing House bill 11449, to provide for the protection and development of the lower Colorado River basin; to the Committee on Irrigation of Arid Lands.

5735. Also, petition of Grand Council of Royal and Select Master Masons of the State of California, indorsing the Towner-Sterling educational bill; to the Committee on Education.

5736. Also, petition of Grand Commandery of Knights Templar of the State of California, indorsing the Towner-Sterling educational bill; to the Committee on Education.

5737. By Mr. CAREW: Resolution adopted by the Texas Chamber of Commerce, relative to tax-free securities; to the Committee on Ways and Means.

5738. Also, resolutions adopted by the Texas Chamber of Commerce, relative to section 28 of the Jones shipping bill; to the Committee on the Merchant Marine and Fisheries.

5739. By Mr. CULLEN: Resolution adopted by the American Marine Association of New York City, indorsing Senate bill 3217 and House bill 10644 and urging their early passage; to the Committee on the Merchant Marine and Fisheries.

5740. By Mr. CURRY: Resolution of the Henry W. Lawton Camp, United Spanish War Veterans, at their nineteenth annual encampment, favoring the retention and development of the Mare Island Navy Yard; to the Committee on Naval Affairs.

5741. By Mr. KIESS: Petition of residents of Millport, Pa., protesting against the passage of House bills 9753 and 4388 and Senate bill 1948; to the Committee on the District of Columbia.

5742. By Mr. KISSEL: Petition of Naval Militia, New York City, N. Y., relative to an additional appropriation for the Naval Reserve Force; to the Committee on Appropriations.

5743. Also, petition of board of estimate and apportionment, city of New York, N. Y., indorsing the Bacharach bill; to the Committee on the Judiciary.

5744. By Mr. LINTHICUM: Petitions of Regal Laundry, Baltimore, and Manhattan Laundry Service Corporation, Washington, protesting against duties levied on foreign vegetable oils, etc.; also petitions of Merchants and Manufacturers Association and Doyle & Keyser, Baltimore, protesting against proposed duty on linens; also petition of Hendler Creamery Co., Baltimore, protesting against proposed tariff on salt; also petition of Baugh & Sons Co., Baltimore, protesting against proposed tariff on potash, etc.; also letters protesting against insufficient tariff on canned goods; to the Committee on Ways and Means.

5745. Also, petition of James H. Jones, Baltimore, Md., favoring passage of Bursum and Morgan bills for benefit of Civil War veterans; to the Committee on Invalid Pensions.

5746. Also, petition of Charles F. Namuth, Baltimore, favoring increase of retirement amount to each individual; to the Committee on Reform in the Civil Service.

5747. Also, petition of North Carolina Pine Box & Shook Manufacturing Co., Baltimore, protesting against transfer of United States Forest Service from Department of Agriculture to Department of Interior; to the Committee on Agriculture.

5748. Also, petition of C. F. Macklin, Baltimore, favoring extra appropriation for training of civilian portion of Naval Reserves; to the Committee on Appropriations.

5749. Also, petition of Rev. J. Howard Braunlein and John C. Thomas, Baltimore; S. E. Persons, Annapolis; and Rev. W. H. Settlemeyer, Middletown, Md., appealing for proper protection to the Armenians; to the Committee on Foreign Affairs.

5750. By Mr. MACGREGOR: Resolutions adopted by the Presbytery of Caledonia at Mumford, N. Y., indorsing House Joint Resolution No. 131, relative to prohibiting polygamy and polygamous marriages in the United States, and also Senate Joint Resolution No. 31, relative to enacting uniform laws on the subject of marriage and divorce; to the Committee on the Judiciary.

5751. Also, resolution adopted by the Presbytery of Caledonia at Mumford, N. Y., indorsing House bill 9753, to secure Sunday as a day of rest in the District of Columbia; to the Committee on the District of Columbia.

5752. Also, resolution adopted by the council of the city of Buffalo indorsing the river and harbor bill; to the Committee on Rivers and Harbors.

SENATE.

WEDNESDAY, *May 24, 1922.*

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

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

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the bill (S. 2263) to amend the Federal reserve act approved December 23, 1913, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H. R. 9527) to amend section 5136, Revised Statutes of the United States, relating to corporate powers of associations, so as to provide succession thereof until dissolved, and to apply said section as so amended to all national banking associations, in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS.

Mr. LADD presented a resolution adopted at the annual meeting of the Pennsylvania Branch, Women's International League for Peace and Freedom, at Philadelphia, Pa., favoring the prompt declaration of a general amnesty by the President of the United States, which was referred to the Committee on the Judiciary.

Mr. SHORTRIDGE presented a memorial of sundry citizens of Oakland, Calif., remonstrating against the enactment of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented resolutions adopted by the Santa Rosa Chamber of Commerce, of Santa Rosa, Calif., protesting against any present change in the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

Mr. CAPPER presented a resolution adopted by Golden Rule Lodge, No. 90, Ancient Free and Accepted Masons, of North Topeka, Kans., favoring the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

Mr. SHEPPARD presented resolutions adopted by the Presbytery of Brownwood, Presbyterian Church, at Winters, Tex., favoring amendments to the Constitution prohibiting polygamy and providing for uniform marriage and divorce laws, which were referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Presbytery of Brownwood, Presbyterian Church, at Winters, Tex., favoring the enactment of legislation providing for Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. NEWBERRY presented resolutions adopted by the Presbytery of Grand Rapids, Presbyterian Church, at Grand Rapids, Mich., favoring amendments to the Constitution prohibiting polygamy and providing for uniform marriage and divorce laws, which were referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Presbytery of Grand Rapids, Presbyterian Church, at Grand Rapids, Mich., favoring the enactment of legislation providing for Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

REPORTS OF THE COMMITTEE ON NAVAL AFFAIRS.

Mr. NEWBERRY, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 3754. An act for the relief of Rear Admiral Livingston Hunt, Supply Corps, United States Navy (Rept. No. 722); and

H. R. 3508. An act for the relief of Rear Admiral J. S. Carpenter, Supply Corps, United States Navy (Rept. No. 723).

ENROLLED BILLS PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that they presented to the President of the United States the following enrolled bills:

On May 20, 1922:

S. 1162. An act declaring Lake George, Yazoo County, Miss., to be a nonnavigable stream; and

On May 22, 1922:

S. 2919. An act to extend for the period of two years the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, as amended.

BILLS INTRODUCED.

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

By Mr. WALSH of Montana:

A bill (S. 3640) for the relief of the estate of James W. Mardis; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 3641) to grant and confirm to the State of Florida title in and to sections 16 within the exterior limits of the area patented to the State of Florida April 23, 1903, and for other purposes; to the Committee on Public Lands and Surveys.

FIRST LIEUT. WILLIAM EDWARD TIDWELL.

Mr. FLETCHER. I ask unanimous consent that I may withdraw report No. 694 of the Committee on Military Affairs, which accompanies the bill (S. 1672) for the appointment of William Edward Tidwell as first lieutenant in the United States Army, and substitute another report which is somewhat fuller than the original.

The VICE PRESIDENT. Without objection, leave will be granted.