

Also, a bill (H. R. 4515) granting an increase of pension to Martha White; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 4516) granting a pension to Charles C. Mack; to the Committee on Pensions.

By Mr. McFADDEN: A bill (H. R. 4517) granting an increase of pension to Mary R. Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4518) granting an increase of pension to Elie Brewer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4519) granting an increase of pension to Deborah A. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4520) granting an increase of pension to Effie J. Frink; to the Committee on Invalid Pensions.

By Mr. ROMJUE: A bill (H. R. 4521) granting a pension to Mary F. Mills; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4522) granting a pension to Rebecca A. Sohn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4523) granting a pension to Newton Corbin; to the Committee on Invalid Pensions.

By Mr. SHORT of Missouri: A bill (H. R. 4524) for the relief of Ada B. Clodfelter; to the Committee on Claims.

By Mr. THOMPSON: A bill (H. R. 4525) authorizing the President to reappoint Irvin H. Zelff, United States Army, retired, to the position and rank of captain, Cavalry, in the United States Army; to the Committee on Military Affairs.

By Mr. THURSTON: A bill (H. R. 4526) granting an increase of pension to Martha A. Foreman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4527) granting an increase of pension to Nancy A. Hall; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 4528) granting an increase of pension to Sarah H. Matheny; to the Committee on Invalid Pensions.

By Mr. WOODRUFF: A bill (H. R. 4529) for the relief of Henry M. Brown; to the Committee on Military Affairs.

#### PETITIONS, ETC.

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

721. By Mr. BACHMANN: Petition of Viola Keffer and 150 citizens of McMechen, W. Va., urging immediate action on the Civil War pension bill proposed by the National Tribune; to the Committee on Invalid Pensions.

722. Also, petition of J. D. Hecker and 170 citizens of Marion County, W. Va., urging immediate action on the Civil War pension bill proposed by the National Tribune; to the Committee on Invalid Pensions.

723. Also, petition of V. Mae Campbell, president Ladies' Grand Army of the Republic Circle, No. 3, and 150 citizens of Moundsville, W. Va., urging immediate action on the Civil War pension bill proposed by the National Tribune; to the Committee on Invalid Pensions.

724. By Mr. BOYLAN: Resolutions of Bottlers' Service Club, of New York, protesting against proposed tariff increase on sugar; to the Committee on Ways and Means.

725. Also, letter from the Nassau Smelting & Refining Works (Ltd.), of New York City, protesting against proposed tariff rates on antimony; to the Committee on Ways and Means.

726. Also, letter from Remington Rand (Inc.), of New York City, inclosing telegram from their representative in Switzerland in re pending tariff bill; to the Committee on Ways and Means.

727. Also, letter from Underwood Typewriter Co., 342 Madison Avenue, New York City, inclosing clippings from New York Herald, Paris edition, protesting against increased tariff; to the Committee on Ways and Means.

728. Also, resolution by brick manufacturers of the State of New York, requesting tariff on brick; to the Committee on Ways and Means.

729. Also, letter from W. H. Duval & Co. (Inc.), 229 Fourth Avenue, New York, protesting against proposed change in tariff on fancy cotton-mixed textiles; to the Committee on Ways and Means.

730. Also, letter from H. Kohnstamm & Co. (Inc.), of New York City, inclosing article of the American Manufacturers of Maraschino Cherries, protesting against proposed increased duty on cherries; to the Committee on Ways and Means.

731. By Mr. MURPHY: Petition of sundry citizens of the State of Ohio, favoring increase of pension to Civil War veterans and widows of veterans; to the Committee on Invalid Pensions.

732. By Mr. O'CONNELL of Rhode Island: Petition of the Brotherhood of Locomotive Engineers of the New York, New Haven & Hartford Railroad system, requesting the passage of a law placing truck and bus lines under the jurisdiction of the

Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

733. By Mr. YON: Petition of Frank C. Webb, J. D. Cobb, W. H. Mapoles, and others, for increase of pensions to soldiers, sailors, and widows of soldiers and sailors; to the Committee on Invalid Pensions.

734. By Mr. HOGG: Petition of soldiers of the Civil War, widows of Civil War soldiers, and other patriotic citizens of Hometown, Ind., urging early passage of House bill 992, introduced by Mr. Hogg, and other legislation of general benefit to Civil War soldiers and widows of soldiers; to the Committee on Invalid Pensions.

## SENATE

FRIDAY, October 4, 1929

(Legislative day of Monday, September 30, 1929)

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

Mr. FESS. Mr. President, I suggest the absence of a quorum. The PRESIDENT pro tempore. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

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

Mr. FESS. My colleague the junior Senator from Ohio [Mr. BURTON] is still detained from the Senate by illness. I will allow this statement to stand for the day.

Mr. SCHALL. I wish to announce that my colleague the senior Senator from Minnesota [Mr. SHEPSTEAD] is still detained from the Senate on account of illness. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Eighty-nine Senators having answered to their names, a quorum is present.

#### COMMITTEE SERVICE

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

Ordered, That Mr. BLEASE be assigned to service upon the Committee on the District of Columbia.

#### ONE HUNDRED AND FIFTIETH ANNIVERSARY OF DEATH OF COUNT PULASKI

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the *Polonian Review* for September, 1929, written by Mr. Ignatius K. Werwinski, with reference to the observance of the one hundred and fiftieth anniversary of Count Casimir Pulaski's death.

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

[From the *Polonian Review*, September, 1929]

#### A VALIANT GENTLEMAN—TWO NATIONS PREPARE TO HONOR COUNT CASIMIR PULASKI, IDEALIST AND PATRIOT

By Ignatius K. Werwinski

Once again a grateful country is preparing to bow in homage and gratitude to Brig. Gen. Casimir Pulaski, an outstanding personality and hero of the American Revolution, whose loyalty ended only when he gave his life that America might be free.

It was in 1825 that Lafayette, then on a visit to the United States, laid the corner stone for the first monument erected to the memory of Count Pulaski amid a touching and impressive ceremony at Savannah, in whose defense the glorious Pole died. Later, the city of Savannah, seemingly aware that the perpetuation of Pulaski's memory was deserving of a more elaborate memorial, in 1853 erected and dedicated a newer and larger monument on Monterey Square with appropriate formalities and exercises.

To-day as time brings on the one hundred and fiftieth anniversary of Pulaski's death, President Hoover has proclaimed October 11 next

as Pulaski sesquicentennial memorial day, inviting all the people under our flag to assemble in convenient places on that day, and by such ceremonies as they may devise pay their tributes of reverence to the great son of Poland.

To some the exception and extraordinary reverence paid Pulaski may seem enigmatic. After all he is popularly known as one of a score of military men who crossed the sea in order to throw in their lot with Washington. But it is to the southerner that one must turn for a full and true evaluation of Savannah's martyr. Discriminating and a superlatively critical judge, the southerner was among the first to place an indelible stamp of approval on Pulaski as an unconquerable protagonist of human freedom.

One is struck with astonishment and admiration better imagined than described for the wonder of the spectacle pictured in Pulaski's career. When the star of freedom set in Poland he turned his heart westward on learning that in America a new field was opening, where he might once more draw his sword for the same rights he had sought for his own native country. In Paris the "plain republican" Franklin engaged him to the American cause when that cause appeared more hopeless than ever for lack of experienced military talent. None saw the impending incompetency of native American officers more than Franklin did. Benedict Arnold, the unhappy traitor, but brave and daring soldier, was a book agent, druggist, and shipowner at New Haven prior to the Revolution. Gates, looked upon as the most promising officer under Washington, was the most conspicuous failure in the war. Greene, a farmer and smith without military experience, when convinced that war was unavoidable, read Caesar's Commentaries and took up the sword. Marion was a shy and modest South Carolina planter, Anthony Wayne a Pennsylvania farmer and land surveyor, and John Sullivan a successful New Hampshire lawyer. Such is the story of the important American military leaders, and it is typical of them all. To cope successfully with the seasoned British forces Washington needed officers well acquainted with the arts of war. This trying need was remarkably lessened with the arrival of Pulaski. Much of that spirit and discipline which changed raw recruits into a capable fighting force was due to the distinguished foreigners who fought with the Americans against the British.

Unable to speak a word of English when he gave his heart and hand to Washington, Pulaski soon proved himself a genius whose horsemanship had no equal in the American ranks. Such ability won immediate recognition. He was commissioned—the first man to be Chief of Cavalry in the United States Army. His riding, generalship, and crushing skill in combat impressed a strange, weird, and dazzling sensation in both comrade and enemy alike. A military tradition credits him with the saving of Washington's life at Brandywine, where he won his first distinction. Pulaski had also taken a prominent part in the Battles of Germantown, Warren Tavern, White Marsh, and in countless minor skirmishes, ever and always displaying the personal heroism associated with hand-to-hand fighting.

The end came at the siege of Savannah. On October 9, 1779, Pulaski was wounded mortally above the right thigh at the moment leading a patrol at a terrific speed against British open fire. Carried aboard the brig *Wasp*, the dying Pole was placed under the care of French naval surgeons, whose efforts to stem the gangrene developed in the wound were futile. Pulaski died just as the *Wasp* left the Savannah River for open sea bound for Charleston. According to custom and necessity he was buried at sea.

The polished surface of the Atlantic divided and received the much disturbed and restless soul of Pulaski, whose one dream and one infatuation was an unquenchable love of freedom. Dexterous in war, agile in endeavor, he sped across the horizon of the American Revolution like a phantom, or an allegory too pure and too exalted to be chained to earth even in death. The rising and the receding of tides mingled the crimson of his noble blood with the blue of the sea only to erase the last vestiges of the material presence that exists in an earthly grave. Man must provide what the fates have taken beyond his reach; and so we erect memorials to our illustrious dead where their memory may live.

October 9 in Savannah, Ga., and October 11 in Washington, D. C., are the official dates and places designated for the national Pulaski memorial exercises. The exercises have been divided between the city of Savannah, where Pulaski fell, and the Nation's Capital, where his commander in chief, George Washington, is buried.

Mayor Gordon Saussy assured that the hospitality for which Savannah is noted would be extended to all those making the Pulaski pilgrimage to his city for the impressive ceremonies at the spot where Pulaski fell. After spending one day in historic Savannah the commission from Poland and the other distinguished guests will leave late in the evening for Washington, where the celebration will be continued in the afternoon and evening of October 10 and 11.

The Congress of the United States has seen fit to recognize this memorable occasion by creating the United States Pulaski Sesquicentennial Commission. In addition, various Polish organizations throughout the country, the Daughters of the American Revolution, the Sons of the American Revolution, the American Legion, and other patriotic groups are planning to cooperate in the national celebration.

To assist the commission created by Congress the Pulaski National Memorial Committee, with headquarters at Washington, was organized under the chairmanship of Col. Paul V. McNutt, national commander of the American Legion, Mrs. Lowell F. Hobart, president-general of the Daughters of the American Revolution, is vice chairman; the honorary chairman, his excellency Titus Filipowicz, Polish minister to the United States. The secretary of the national committee and director of the national celebration is Lieut. Col. H. Edmund Bullis, of Washington, D. C.

The United States Pulaski Sesquicentennial Commission consists of Lieut. Ignatius K. Werwinski, Officers' Reserve Corps, United States Army, chairman of the commission, appointed by former President Calvin Coolidge; and United States Senator JAMES E. WATSON; United States Senator ALBEN W. BARKLEY; Congressman WILL R. WOOD; and Congressman JAMES M. MEAD. This commission is arranging in cooperation with the national committee the national program of the memorial exercises.

The Republic of Poland has been requested, through diplomatic channels, to send an official mission to participate in the one hundred and fiftieth anniversary of the death of the Polish-American patriot. The Polish Legation at Washington forwarded this invitation to his excellency I. Moscicki, President of Poland, and urged that the mission arrive in this country so as to be present in both Savannah and Washington. Franciszek Pulaski, a descendant of the Pulaski family; several members of the Warsaw Pulaski committee; and a general of high rank have been mentioned by the press of Poland as logical members of the mission.

A Pulaski committee has been organized in Warsaw, under the chairmanship of Governor Jaroszewicz to cooperate with the American committee. This committee, composed of influential citizens interested in the further advancement of Polish-American friendship, has requested the President of Poland to act as patron and Marshal Pilsudski to act as honorary chairman. Arrangements have been completed for a solemn high memorial mass in the Cathedral of Warsaw on October 9, to be followed by an army review. The committee is publishing a booklet on Pulaski, and to complete this educational program has arranged for a series of lectures on Pulaski in the schools and in the army. The committee has also requested the ministry to name one of the cavalry regiments "Kazimierz Pulaski Regiment."

Rear Admiral Frederick C. Billard has ordered the United States Coast Guard patrol boat *Pulaski* to be in Savannah, Ga., on October 9 to take part in the national celebration.

General Pulaski was the only high-ranking officer of foreign extraction who gave his life to the American cause in the Revolution. The mission from the Republic of Poland will proceed from Savannah on the afternoon of October 11 to the approximate spot in the Atlantic where Pulaski was buried in 1779, and there, in honor of this great Revolutionary hero, will drop a wreath sent by the Republic of Poland. A mission from the French Government will perform a similar act of homage.

Lieut. Ignatius K. Werwinski, chairman of the United States Pulaski Sesquicentennial Commission, has appointed many leading citizens of the United States on the sponsors' committee of the celebration. Among the appointed are found such names as Gen. John J. Pershing, Hon. Charles E. Hughes, of the Permanent Court of International Justice; Hon. William M. Jardine, former Secretary of Agriculture; Hon. James J. Davis, Secretary of Labor; Hon. Walter F. Brown, Postmaster General; Samuel Insull; Prof. Charles Phillips; Hon. Nicholas Murray Butler, president of Columbia University; Howard P. Savage; Col. Paul V. McNutt; Frank J. Kempa, and the governors of 17 States.

Movement to observe the anniversary of Pulaski's death was inaugurated June 15, 1926, by Lieut. Ignatius K. Werwinski, then a United States commissioner of deeds for Indiana. After Congress enacted a law to create a United States Pulaski Commission, Lieutenant Werwinski was appointed chairman of the commission by former President Calvin Coolidge.

#### A PROCLAMATION

Whereas October 11, 1779, marks in American history the date of the heroic death of Brig. Gen. Casimir Pulaski, who died from wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

Whereas October 11, 1929, marks the one hundred and fiftieth anniversary of the death of General Pulaski, it is but fitting that such date should be observed and commemorated with suitable patriotic exercises;

Therefore I, Herbert Hoover, President of the United States of America, in pursuance of the provisions of Public Resolution No. 16, Seventy-first Congress, approved June 18, 1929, do hereby invite the people of the United States of America to observe Friday, the 11th day of October next, as the one hundred and fiftieth anniversary of the death of Brig. Gen. Casimir Pulaski, Revolutionary War hero, by holding such exercises and ceremonies in schools, churches, and other suitable places as may be deemed appropriate in commemoration of his death, and, further, I hereby direct that on that day the flag of the United States be appropriately displayed upon all governmental buildings in the United States.

In witness whereof I have hereunto set my hand and caused to be affixed the great seal of the United States.

Done at the city of Washington this 26th day of June, A. D. 1929, and of the independence of the United States the one hundred and fifty-third.

HERBERT HOOVER.

By the President:

HENRY L. STIMSON,  
Secretary of State.

#### BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. BROOKHART:

A bill (S. 1817) granting a pension to Samuel B. Etheridge (with accompanying papers); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 1818) granting an increase of pension to James W. O'Connell; to the Committee on Pensions.

By Mr. JONES:

A bill (S. 1819) for the relief of Prof. William H. H. Hart, principal of the Hart Farm School and Junior Republic for Dependent Children (with an accompanying paper); to the Committee on Claims.

By Mr. FRAZIER:

A joint resolution (S. J. Res. 75) relating to ownership of stocks and bonds of industrial, railroad, mining, banking, shipping, oil, and other corporations, firms, and partnerships by Members of the Senate and House of Representatives of the United States of America and by employees of the Federal Government and their relation to such corporation and firms; to the Committee on Finance.

#### AMENDMENTS TO THE TARIFF BILL

Mr. GREENE, Mr. COPELAND, Mr. GEORGE, and Mr. VANDENBERG each submitted an amendment intended to be proposed by them, respectively, to House bill 2667, the tariff revision bill, which were severally ordered to lie on the table and to be printed.

#### MODERN WOODMAN MAGAZINE—RATES OF POSTAGE

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Post Offices and Post Roads three letters, one addressed to Senator SHIPSTEAD and myself from the National Woodmen Assembly, by John L. Sundean, and my reply thereto; also a letter from me to the Postmaster General.

There being no objection, the letters were referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, as follows:

#### DEMAND FOR INVESTIGATION OF THE MODERN WOODMAN

NATIONAL WOODMEN ASSEMBLY, HOTEL RADISSON,  
Minneapolis, Minn., August 28, 1929.

HON. HENRIK SHIPSTEAD,

HON. THOMAS D. SCHALL,

Senators from Minnesota, Washington, D. C.

DEAR SIRS: This presentation is entirely academic, and we state the fact, simply because it is a fact, that the Modern Woodman, a monthly magazine, published in behalf of the members of the society, at no time gave to the membership any notice or warning that reorganization plans were contemplated, although the head officers were engaged in working out these plans for many months before the head camp of 1929 convened. It, the monthly magazine, is published at the expense of the members, for the purpose of giving them information which they desire to have and ought to have, and the members of this order also contribute to the deficiency of the Postal Department, which extends special courtesies and rates to publications of this kind. Nevertheless no member is allowed to get before other members through the columns of the official paper any views, however sound, honest, constructive, or beneficial they may be, if contrary to the ideas of the head office. The order might as well be incorporated under laws which provide for despotism and usurpation as to be incorporated under laws which promise the insuring public representative government if no one but the managing officials have the liberty of expression in the magazine.

#### WE HAVE TO FIGHT

To illustrate the hardship imposed upon those in a position to rally the members in such a case, and illustrating the extraordinary efforts required of the membership at large to defend their rights and assert their prerogatives, we submit our definite and concrete program, which urges camps as follows:

1. To approve the board of review plan.
2. To authorize expert, professional lawsuits.
3. To pledge 30,000 men to pay \$1 per year for a "never-quit fight."
4. To contribute funds for 50,000 circulars to go to our list of three in each camp in America and for real lawsuits, etc.

#### CONVENTIONS

We are obliged to hold educational conventions and spend money and time in many ways to protect ourselves from the administration, but not less from our own misguided saviors. Conventions are called for: Grand Island, Nebr., October 17, 10 a. m. and 1.30 p. m. Minneapolis, Minn., Radisson Hotel, October 13, 10 a. m. and 1.30 p. m.

#### BOARD OF REVIEW PLAN

We ask that so many local camps that it warrants us in making the demand, and that the head officers should be obliged to consider the demand, shall signify their desire that the board of review plan shall be set in motion to solve the rate controversy within the order.

Under the board of review plan, 12 responsible, qualified, and distinguished members of the order will be an informal council representing the membership in testing formulas and theorems of rate making, and academically and philosophically the actuaries of the society and representatives of the National Woodmen Assembly who have specialized in rates, laws, and plans of fraternal orders will thoroughly discuss and soberly consider in conference with the head officers all phases of the rates and plans adopted at Chicago last June and other rates and plans more favorable to the membership which may be sponsored in their behalf. New plans and rates agreed on will then be submitted to the members and thereafter the head officers will submit them by mail to the head camp delegates for approval under new laws of the order.

#### THE PEARSON CONTRACT

Statistical tables are not available from which we can calculate the potential value of the Pearson contract, but if all the old members thought the society were doing the right thing, and decided to stay in the order, and if all took the lowest whole life certificate available, the commissions to the Pearson Co. might run up to \$20,000,000, or more. In order to make the 70-year settlement with the old members who prefer to quit the order, the head camp set aside about \$20,000,000 of the funds now on hand. With the Pearson money going into the benefit fund, and other savings, it might be possible to make the rates for all old members considerably less and to give those who drop out better settlement. The most effective way to protect the head officers from suspicions and unfounded rumors that they secretly share in these millions is to cancel the Pearson contract, and the good of the order demands that they be above suspicion.

#### REFERENDUMS

The pretensive injunction suits having failed, the protectors now are making a second crusade of the Woodmen camps for funds to promote another sham battle, a demand for a referendum vote. The Donohue bill, under which referendums are conducted, was held null and void by Judge McKinley in Superior Court of Cook County, Ill., in Addison Jones v. Modern Woodmen of America on October 18, 1912. The protectors, or rather the collectors, conceal the fact that the law was held to be null and void. Camps engage in the mockery of adopting resolutions, and vote good money on this bogus appeal, like our Army devoting itself to sham battles were our land invaded by a foreign enemy. The federation lawyers, now protectors, appeared in the Jones case but were whipped and they and their followers have not forgotten the fact. Laches is all the equitable defense the Pearson Co. need set up to enjoin the head officers from conducting a referendum, if the head officers wanted to have a referendum vote. The head officers could hoodwink the Nebraska camp most artfully by volunteering to have a referendum and then let Pearson enjoin the proceeding. By resolution of the 1919 head camp we had a referendum vote using the machinery of the Illinois law. The State law is null and void but we could use its plan if all agreed to it, including Pearson, who holds a contract that would be affected.

#### BEWILDERED LEADERS

A timely case in point, illustrating the absolute necessity of making the theory of publicity and discussion an actual fact is that of the participation of the same leaders who destroyed opportunities to settle the rate question satisfactorily in 1912, 1914, and 1919 in the present opposition to the new rates. These leaders called themselves "federationists" in their former operations. They now call themselves "protectors." They treat the profound problems in the status of the order, its rates, policies, and destiny as they would any ordinary proposition of ward politics. When a test suit was filed in Chicago last June, which the writer told these men would be decisive of their fight, they neglected all preparation for the battle in the Chicago courts, and peddled fake arguments to gullible members and camps in a great carnival of collections, like firemen collecting dollar bills from citizens of Hopkins, were the courthouse in Minneapolis on fire. They started injunction suits in different States as a spectacular bid for funds, though informed by the writer that since 1925 (Modern Woodmen of America v. Mixer, 267 U. S. 544), the decisions of the Supreme Court of Illinois will have to be followed in all other States. In the trial of the issues in Jenkins v. Talbot, the Chicago case, the protectors could offer no evidence and had no one on hand who could challenge expert witnesses with any such approach to understanding and reason as would warrant

the court in holding against the head officers. In a decision of 32 enumerated paragraphs, the judge held against the amateur and impossible ideas of the protectors. They ask the courts to protect the old members, but to take the \$9,000,000 reserve away from the young men so they will have the same trouble we are having later. The head officers cautioned the members in circulars not to contribute to the funds of these unsound leaders. All camps know that these leaders deserted the sound crusade of 1912 and invited the present disaster by that act.

#### NEW RATES NOT TOO HIGH

In Cedar Camp, No. 4419, Minneapolis, on September 9, the president of the Protective Association of Minnesota declared:

"We do not claim that the new rates are too high for the old members. We do not say that they are too high or too low.

But the old members are, by hocus-pocus beguiled to believe that these leaders are true to them on the merits of the case and are equipped to prove that the rates are too high; but they could not frame one question to impair the testimony of an actuary. The predisposition of the people to rally to the standard of false prophets is a special reason why constructive publicity should not be curtailed in any field. Of course, if Americans are determined to be humbugged, it may in a way be right to humbug them.

#### A BAD RULE JUSTIFIED

If it is right for protectors and defenders to beguile camps, to vote funds by concealing the fact—

1. That State injunction suits are a mockery;
2. That referendum petitions are a mockery—

then it was not wrong for the head officers to conceal the fact that they were going to reorganize the society. To conceal vital facts in maneuvers to get money is not a fraud when practiced by the foe and virtue when done by protectors and defenders. The members must be protected, in fact, from both dominant factors in the order or suffer multiple defeat.

#### CONCLUSION

We believe we have herein set out a case which entitles the members of the Modern Woodmen of America to the favorable consideration of the Postal Department at Washington, and if existing laws, rules, and regulations are not such that the Modern Woodman Magazine can be regulated in accordance with the basic principles under which this magazine receives special consideration in the rates of postage we believe the case presented entitles us to new legislation in the premises.

Respectfully submitted.

NATIONAL WOODMEN ASSEMBLY,  
By JOHN L. SUNDEAN.

UNITED STATES SENATE,  
COMMITTEE ON NAVAL AFFAIRS,  
October 4, 1929.

Mr. JOHN L. SUNDEAN,  
Manager National Modern Woodmen Assembly,  
Radisson Hotel, Minneapolis, Minn.

DEAR SIR: I have before me your communication of August 28, addressed to Senator SHIPSTRAD and myself. I regret that my colleague is unable to be in attendance upon this session, as I would gladly have conferred with him in regard to these affairs of the Modern Woodmen of America, but since he is absent I will do the best I can for the members of your order.

Your communication states a strong case in detail and in fairness of presentation, but it may not be possible for us to help you as much as you would like. I do not think I would be warranted in presenting a bill in the Senate to regulate such publications. But I gladly refer your request for an investigation to the Postmaster General, and if the rules and regulations of the department permit him to intervene in cases of extreme abuse he may be able to provide the relief you demand by canceling the privileges of your paper if the management do not give the members a hearing in the publication.

I regret that the Modern Woodmen of America is involved in factional strife over rates since this order has been so conspicuous among fraternal and has been regarded as the ideal fraternal insurance order by so many members and the public.

Cordially yours,

THOS. D. SCHALL.

UNITED STATES SENATE,  
COMMITTEE ON NAVAL AFFAIRS,  
October 4, 1929.

HON. WALTER F. BROWN,  
Postmaster General, Post Office Department,  
Washington, D. C.

MY DEAR POSTMASTER GENERAL: Inclosed find letter of complaint which is self-explanatory.

In my interpretation of the inclosed it seems to me that the Modern Woodman, a newspaper or magazine, official organ of the Modern Woodmen of America, is so conducted as to conceal most vital information which should be given to the members of the society, and as a uniform rule, material which the members may desire to broadcast to

each other which voices opposition to the managing officers, or proposes any plans and policies contrary to the program of the managing officers, is denied space in the official paper aforesaid.

It is asserted that special concessions are made to such magazines by the Post Office Department on the theory that said magazines perform a function of contact and publicity among the widely distributed membership of the organization and that the members pay for the publication of the papers out of the general-expense fund of the society and also contribute to the deficit of the Post Office Department because such publications are carried at less than cost.

If the case submitted in the communication aforesaid is one which you are authorized under the law to investigate, and if the grievances outlined present a case in which your department may exert pressure in favor of fair play and against arbitrary exclusion of material from the official magazine aforesaid, and in favor of general publicity, will you please give due consideration to the complaint and take such action in the case as you deem warranted under the rules and regulations of your department?

Best wishes.

Cordially yours,

THOS. D. SCHALL.

#### INVESTIGATION BY SECRETARY OF COMMERCE OF AMERICAN INVESTMENTS ABROAD

Mr. WALSH of Massachusetts submitted a resolution (S. Res. 128), which was ordered to lie over under the rule, as follows:

*Resolved*, That the Secretary of Commerce is hereby directed to investigate the essential facts, as regards both what has happened and the causes, with respect to the investment of American capital abroad, especially in Europe, and particularly by American corporations engaged in manufacturing in the United States. The Secretary of Commerce shall report to the Senate as soon as practicable the results of his investigation, which shall be completed within one year from the date of adoption of this resolution.

#### EFFECT OF WALL STREET STOCK SPECULATIONS

Mr. CAPPER. Mr. President, the Kansas City Star, one of the great newspapers of the country, has carried recently a series of forceful and timely editorials calling attention to the dangers attendant upon the wild orgy of speculation on the New York stock market.

These editorials are the more significant from the fact that the Kansas City Star has not been one of those newspapers which in late years have been denouncing Wall Street speculations. But the Star, after carefully studying the situation, had decided that the speculation on the market, with its attendant evils, is a distinct and positive menace to the prosperity of the country.

In these editorials, in a calm and dispassionate manner, it is pointed out that the stock-market boom in Wall Street is draining the agricultural West—in fact is draining industry and business generally—of money urgently needed for legitimate farming and business and industrial operations.

Mr. President, the Senate and the country are entitled to know what the thinking people of the agricultural sections of the country think of the present situation. In this series of editorials the Kansas City Star is undoubtedly voicing these thoughts. I ask unanimous consent that these editorials be printed in the RECORD.

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

[From the Kansas City Star, September 6, 1929]

#### HAZARD IN THE BULL MARKET

Every person who knows anything about the stock market knows that the present levels of stocks can not be maintained. It is a matter of simple mathematics that stocks can not indefinitely sell on a basis that will produce only 1 or 2 per cent on the investment.

The only question is whether there will be such a crash as Roger W. Babson predicted yesterday, or simply a steady decline to reasonable values. In either event the people who are owning securities bought at inflated prices are going to be hurt.

The comparison with the Florida boom or any other boom is pertinent. There is a brisk demand for land—or stocks. Fortunately owners sell at a profit. The story of big profits gets around. Other people are attracted into the market to make easy money. So the bidding goes on, every man believing that he can sell at an advance before prices fall.

So long as this belief persists on a wide scale the boom goes forward. There are plenty of buyers to take everything that is offered. But finally prices reach a point beyond all reason. People begin to get uneasy. They figure they had better take their profits and get out.

Suddenly they discover there are no buyers. Everybody wants to sell. Then comes the scramble to unload. The boom collapses.

Such has been the history of boom after boom from the time of the South Sea bubble to the present time. But always there are people

who think they will be smart enough to get from under in time. Some of them do. But most of them suffer.

Whether the present boom has reached the point of collapse nobody can say. There are indications that the end can not be far off at least. About two-thirds of the stocks are down. Trading is active in only about one-third of the list—stocks singled out for a push by the professional traders. That is a condition that obtains at the fag end of a bull market.

The market has been sustained by enormous loans to brokers. A year ago, when the total had gone to \$5,000,000,000, it was thought the limit of available money had been reached. But now, in spite of the fact that the Federal reserve system has done everything possible to curtail these excessive loans, they have reached the staggering amount of \$8,000,000,000.

The money has flowed in from all over the country, attracted by the high interest rates. More than \$1,000,000,000 has come from Europe, although Europe needs all its money for productive enterprises.

There is no question that business has been slowed down both abroad and at home because of this abnormal situation. Money that ought to be used in industry has been sent to Wall Street. Once it begins to be recalled for necessary business, stocks are bound to tumble.

Another artificial stimulus to the market has been furnished by the numerous investment trusts. Many of these have pushed prices far beyond any reasonable values based on the returns of the securities that have gone into them. When the demand begins to fall off there will be nothing in the holdings of these trusts to sustain the high prices and there will be inevitable selling of large blocks of stock.

A curious feature of the present situation has been the position of the managers of some of the biggest and soundest corporations that have been caught in the upward swing of the market. They depend on stock issues for further financing. It is essential to them that the confidence of investors be not shaken. They recognize the dangers in the present situation and have done their best in many instances to stop the climb of stocks to unreasonable heights. Their efforts have failed.

But as was said at the outset, such an abnormal and unsound situation can not last forever. It ought not to last, for it is full of hazard to investors. It is harmful to business. It menaces a continuance of industrial progress at a time when fundamental conditions are sound. The sooner stocks recede to a reasonable basis the better for the country.

[From the Kansas City Times, September 9, 1929]

#### THE BOOM HURTS BUSINESS

The present condition of the stock market holds a threat for every investor. It is to be presumed, however, that the investor knows the risk he takes. For the man who borrows money at 8 or 9 per cent and then uses it to buy stocks at a price which will yield him a return of 2 per cent can not deceive himself into believing that he is making a legitimate investment.

It is perfectly evident that he is speculating on an unusually dangerous market. He is betting that he can find some one who will be prepared to take an even greater chance of the same kind and that the market will not go out from under him before he can find such a buyer. But, it may be contended, there have always been gamblers. If they are willing to assume these risks, what harm can it do?

One reply is obvious. The higher the market pyramids above any reasonable value of the stocks involved the greater the danger of a crash which would temporarily affect the whole business and industrial community, the greater the difficulty of a gradual and sane deflation. But that is not the whole story. The fact is that this bull market is not merely a menace for the future; it imposes a present burden upon this and every other community.

Every taxpayer should realize that this boom is costing him money to-day. Why was the last issue of Government securities offered at 5 per cent instead of at the normal rate of around 4 per cent? Because the Treasury Department knew that it could not attract buyers at the normal rate. The artificial demand for money created by the stock market made an additional inducement necessary. And who pays the difference? The taxpayer.

But the immediate cost of the boom is being felt in another and more local fashion. It constitutes a charge upon legitimate business in Kansas City and this entire territory. It touches every person who needs to borrow money in the ordinary conduct of his affairs, industrialist and farmer alike.

The bankers of this community all know what has been happening. It is not merely that considerable sums have been withdrawn from deposit and investment here to be loaned in New York for speculative purposes. But the high interest rates being charged for money in the East have led many persons and firms who usually secure their credit there to seek it on the Kansas City market. The old law of supply and demand then causes a tightening of credit conditions here.

Take cattle loans, for example. Bankers familiar with the situation estimate that the boom has forced the cattlemen of this territory to pay from 1 to 2 per cent more than the ordinary rate for their credit. Fortunately their market has been good but here is a serious extra

expense. One Kansas City broker who for many years has lent money on cattle paper, obtaining the necessary credit in the East, reports this year that he has been unable to interest eastern capital. The industry must find local financial backing at higher rates because of the tight market.

Every farmer, no matter how prosperous, has to be a borrower to finance his transactions. The bull market, with its effect on interest rates, levies a tax on every loan he makes. Even when he borrows on a mortgage at a low rate from a land bank his saving is passed on for the taxpayers to meet.

Local mercantile loans have been similarly affected. One large firm in Kansas City which, on the rare occasions when it formerly offered its commercial paper on the market, used to fix the rate in the lower 4 per cents, is now having to pay 6 and 6½ per cent. The experience is typical.

This means that every store in Kansas City and the surrounding country has heavier expenses in doing business, and these must be passed on to the customers, thus tending to increase the cost of living.

The boom has materially increased the cost of financing building projects here. At least three important projects, for which money would ordinarily be available, are temporarily being delayed through inability to obtain what the backers consider arrangements carrying a reasonable interest rate. In one instance when the financing of a building was thought to be practically complete, it was suddenly upset because the selling manager of the securities house advised against making any such deal until he could see what the stock market was going to do.

The same situation exists outside Kansas City. The other day a man came into a bank here to obtain a loan for a building to be erected in a certain Missouri town. The banker admitted that the proposition was one at which he would ordinarily have jumped, but he had to advise his customer that the condition of the money market at present was unfavorable to his enterprise. Why? Because of the boom.

One of the most important industries in Kansas, which usually does most of its financing in the East, is now obtaining its credit in Kansas City at a lower rate, to be sure, than it could secure from its regular sources, but still higher than it need have paid under ordinary circumstances. And that company is reported to be only one of many.

That is why this community can not afford to regard the present bull market as possibly regrettable but none of our business. It is our business. The longer it continues and the higher it mounts, the more it is going to cost us, individually and collectively. It is penalizing legitimate business development. It is slowing down industry. It is adding to the cost of living. The sooner conditions return to a normal basis, the better for Kansas City, for its surrounding territory, and for the country.

[From The Kansas City Star, September 11, 1929]

#### SO INTEREST RATES MOUNT

At the close of business on May 31, 1926, collateral loans to members of the New York Stock Exchange stood at something less than \$3,000,000,000. At the close of business on August 30 of this year these same brokers' loans were reported to be very nearly \$8,000,000,000. In a little more than three years the credit thus absorbed by the stock market has increased by about \$5,000,000,000.

It is important for this and every other community to realize just what such a concentration of credit means to them. Obviously, it did not come out of thin air. If it, or part of it, has been diverted from other uses, it would be natural to suspect that its loss must now be felt where it was formerly employed. We all use credit or consume products that have required credit in their creation and distribution. When the available supply of credit is disturbed by unusual demands from one source, we suffer from increased interest charges, whether we are farmers, merchants, industrialists, or consumers.

A bull stock market, with abnormally heavy trading and greatly increased prices obtaining for a limited number of issues, has constantly been calling for more and more credit to carry it. Where has this credit come from? Most of it, of course, has originated in this country. A bit of it, small in comparison to the whole but still to be counted in the millions of dollars, is being contributed by investors in Kansas City and the surrounding territory. A casual inquiry among stock brokers will disclose the situation.

One firm in Tulsa, for example, has a customer with \$200,000 on call in New York. A Kansas City man has been lending a million dollars through one member of the exchange. It is common for groups of men here to form pools, to which they contribute varying amounts, \$25,000, \$50,000, and \$75,000, and then place on call. And so on. These men are not playing the market. They are merely lending their money for use by others, with what they evidently consider ample security.

Similar conditions undoubtedly exist in other communities throughout the country. Even Europe has felt the lure of this money market, and part of that five billion has come from abroad.

What is this attraction? Why has all this credit been diverted from other avenues of investment into brokers' loans? An answer is naturally to be found in the interest rates which these loans have been command-

ing. Take the rate on call money; the money that may be withdrawn "on demand," in loans which must be renewed every morning; the money which constitutes to-day more than seven-eighths of the loan total. Back in October, 1924, the average rate for the month, as shown by the Federal Reserve Bulletin, was 2.32 per cent. By September, 1925, the rate had practically doubled, standing at 4.62 per cent for the month.

A year later it was just over 5 per cent. In 1927 the rate fell back, and in January, 1928, it stood at 4.24 per cent. From that time on the monthly average of the renewal rate has been mounting steadily, with only occasional interruptions. Here are the figures:

	1923	Per cent
January	4.24	4.24
February	4.38	4.38
March	4.47	4.47
April	5.08	5.08
May	5.70	5.70
June	6.32	6.32
July	6.05	6.05
August	6.87	6.87
September	7.26	7.26
October	6.98	6.98
November	6.67	6.67
December	8.60	8.60

  

	1929	Per cent
January	7.05	7.05
February	7.06	7.06
March	9.10	9.10
April	8.89	8.89
May	8.91	8.91
June	7.70	7.70
July	9.23	9.23
August	8.20	8.20

The first days of September find the renewal rate up around 9 per cent again. Is it any wonder that with such an inducement billions of dollars have been poured into brokers' loans? Is it any wonder that individuals and corporations are lending their surplus funds on call, rather than leaving them in the banks or buying conservative securities?

But there must be a reason for these 8 and 9 per cent interest rates. (One day, early in July, the renewal rate reached 15 per cent.) Quite literally the rate is adjusted each day by calculations based on the demand for and the available supply of such credit. The demand is furnished by the stock market itself. And a group of stocks has been indulging in a tremendous boom.

Boom stocks, high interest rates on call money, an unprecedented concentration of credit in brokers' loans, what do all these figures mean to us here in the Middle West? A tightening of credit in this area. An additional charge upon business and industry. The inevitable passing on of that charge to the consumer and the whole community.

The figures of the Federal Reserve Bank of the Tenth District are not so spectacular as those of the New York Stock Exchange, but they are none the less significant. On July 15, 1927, member banks reported that they were charging a rate of 5 per cent for prime commercial paper, which involves local short-time financing operations. On July 15, 1929, they were reporting their rate between 5½ and 6 per cent for the same paper. And it is to be doubted whether any except the very special customer obtains the best rate reported.

In the same period loans secured on warehouse receipts were reported to have risen from a rate fluctuating between 5 and 6 per cent to one between 5½ and 7. A change of 1 per cent may appear small, but on a 5 per cent base it means an increase of 20 per cent.

The ordinary business processes of this area are being made more expensive, and its natural development is being temporarily impeded by a bull market in New York. The situation in this community is like that existing in many others. The interests of the Middle West and of the country demand a sane deflation of the boom stocks, which will release for business uses some of the credit now artificially diverted into brokers' loans.

[From the Kansas City Star, September 13, 1929]

WHEN WILL THE WOLF COME?

Throughout the country word comes that people are taking flyers in the market. Not only business men but professional men, teachers, Army officers, even preachers are risking their savings in the hope of making a killing.

This condition exists in Kansas City and its trade territory as well as elsewhere. The Star is constantly hearing from little towns about the interest in its stock tables. "We are watching the market here," people write.

All these speculators are greatly concerned in the progress of stocks. If they should crash, the owners would be hurt; some of them badly. But they see no signs of a crash. They have been warned for the last two or three years that this sort of thing could not go on. But it has gone on in spite of the warnings. Perhaps it will go on indefinitely, many persons argue. Anyway they expect to take more profits before getting out.

In the fable the mischievous boy kept calling "Wolf, wolf!" when there was no wolf until people became indifferent to the warning. Finally, however, the wolf came.

It may well be considered whether in spite of the persistence of the bull market in stocks the bad hour eventually may appear. When it does, will the speculators in Kansas City and the country hereabouts be ready for it?

The managers of some of the big industrial companies are known to be exceedingly concerned about the excessive prices reached by their stocks. They are looking to future financing through stock sales. This may be seriously interfered with, they believe, if many holders of their stocks should lose heavily through a crash in the market.

The holders of the control of one concern were disturbed over the soaring of its stock above what they considered a reasonable value. They figured it was worth 160 and it had gone considerably higher. So they made a pool and threw a large block on the market to carry the stock down. Instead the activity stimulated buying and it went to 280.

The mounting figures of brokers' loans which in three years have gone from \$3,000,000,000 to nearly \$8,000,000,000 tell the story of feverish speculation. It may be assumed that the speculator already knows what each stock will yield him at the current price. But if he is borrowing money at 9 per cent to buy stocks that yield only 2 or 3, he can not fail to be concerned over the approach of the time when his fellow speculators will become convinced the artificial situation can not last, and will decide to get out.

An inquiry into stock returns is interesting. Consider a few of the most active common stocks, as the figures are given in the Standard Trade and Securities Service Bulletin, calculated on prices prevailing for August 23. Atchison, Topeka & Santa Fe, for example, was then selling for \$277 a share. It is scheduled to pay \$10 a year. On that basis it would yield a return of about 3.6 per cent. The percentage, of course, is obtained by dividing the yield by the price paid for the stock.

Here are the figures for some of the other active stocks listed on the New York Exchange. They show the prevailing price, as of August 23, and the rate of return on that basis. Bear in mind that many of the persons who are buying these stocks are paying 9 per cent or more for the money with which to transact their deals.

BETWEEN 3 AND 4 PER CENT

Stock	Price	Yield
Union Pacific	\$284	3.5
New York Central	242	3.3
Packard Motor	153	3.3
Standard Oil of California	77	3.2
American Radiator	49	3.1
United States Industrial Alcohol	194	3.1
American Telephone and Telegraph	295	3.0
National Biscuit	203	3.0

BETWEEN 2 AND 3 PER CENT

Stock	Price	Yield
United States Steel	\$260	2.7
Standard Oil of New Jersey	73	2.7
Woolworth (F. W.)	99	2.4
Detroit Edison	349	2.3
Public Service Corporation of New Jersey	120	2.2
Columbia Gas and Electric	93	2.2
International Harvester	122	2.0

LESS THAN 2 PER CENT

Stock	Price	Yield
Allied Chemical and Dye	\$329	1.8
American Can	180	1.7
Commercial Solvents	497	1.6
United Gas Improvement	284	1.6
Air Reduction	194	1.5
General Electric	94	1.5
Westinghouse Electric and Manufacturing	289	1.4
International Telephone and Telegraph	139	1.4

NO DIVIDEND

Stock	Price	Yield
Radio Corporation of America	\$66	0

This is admittedly a selective list, but it includes some of the best known, as well as the most active, stocks on the market. Several of the group averages, as compiled by the bulletin, are also instructive. The average yield of 25 utility holding companies' stock was 2.1 per cent. That of 13 utility operating companies' stock was 2.3 per cent. Ten grocery companies' stock showed an average yield of 2.8 per cent, and seven chain stores' stock, one of 1.8 per cent.

Evidently in most instances the man who purchases stock at prices yielding such returns with money costing 9 per cent is not investing; he is speculating. The yield does not account for the attraction. Other factors must enter into his calculations, such as earnings and the future of some particular industry; and in a few cases the reason may be justified. Nevertheless the chief consideration generally is that he believes he can sell his shares to another speculator at even higher prices. And probably he can—so long as the market holds up.

The danger, of course, is that the time may come when this pyramiding process will stop, when no more buyers can be found to risk expensive money at such comparatively low returns, when the capitalization of the

future no longer satisfies. Only a limited number of stocks, probably less than a third of those listed, are participating in the boom. The question is whether the deflation of their prices to a reasonable basis on earnings can be effected gradually.

If it can not be, and people still continue to play the market for continued rises, a lot of them are going to be sorry.

[From the Kansas City Star, September 16, 1929]

#### A SUPERTAX ON THE TAXPAYER

In contrast to the boom that has been sweeping the price of many stocks continually upward, the bond market in this country has been undergoing a period of severe depression. The two developments are closely related. And it is important to recognize that the present unsatisfactory condition of the bond market will be reflected for years to come in the tax bills of every community which must borrow money at this time. Higher taxes are the public's contribution to the wild stock market.

The depression felt by the bond market, of course, is part of a general reaction to the greatly increased demand for credit, occasioned by recent speculative operations in stocks, a demand which has caused brokers' loans on the New York Stock Exchange to attain an unprecedented figure and the renewal rate on call money to hover about 9 per cent. It is part of the same movement which has been raising the cost of credit for farmers, business men, and industrial concerns, wherever loans are needed in the ordinary conduct of their affairs.

It is evident that the private borrower will attempt to recoup himself for increased interest charges by raising the price of his product. The consumer eventually pays. Another place where he feels the influence of more expensive credit is in the increased cost of public financing.

Every taxpayer is a partner in various public "corporations." He is financially interested in his school district, his road district, his city, his county, his State, and his National Government. When one of these corporations requires a considerable amount of money for some purpose connected with its regular business it is precluded from issuing stock, but it can and does issue bonds. In many cases these bonds are secured by all the taxable property in the unit; in other words, by the taxpayer's property.

But now consider. The bond market is badly depressed. Three and a half or four per cent bonds, no matter how safe, offer comparatively little attraction to the man with money to place who sees the profits to be made in stock speculation or the high rates being paid for brokers' loans in New York. To meet the competition the public corporations must arrange to increase the yield on their bonds. But who pays that higher interest rate? The taxpayer.

It might not appear that an increase of a half of 1 per cent, which is regarded by bankers here as a minimum for some of the best public bonds over the last 16 months, would prove of much actual importance. But it must be remembered that many of these issues have an average maturity of about 20 years. There is, therefore, an additional charge on the community of 10 per cent, where the sums of money involved are often very considerable.

The State of Illinois recently put out \$11,000,000 of highway bonds. In order to render them sufficiently attractive to secure a market the State had to make them yield 4.4 per cent. About a year ago similar obligations of Illinois were on a basis of 3.9 per cent. There is an increase of a half of 1 per cent. For one year the additional interest amounts to \$55,000. For 20 years (in this case the average maturity is actually somewhat longer) the increase is more than a million dollars. That is a contribution paid by the taxpayers of Illinois to the stock market.

Or take a recent issue of bonds for the Sanitary District of Chicago, to the amount of \$10,650,000. The yield basis was calculated at 5 per cent and up. A year ago, according to bankers, they would have sold on a basis of 4 per cent and up. There is an increase of 1 per cent, to be paid for an average of 10 years. The total increase therefore, is again in excess of a million dollars.

The State of Missouri is in much the same position as Illinois with respect to public borrowings. It is estimated that the next issue of highway bonds probably must yield 4.4 per cent or more. Not so long ago they were selling on a 3.9 per cent basis. Taxpayers in this State will have to contribute the difference.

Jackson County also is having to pay more for its credit. The last highway bonds sold on nearly a 4.45 per cent basis, as compared to 4.05 per cent about a year ago. One Kansas county is reported to be paying approximately 1 per cent more for its money than at this time last year. Instances could be multiplied. They extend from national to local borrowings. School and similar districts, with less security behind them, are naturally paying proportionately more for credit. But even the Federal Government's securities have felt the effect of the present credit situation.

Here are the market figures for certain issues of Government bonds, generally considered among the steadiest and safest securities in the world. The yield is calculated by dividing the annual interest by the price paid. Note how the yield has increased to attract buyers.

Issue	Due	Yield	
		Jan. 3, 1928	Sept. 13, 1929
3½ per cent.....	1947	3.09	3.70
First 4¼ per cent.....	1947	3.44	4.35
Fourth 4¼ per cent.....	1938	3.51	4.41
Treasury 4 per cent.....	1954	3.18	3.75
Treasury 3¾ per cent.....	1956	3.17	3.72
Treasury 3½ per cent.....	1947	3.13	3.55

The cost of government is being increased in many places because of a bullish stock market and the tightening of credit which it has entailed. Wild speculation is levying a heavy tribute on all taxpayers.

[From the Kansas City Star, September 18, 1929]

#### THE WEST AND THE BULL MARKET

From time to time during the last fortnight the Star has published somewhat extended editorial comment upon the present condition of the stock market. In particular an effort has been made to point out the tribute which that market has been exacting from this part of the country and the dangers which beset the speculator, here as elsewhere, in connection with the possibility of a sudden collapse of stock prices.

It may be asked why the Star should pay so much attention to such a situation and what it expects to accomplish by its comment. The Star harbors no illusion that these observations will have any particular effect upon the market or that they will diminish the flow of credit into brokers' loans so long as 8 and 9 per cent interest rates continue to obtain.

The Star does feel, however, that as a matter of public interest the people of this territory should know in how many ways they have been and are still contributing to the boom market, although they may not own a share of stock. There is also a hope that some of the casual speculators here, the "little" men who have been taking unaccustomed fliers without realizing the extent of the risk they assumed, may in the light of this information protect themselves against a sudden price deflation.

Few observers, except the most confirmed optimists, attempt to deny the hazards of the situation now existing in the stock market. A group of stocks, constituting less than a third of the number listed on the New York exchange, have been pyramiding in price until they are selling on a basis which produces a return of as little as 1 and 2 per cent on the investment involved. To purchase these stocks many persons are borrowing money at 8 and 9 per cent, subject to repayment on demand.

Transactions of that nature are not investments. They are made for speculative purposes, with the expectation of selling the same stocks shortly at an advance in price. It is a market sustained by a particularly heavy capitalization of the future. The keystone of this elaborate structure is that unpredictable quantity known as public confidence. In the past when it has given way under such a load there has been a crash. Everyone has tried to sell at once. The daily renewal rate on call money has risen to impossible figures. Many speculators have been ruined and the whole economic system of the country has been subjected to a temporary depression.

There is a chance, however, that deflation may be effected gradually. Financial authorities do not profess to know how good that chance may be, but it exists. If inflated stock prices decline slowly to a reasonable value, the speculator will still lose, but his individual loss need not be so heavy and the economic system will be spared a violent disturbance. Such a development would be the best thing that could happen to the country.

For, as has been already pointed out in these columns, the present situation not only involves a threat for the future but imposes an immediate burden upon this and every community like it. In a little more than three years the volume of brokers' loans on the New York Stock Exchange has increased from less than \$3,000,000,000 to nearly \$8,000,000,000. The result has been to tighten credit conditions throughout the country.

The cost of credit for cattlemen in this territory has arisen by from 1 to 2 per cent. Interest rates on commercial paper, used by merchants for short-time financing, have increased in much the same fashion. Industrial concerns are having to pay more for their money. Building activities in Kansas City and this area have been hampered by the higher charges on loans necessary for them. Wherever credit is required, the influence of the bull market is felt.

Naturally the borrowers hope to pass this additional cost on to the consumers. But the taxpayer is being assessed in a more direct way through the increased cost of public financing. The tightening of credit has necessitated increasing the yield on all kinds of local, State, and Government bonds; and, of course, the additional interest charges will be found in the tax bills.

The Star has cited specific examples of contributions which the citizens of this area have been making to the stock market. It has given statistics to demonstrate the low yield now produced by some of the more active stocks and the absorption of credit in brokers' loans, with mounting interest rates.

The feverish speculation on Wall Street, in which the whole country has been taking part, is being paid for in higher living costs, in slackening industry, in a tax burden that must be borne for years to come. At the same time it is involving serious hazard for tens of thousands of speculators outside of Wall Street who will lose when there no longer are speculators willing to gamble on a further rise.

There is no question of the essential soundness of the economic condition of the country. Probably no nation in history has had such widespread prosperity. Our great home markets, our natural resources, and our genius for mechanical invention and industrial organization have all combined to that end and there is every reason to suppose that these factors will continue to work increasingly to our advantage.

Nevertheless, the Star believes that inflated stock prices are a menace to the orderly development of the country as a whole and that the sooner the market begins to return to a normal basis the better for everyone concerned.

[From the Kansas City Times, September 27, 1929]

#### CRITICISM FROM WALL STREET

The Star called attention yesterday afternoon to a first-page editorial in the Wall Street Journal criticizing its recent comments on the stock market. The source of the criticism and the importance of the subject warrant a more detailed examination than was possible yesterday.

In the editorials in question the Star invited attention to the dangers in the stock-market situation and to the way in which it was slowing down business and burdening agriculture throughout the West. This newspaper warned its readers of the inherent instability of a market with certain stocks far above any apparently reasonable dividend basis. It pointed to the enormous growth of brokers' loans as using credit that is needed in business and farming, and as forcing up the interest rate on local and Government bonds.

The latest of these editorials draws the fire of the Wall Street Journal. Quoting from this editorial which it calls "inordinately long"—but which evidently was not too long to be read by the Wall Street Journal—it points out that the Star protested that "inflated stock prices are a menace to the orderly development of the country as a whole" and asserted "that the sooner the market begins to return to a normal basis the better for everyone concerned."

Who is to start liquidating? the Wall Street Journal inquires. And what is a normal basis, not in the opinion of the Star, which knows little enough about it, but in the opinion of those who really understand it? There is no intention here to take a position on the market, but it is necessary to point out that carrying stocks yielding 2 per cent, with money borrowed at a much higher rate, is not necessarily unsound or even dangerous.

Just what is a normal basis for stocks no one, of course, can say, not even the wise Wall Street Journal. But certainly the enormous increase in the market price of many securities far beyond any prospects of earning capacity, can not be called normal. Certainly the expansion of brokers' loans from \$3,000,000,000 in 1926 to \$8,000,000,000 in 1929 can not be called normal.

Does the Wall Street Journal seriously contend that the tremendous turnover in stocks—the 5, 6, and even 8 million share days—is the outcome of buying on an investment basis?

In fact the Star recalls what seemed to be a warning note from this same newspaper a little less than a month ago. "No tree grows to the sky," it said, "but it is a fairly permanent feature of the landscape provided it is well rooted. In a great bull market much attention is given to the foliage; some conservative consideration is likely to be given, in the future, to the roots."

The Star has been following this advice and calling attention to the roots.

Out here in the West, in our stupid way, we believe the Wall Street situation to-day has all the earmarks of a wild boom such as affected Florida real estate a few years ago. We have even heard reports of the same belief among managers of some of the big corporations who have privately expressed anxiety lest many purchasers of their stocks get hurt in the market and the resulting distrust of stocks interfere with their future financing.

From the Star's contention that the feverish speculation with its increase in brokers' loans has produced high rates for money for ordinary business transactions, the Wall Street Journal dissents.

"Brokers' loans," it says, "really make up only a small part of the credit necessary to carry on the country's business. Money is high all over the world for reasons which have nothing to do with stock speculation."

This is a statement of opinion made without the evidence to back it. The opinion does not seem to have convinced the Federal Reserve Board. It will not convince business men of the West who see credit being transferred to Wall Street to get the high interest rates paid

there, which normally would be available for business uses in this part of the country. It will not convince taxpayers who have to shoulder the high interest rates paid by school bonds, road bonds, county bonds, city bonds, even Government bonds, because of the inordinate demands made by the speculative markets.

To quote a business authority, Chairman Legge, of the Federal Farm Board, said Wednesday that money that was needed to take care of wheat was "being sent to Wall Street for speculation on the stock market."

Finally the Wall Street Journal inquires as to the future. It says: "If the stock market is left alone, it will liquidate itself in due course and do so safely. Forced liquidation anywhere, if in sufficient volume, means trouble in every direction. \* \* \* Does the Star suppose that the interests which center in Kansas City would be safer and more profitable if a devastating and needless smash in the stock market could be brought about?"

But why should there be any talk of the stock market liquidating itself if things are now on a normal basis, which is to be inferred in the Wall Street Journal's recent comments? If the highly active stocks are selling as justified investments, why should liquidation be expected?

Apparently, however, the Wall Street Journal really harbors a degree of anxiety. To revert to its comment of last month, it usually is assumed, it said, in a prolonged bull market "that prices can never go down and that the old order has changed and even permanently given place to a new. As Hathi, the wise elephant, explained to Mowgli during the great drought, these things have happened before. \* \* \* Principles are consistent if we can only discover them."

The Star has been trying to indicate these inexorable principles that in the long run will govern the market. In so doing it believes it is meeting an obligation to the territory it serves. It hopes that its readers who may happen to be in the market will protect themselves against the inevitable liquidation. It hopes further that if the liquidation movement can be started in the Middle West it may spread to other parts of the country and thus help bring the market down gradually, avoiding the smash to which the Wall Street Journal refers.

Primarily this newspaper is fighting for its own people and their interests. And it does not expect that such a fight will be popular on Wall Street!

#### INVESTIGATION OF DISTRICT OF COLUMBIA GOVERNMENT

Mr. DILL obtained the floor.

Mr. BLEASE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from South Carolina?

Mr. DILL. I yield.

Mr. BLEASE. I desire to offer a resolution which I do not think will cause any debate, and I ask for its immediate consideration.

The PRESIDENT pro tempore. The resolution will be read for the information of the Senate.

The legislative clerk read the resolution (S. Res. 127), as follows:

Whereas numerous reports and newspaper editorials and articles have appeared and are now daily appearing in reference to the official conduct of those in charge of the police department, the detective department, the district attorney's office, and the District Commissioners and those in public offices connected with the government of the District of Columbia, which reports if true show inefficiency and corruption in said government, and which if true should cause the immediate dismissal of all who are connected with the control of these departments, and which if not true should be as early as possible shown to be exaggerated: Be it

*Resolved*, That the Committee on the District of Columbia or a subcommittee thereof be, and are hereby, instructed to immediately make a thorough investigation of such charges and report its findings as early as practicable; be it further

*Resolved*, That said committee or subcommittee is hereby authorized to summon witnesses and to punish for contempt any official or other person who refuses to testify before them when duly summoned to so do; be it further

*Resolved*, That whereas section 855 of the Code of Laws of the District of Columbia provides for the carrying of weapons concealed about the person of certain parties who receive permits to so do; that said committee make inquiry as to what persons during the year 1929 have been duly authorized to carry weapons in the District of Columbia by obtaining such permits, whom they obtained the said permits from, the circumstances under which they obtained it, and the reasons therefor; the names of parties who vouched for the reputation and character of the person obtaining such permit; whether or not the person obtaining such permit is an American-born or a naturalized citizen or a foreigner; the color, race, and place of residence of such persons. Also, said committee shall ascertain what persons have made application for such permits and have been refused, and the reasons for such refusal, during the year 1929; be it further

*Resolved*, That said committee ascertain from the district attorney's office and the records of the grand jury when the indictment against

those charged with the murder of Lee King was found by the grand jury and when it was returned to the office of the district attorney and what assistant district attorney handled it and why it was withheld from the court and from the public until the final day of the term of the grand jurors then serving; and be it further

*Resolved*, That the said committee particularly inquire into the reason for the suspension of Robert J. Allen from the police department of the District of Columbia, and why it was necessary to assault the said Robert J. Allen when taking from him the badge of his office; and why he has not been restored to duty since the grand jury has vindicated his actions and as was promised him by Assistant Superintendent of Police Shelby and Superintendent of Police Pratt.

The PRESIDENT pro tempore. Without objection—

Mr. JONES. Mr. President, I think this is quite a complex resolution—

The PRESIDENT pro tempore. Let the Chair state the disposition of the resolution, please. Without objection, the Senator from South Carolina has unanimous consent to submit the resolution, and, under the statute, the resolution is referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. BLEASE. Mr. President, there is no provision for the expenditure of money in the resolution.

The PRESIDENT pro tempore. There is a provision for the summoning of witnesses, and the Chair hardly sees how that could be carried out without some charge upon the contingent fund.

Mr. BLEASE. The Chair is a little bit ahead of himself this morning.

Mr. JONES. I think—

Mr. BLEASE. I have the floor.

The PRESIDENT pro tempore. No; the Senator from Washington [Mr. DILL] has the floor.

Mr. BLEASE. I have the floor and do not yield. The Senator from Washington [Mr. DILL] yielded to me.

Mr. DILL. Only for the purpose of presenting the resolution.

Mr. BLEASE. Of course, if the resolution is going to bring on discussion I shall not take up the time of the Senator from Washington; but the resolution provides for an investigation of the activities of certain officials of the District of Columbia, who are now drawing large salaries, and I think it should be adopted.

Mr. JONES. Mr. President, inasmuch as it is a very complex resolution and covers quite a number of different matters, I desire to suggest to the Senator that it should be sent to the District Committee for consideration and possible modification or amendment.

Mr. BLEASE. We would put the resolution in a refrigerator if we should send it to the committee that upon its adoption is going to do the work. If it is desired to send it to any committee, at all let it be sent at least to some committee where it will have an opportunity of coming back to the Senate. I would not blame the Committee on the District of Columbia for keeping it back; it is asking them to do something that they should have already done without any resolution.

Mr. JONES. I think the Senator has the wrong idea.

Mr. BLEASE. I am not going to discuss the question now and thus take up the time of the Senator from Washington, but there are things in this city that ought to be cleared up, things which constitute a stench in the nostrils of all decent Americans not only those living in America but those out of it. This resolution will help clear up that situation, and I am ready to furnish proof and back it up. All I want to have is an opportunity to do that. If the Senate does not want it done, that is all right.

The PRESIDENT pro tempore. The Chair maintains his position that the resolution should be sent to the Committee to Audit and Control the Contingent Expenses of the Senate, and, unless otherwise ordered by the Senate, such disposition will be made.

#### FLEXIBLE-TARIFF PROVISIONS

Mr. TYDINGS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from Maryland?

Mr. DILL. For what purpose?

Mr. TYDINGS. I desire to submit for the RECORD a number of editorials relating to the flexible-tariff provisions of the pending tariff bill.

Mr. DILL. Very well, I yield.

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD immediately following my remarks some editorials from various newspapers.

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

The editorials are as follows:

[From the Louisville Times, September 25, 1929]

#### ONE-MAN POWER

Calvin Coolidge employed the flexible provision of the tariff bill to give the pig-iron industry a 50 per cent increase of protection.

Herbert Hoover wants the same power. How he would use it nobody knows. It would be unfair to forecast any misuse of it by him. His argument that Congress can not determine all of the factors in tariff making without doing injustice is not a convincing plea for 1-man power.

Of course, Congress can not make a tariff law without doing injustice. Furthermore, the attempt never would be made with the dominant element of Congress in favor of the principle of high protectionism, which is subsidy.

Whilst it may be argued that this or that President vested with power to do 1-man tariff making might be uncommonly wise, and uncommonly just, it can not be argued persuasively that delegating the authority of Congress to the President is either wise or safe.

The Constitution divides the powers of government between the executive, the judicial, and the legislative branches. The flexible provision surrenders the legislative power to the President, who, in its exercise, becomes, virtually, judge, jury, and court of last resort, performing therefore a judicial function without the customary safeguards by which it is sought to guard justice in the judicial branch of the Government.

One-man tariff making is absolutism. It is a complete denial of the principles and purposes of representative government. It can not be argued that the President, with his multifarious duties, always under pressure for time, could function as tariff adjuster with more than one-fifth of the efficiency of a tariff commission of five, or with more than one-third of the efficiency of a tariff commission of three.

The flexible provision is the most retrogressive step in our tariff history, and not, as President Hoover contends, the most progressive step.

It vests first-term Presidents, in all cases candidates for the Presidency, with power which no President, regardless of whether he is a candidate, should be allowed to have.

[From Louisville Times, September 26, 1929]

#### THE CANDIDATE

President Herbert Hoover is a candidate for reelection, as a matter of course. No man in his situation, at his age, would be without ambition for a second term.

In view of his candidacy, and regardless of his intentions, his all but clamorous demand for the power of an autocrat over the tariff system is of national and international interest. No political machine could be more powerful than control of the tariff machinery which constitutes, as Senator LA FOLLETTE says, "political power beyond the imagination of man."

The tariff law constitutes economic chauvinism of such a character that many thoughtful Europeans look upon it as equal to heavy armament as a bar to real and enduring peace.

The President, it is remarked in the Senate, did not hesitate to intervene in legislation to the extent of using the full force of his great personal influence and the entire weight of his office against the debenture plan in the farm bill. He has, at no time since he became President, hesitated to speak frankly and pungently upon matters which have interested him. He has been admired, by Democrats and Republicans alike, for his candor and his courage.

That his silence was giving consent to the most extortionate tariff bill in this history of legislation upon this subject was construed as meaning that he was merely an orthodox member and a loyal servant of the party whose fundamental doctrine and historic policy have been high protectionism.

His declared fear that power over the tariff will be taken from him reveals him as the first President who has demanded openly the tariff czarism.

His argument that it is necessary for the welfare of the country that final power over the tariff rest in his office is complete repudiation of the theory of government by the people. His argument that his power over the tariff is not despotic is set aside by the fact that his predecessor ignored a tariff commission which did not satisfy the sugar subsidy seekers and in packing the commission with men satisfactory to beneficiaries of privilege schedules, included a former tariff lobbyist in its personnel.

The President may not be seeking, as a candidate, to benefit by autocracy's opportunities, but he is a candidate, asking for autocratic power, "beyond the imagination of man."

[From the Courier Journal, September 26, 1929]

#### THE PRESIDENT JUMPS THE RESERVATION

President Hoover, in publishing a protest and argument against the repeal of the flexible provision of the tariff law, knocks from under him

the props to his claim of hands-off policy with reference to the pending tariff legislation. Heretofore he has chosen to take a position of aloofness on the theory that it is not the province of the Executive to interfere with the work of the legislative branch of the Government. Mr. Hoover recognizes a ground for a charge of inconsistency against him on this point and defends himself against it by asserting that having made his position in support of the flexible tariff clear in his message at the beginning of the special session of Congress his pronouncement at this time did not pass over what he regards as the border line between legislative and executive functions.

But he seems to overlook the fact that also having made his position clear in his call for the extra session that it was only for "limited" tariff legislation aside from the agricultural schedules he has done nothing to attempt any curb on the plunge of the extra session into unlimited industrial-tariff legislation. Certainly he had as much right to attempt such a curb as he has to undertake to control flexible-tariff legislation.

The President's studied refusal to make any effort to shape the tariff bill now on the ways in Congress has left him in an attitude of inability to claim freedom from all responsibility for the tariff bill that will be passed, however bad it may be. And now his abandonment of his policy of aloofness to lunge into the fight on the flexible device leaves him without even any technical plea for absolution from the blame for the new tariff monstrosity which is to be foisted upon the country by the extra session of Congress which he convoked.

The President's argument that he be invested with the practically absolute legislative power which it was never the intention of the founders of the Government that the President should have has nothing to back it in the experience we already have had with the working of this "flexible" machinery. It has operated in every important instance for higher duties, the President, as in the case of sugar, refusing to follow the Tariff Commission's recommendation for lower duties. President Coolidge, under the shelter of this law, assumed such autocratic power that he reorganized and packed the Tariff Commission in order to prevent its making recommendations not to his liking as a high tariffite. President Hoover himself has already resorted to this flexible provision to increase duties, and in the argument which he now makes for the retention of that provision he goes to an extreme from which even the Republican Senate has backed away by committing himself to the "competitive" basis for rate boosting. Everything so far indicates that President Hoover would be as much of a high-tariff autocrat as President Coolidge was.

He made a strange misstep when he included in his statement an attack on Governor Smith's plan for an enlarged Tariff Commission with, according to the report of Mr. Hoover's objections, "almost exclusive authority to make all tariff changes." Mr. Hoover committed the same mistake in his campaign speeches. He attacked the Smith plan for reorganization of the Tariff Commission with the charge that it would be empowered to usurp the legislative functions of Congress, whereas the Tariff Commission which Governor Smith proposed was to be, as distinctly defined by him, merely a fact-finding commission, the facts which it might find to be laid before Congress for that body's action as it chose. But Mr. Hoover in his campaign misunderstood and condemned the Smith tariff commission on the ground that it would be a legislative body, to which Congress would surrender its proper functions. Yet now Mr. Hoover, as President, is asking Congress to surrender to him the very functions whose surrender to a proposed tariff commission Candidate Hoover erroneously conceived was favored by Candidate Smith, whose defeat, because of such an unsound project, Candidate Hoover demanded.

[From the Baltimore Sun, October 2, 1929]

#### CAUGHT WITH THE JAM

Whether or not the obnoxious flexible-tariff arrangement is finally thrown out of the pending tariff bill—the odds are against this result in view of the close Senate division and the President's whip hand over the House—there seems to be substantial agreement that the bill in its entirety, as, when, and if passed, will be a much more respectable piece of legislation than that originally indorsed by the House and subsequently approved by the Republicans of the Senate Finance Committee.

If this proves to be the case, it will be due directly to the broadsides leveled against the bill by Democrats and insurgent Republicans in the Senate. The House, under the old guard Republican lash, not only accepted a tariff monstrosity from its Ways and Means Committee without protest, but added a few minor deformities of its own and jammed it through. The Republicans of the Senate Finance Committee, without making the slightest pretext of doing a reasoned job, and without even bothering to offer an explanation of many rate changes, tossed the bill into the Senate. The President has made no gesture of annoyance over this tariff orgy. On the contrary, he has confined his "intervention" to a plea for the retention of a flexible-tariff device which is peculiarly designed for dispensing additional tariff favors.

And now, when there is mounting evidence that the Democratic and insurgent attack upon the bill is taking hold, and that the country is not disposed to grin and bear an indiscriminate tariff raid in behalf of

already fabulously rich industries, polite intimations come that the glossy NICK LONGWORTH, Speaker of the House, never really expected the House bill to become law anyway, and that it was essentially an arrangement for subsequent trading with the Senate. If he is entirely frank in this attitude, it reflects a strange perversion of the scheme originally designed for governing the United States. For in that event the House, designed as directly representative of the people, has become the agency of special interests; and the Senate, originally intended as a more or less aristocratic body, has instead become the body to which the common man must look for defense.

It is not likely, however, that there is complete frankness in the view that the House was really not in earnest when it passed its bill. The chances are that it was a bill that its leaders would like very much to become law. Furthermore, so far as any action of the Senate Finance Committee and the President is concerned, there is every reason to believe that it would have become law if the Democrats and the insurgent Republicans had not launched their assault upon it.

From present indications, the attacks on the House bill in the Senate have but fairly begun. They should be continued with unabated fervor. No one should be deceived by the idea that the House was only fooling. That is always the explanation of a small boy caught in the cupboard on a search for the jam.

[From the Baltimore Sun, October 4, 1929]

#### LOCK THE BARN DOOR

Tariff making by the President has been rejected by the Senate. Whether this happy decision, made by a close vote, will withstand all the tugging and pulling to which the pending tariff bill will be subjected before it becomes law remains to be seen. In any event, it will serve the immediately desirable purpose of putting pressure on President Hoover to state clearly where he stands in regard to the proposed tariff schedules.

According to Mr. Mark Sullivan, veteran Washington correspondent of the New York Herald Tribune, the Republicans rely upon the flexible tariff to restore a measure of decency to an admittedly unjustifiable tariff bill passed by the House and approved by the Senate Finance Committee. Since Mr. Sullivan is very close to the White House at the present time, his estimate of Republican, and particularly presidential, strategy in the tariff fight is important.

In his dispatch to the Herald Tribune yesterday, Mr. Sullivan said that among the Republicans defending the flexible tariff there is "the tact acknowledgment that many of the rates in the pending bill are unjustifiable." But along with it goes the expectation that if the flexible tariff is retained "President Hoover would be willing to take the responsibility of promptly changing the unjustifiable rates through the mechanism of the flexible provision."

In other words, in Mr. Sullivan's view, the President would like to stand by and let Congress pass an admittedly rotten tariff bill in the expectation that he could patch it up by Executive fiat later on. He would do this by keeping a flexible-tariff scheme which has been proven a disgraceful failure.

In reporting the Senate debate on the flexible tariff, Mr. Sullivan said: "So far as the argument turned on the Tariff Commission, as it has been since 1922, the Democrats were triumphant in exhortation, and the Republicans helpless to defend. \* \* \* REED, of Pennsylvania, felt obliged to admit that the past operations of the Tariff Commission were 'deplorable.' \* \* \* BORAH was able to charge, without reply from the Republicans, that 'the Tariff Commission, as it has been made up since 1921, has been composed to a dominant degree of lobbyists for industrial interests.' \* \* \* No speech by any Republican even faintly approached the quality of the speech of Senator CONNALLY, of Texas. \* \* \* The criticism of the provision by Senator WALSH, of Montana, on constitutional grounds, was beyond any constitutional argument made by the Republicans."

It is a feeble notion that the President, equipped with the wretched flexible-tariff instrument, could reclaim some of the damage done by the passage of an unjustifiable tariff act. He would be under relentless political pressure to increase rates, and, as in the past, there would be little organized strength back of moves for reduction. He would have at his disposal what every scientist who has ever examined it agrees is an awkward, always time consuming, often impossible formula for making rate changes.

And yet, in the face of all the difficulties, Mr. Sullivan suggests that President Hoover believes it possible to let the industrial interests run amuck in Congress, get an abominable tariff bill, and then use the flexible tariff to recover some of the pelf. In other words, he would sit by calmly while the horse is being stolen, and then see what can be done about locking the barn. A far more honorable procedure would be for the President to abandon this smug position and throw his support to those Members of Congress who are trying to lock the barn right now.

#### PREMIER MACDONALD'S VISIT TO THE UNITED STATES

Mr. DILL. Mr. President, I wish to take the time of the Senate for just a few moments on another subject than that which is before us.

There arrived in New York an hour ago the Premier of the British Empire. The Nation was able to hear that reception over the radio, and, most of all, to hear the remarks of the Right Hon. J. Ramsay MacDonald on that occasion. As I listened to those remarks, I could not but think of how far we have traveled in our negotiations for world peace. Never before in our history did the Premier of the British Empire go to meet the Chief Magistrate of the United States of America, in disregard of all diplomatic rules and diplomatic precedents.

I wish also to remind the Senate and the country that only a man from the ranks of labor has had the daring to take such a step.

It is not uncommon in this country for men to rise from humble position in life to heights of power; it is not uncommon in England for men to rise from humble position to the highest place in their government; but it is unusual for a representative of the labor party of any country to reach the premiership of his native land. I glory in the fact that from the ranks of labor in the British Empire has come this man who, waving aside all the precedents of history, because of his idealism, his desire to serve the hopes of the people of his own country and of America for world peace, has crossed an ocean on his way to this city, which he will reach in a few hours, to meet the President of the United States that they may talk face to face on what is to-day the greatest problem in the world.

I wish to say further that Premier MacDonald represents not only the British Labor Party and the great masses of the people of the British Empire but that in his purposes he also represents the hopes of the masses of the people of this country. It is a common saying that we shall have peace in the world as soon as the people of the earth want peace. A more misleading statement has never been made. They are led into war by those who hope to profit by war and by so-called statesmen who say war is necessary. The people of all nations have long wanted peace, and they want it to-day as they never wanted it before, but it took a man, I repeat, from the ranks of common men, from the ranks of labor of the British Empire to dare to defy all precedents and rules of diplomacy and to come personally to discuss a question that is ordinarily only discussed at long distance by the awkward, indirect methods of diplomacy.

I wish to voice my opinion that the Premier of the British Empire and the President of the United States can not go too far in their agreements for the limitation of armaments and guarantees of peace to meet the hopes of the masses of the people of this country and of the masses of the British Empire.

#### RECEPTION TO SERGT. ALVIN C. YORK

Mr. McKELLAR. Mr. President, in the Vice President's office is one of the outstanding characters of the late World War. In my humble judgment, the greatest single exploit of that war was the action of Sergeant York in individually killing some 26 of the enemy and capturing 132 more. General Pershing said that that was the greatest exploit of any individual soldier in the war, and General Foch said substantially the same thing.

But, Mr. President, great as Sergeant York was in the war, he has shown himself to be even greater in time of peace. He refused alluring offers of fabulous salaries which were made to him by moving-picture corporations of America. He refused lecture platform contracts which would have been of great value to him, and went back to the mountains of Tennessee where he was born and reared and there engaged principally in the education of those around him. He has made remarkable progress in his ambition to have his friends, neighbors, and associates and their children educated. He is meeting with splendid success in that work to which he has devoted his life. I therefore say that he has made a great record in peace as well as in war. He has stamped himself as one of the great leaders in the cause of education in this country. So, Mr. President, Sergeant York being present this morning, I move that the Senate take a recess for five minutes so that Senators may have an opportunity to meet and greet him personally.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee.

The motion was unanimously agreed to; and the Senate took a recess for five minutes.

The Senate being in recess—

The VICE PRESIDENT. The Chair appoints the Senator from Tennessee [Mr. McKELLAR] as a committee to escort Sergeant York into the Senate Chamber.

Sergeant York, escorted by Senator McKELLAR, entered the Senate Chamber, amid applause, and standing in front of the Vice President's desk he was introduced by the Vice President to the Members of the Senate.

On the expiration of the recess the Senate reassembled and the Vice President resumed the chair.

#### DEATH OF DR. GUSTAV STRESEMANN

Mr. BLACK obtained the floor.

Mr. KING. Mr. President—

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

Mr. BLACK. I am informed the Senator from Utah desires to make a brief statement, and I yield to him for that purpose.

Mr. KING. Mr. President, the remarks just submitted by the Senator from Washington [Mr. DILL] concerning the visit of Premier MacDonald to the United States were appropriate and felicitous. Mr. MacDonald is recognized as one of the outstanding figures of Europe and one of the eminent statesmen of the world. It is to be hoped that his mission to this Republic will be advantageous not only to his country but to the United States. There is an unmistakable movement throughout the world in favor of limiting armaments and, indeed, in favor of disarmament. But such a movement is not the product of pacifism—it is the result of a well-defined purpose to bring together in proper cooperative effort all peoples of the world. There is no purpose to destroy nationalism or to extinguish the love of country or to weaken the allegiance of patriotic citizens to their own governments. While we are welcoming this distinguished statesman, we are reminded of another great statesman who has been called to the Great Beyond. The sad news was received yesterday of the demise of Dr. Gustav Stresemann, one of the outstanding political figures not only in Germany but in the world. Doctor Stresemann has made great contribution to the liquidation of postwar problems; indeed, no man in Europe has done more to promote European peace and to eradicate disturbing elements menacing the economic and political life of European nations. Doctor Stresemann sought in every proper way to remove animosities existing in his own and in other countries and to soften the asperities resulting from the World War. It is impossible to estimate the value of his services in behalf of Germany. In my opinion, no European statesman during the past decade has possessed greater vision and wisdom and knowledge of economic and political forces than Doctor Stresemann. He has been a pillar of strength in his own country to the new government as well as a great leader of democratic forces. Europe, and, for that matter, all nations, owe him an inestimable debt of gratitude; and to Briand, the great French statesman, with whom he collaborated in working out European problems, all peoples are indebted.

Doctor Stresemann's untimely death is an irreparable loss to the German people as well as to the entire world. Several years ago I met Doctor Stresemann, and later, when I again visited Germany, I met him upon several occasions. I was privileged to be present at a diplomatic reception given by President von Hindenburg, and Doctor Stresemann presented me to the President and acted as interpreter during the interview between the latter and myself. I believe that these two important officials were discharging with fidelity the heavy responsibilities resting upon them. Germany is the poorer in the passing of Doctor Stresemann. I feel sure that the people of this Republic will join in paying tribute to the memory of one whose labors for the happiness and peace of the world gave to him an international fame and entitle him to the homage of the lovers of liberty throughout the world.

#### MUSCLE SHOALS

Mr. BLACK. Mr. President, it is not my desire to take any unnecessary time from the discussion of the pending measure. In my judgment it should be expedited so far as is possible, because of the tremendous issues involved in the tariff. There are some matters, however, which are so important—for instance, the statement by the Senator from Washington [Mr. DILL], with reference to the visit of the Premier of England—that we are justified in taking a few moments from the discussion of the bill.

Personally, I am delighted that the Senator from Washington made the statement that he did, in order that it may be understood that there are many in the Senate who feel that the great heart of this Nation will respond to any effort made from any source, from a member of any party, for the benefit of world peace.

The subject, however, to which I desire to direct my attention for a few moments is one of extreme importance to the people of the State that I represent and to the people of the Nation.

A few months ago my colleague [Mr. HEFLIN] and I addressed a letter to the President of the United States and requested that he include in his message to this special session of Congress a suggestion as to a measure which would bring about the operation of Muscle Shoals. Since that time new

facts have been developed and have been published to the world, to which I desire to call the Senate's attention, making it all the more important that this body proceed at the earliest possible moment, in the interest of agriculture, to bring about a solution of this problem.

I want to call attention first to the fact that on January 1 of next year the existing contract with the Alabama Power Co. for the power at Muscle Shoals will expire. I want to call attention also to the fact that although we could have generated at that plant in the year 1928, 1,776,199,000 kilowatt-hours, the Alabama Power Co. secured from the Government an exclusive contract, and purchased only 216,859,000 kilowatt-hours, or practically one-eighth of the total capacity of the power plant.

This is a great loss to the people of this Nation. It is one which should not be tolerated in the future. Therefore it becomes imperative from that standpoint that something be done between now and January 1.

Another question of importance: My predecessor, the late Senator Underwood, who was recognized throughout the Nation as a leader of public thought, once made the statement that it would be better to operate the nitrate plants at Muscle Shoals, even if the Government had to throw the product into the river, rather than to permit them to lie idle; and I purpose to show here to-day that Senator Underwood was right in that assertion.

In the first place, all of us know that nitrogen is a necessity in time of war. We heard many speeches in favor of preparedness when the cruiser bill was up, and the Senate by an overwhelming majority voted to expend millions and millions of dollars to build additional cruisers. Without nitrogen those cruisers would be useless. I call attention to the fact that in the year 1914 this country imported 606,720 tons of nitrates from Chile. In 1927 we imported 838,591 tons. In 1928 our importations from Chile reached the stupendous total of 1,018,000 tons; and yet we have spent millions of dollars on battleships and authorized additional millions to be spent when we know that if war should come, our nitrates for explosives must come from Chile; and those very cruisers would therefore be needed to protect this foreign source of nitrate supplies.

Noting that this increase in nitrogen has occurred, and remembering that our farmers must pay the Government of Chile \$12.58 per ton as a tax for each ton of nitrogen, what else do we find with reference to this situation?

I quote from an article by Mr. Charles J. Brand, who is secretary of the National Fertilizer Association, and who is said to have guided one of the most tremendous lobbies to prevent the operation of this project in the interest of the people that ever waged warfare on the rights of the common man in this Nation. What does Mr. Brand say with reference to nitrogen in other countries? He has recently made a trip to Europe. He says he has inspected all of the nitrate plants; he has familiarized himself with the situation; and we find that he states that Germany leads the world in the fixation of nitrogen from the air.

Here is his statement:

In nitrogen manufacture Germany is clearly the leader of the world, though Norway has made excellent progress. Forced by her war necessities—

Note that—

because of the fact that her usual source of Chilean nitrate was cut off by the great blockade, she quickly developed a production of fixed nitrogen from the air that has commanded respect and emulation. The lead she obtained under stress of war she has maintained and even increased. In fact, perhaps she has now reached a point where no other nation is likely to overtake her unless the United States, because of its growing need of nitrogen for fertilizer, shall develop production commensurate with the need. We can not doubt that the energy and initiative of American industry can achieve such a result.

But the energy and initiative of American industry has failed to do it and we have been left lagging behind all the countries of the world. For some reason industry in this country has declined to provide plants for the fixation of nitrogen. As a matter of fact, the reason is said to be this: Present fertilizer machinery is designed only for the use of Chile nitrate. It would cost the fertilizer companies much money to reequip their plants so as to use nitrogen fixed from the air, and therefore they prefer to continue to use Chile nitrate. That tells the complete story of an importation of 630,000 tons of Chile nitrates in 1914 and the increase to more than a million tons in 1928.

What else does Mr. Brand say?—

During the fiscal year 1928-29, Germany made compounds containing about 800,000 tons of nitrogen.

During that time we imported into this country more than 1,000,000 tons of nitrogen.

This is the equivalent of about 4,800,000 tons of nitrate of soda. \* \* \* This great output of Germany represents an almost revolutionary achievement.

Bearing that in mind, Mr. President, I desire to call your attention to the dilemma in which the American farmer finds himself with reference to the purchase of nitrogen.

In the Literary Digest a few weeks ago there appeared an article which is in part as follows:

Muscle Shoals will attain greater importance and significance in the next Congress than it has ever enjoyed before, it is predicted, as a result of the news from London and Berlin that German, British, and Chilean nitrate interests have joined hands in an international cartel or combine to control production and distribution of the natural and synthetic product. For it is generally agreed that the Muscle Shoals plant, once in operation, with its profits limited, would hold fertilizer prices in check, even though the Alabama plant could supply only a part of the quantity needed in the United States.

Just what the new nitrogen cartel agreement includes is not known, but it may be safely assumed that the object is to get for nitrogen producers the greatest possible total profit out of the world market. The tendency is to give to producers rather than users of nitrogen the benefits of reduced costs arising from the newer scientific developments.

Now, here is the important part. If this body is earnestly interested in the plight of the farmer, if the executive department wants to help the American farmer, if the great political parties want to help the American farmer, I call their attention to this significant statement copied from the New York Herald-Tribune with reference to this world cartel agreement:

According to these [agreements], German and British chemical trusts have agreed to a price reduction on synthetic and natural nitrogen of approximately 6 per cent. Officials announcing the price agreement, however, say it does not apply to the United States.

In other words, the Chile nitrate producers and the synthetic and cyanamide producers of Europe and the world reach an agreement to control the prices. They reduce those prices all over Europe, Asia, Africa, and South America, and in fact everywhere except in the United States of America. Why? Why is this possible? Because the lobbies have infested this Capitol and succeeded in confusing the minds of legislators and muddying the issues, so that legislation has not been passed putting our nitrate plants at Muscle Shoals in operation. That is the only reason to-day why this combine is able to raise the price to the American consumer, while it lowers the price everywhere else in the world. These lobbies and the resulting failure to put Muscle Shoals to work, explain why our Government would be compelled to import our nitrogen from Chile at this increased price in case of war.

I am calling attention to this now because I want to invite the special committee which is soon to be formed from the Senate Judiciary Committee to investigate to the fullest extent—and I trust they will—every lobbyist who has been in this Capitol for the last 10 years seeking to delay action on Muscle Shoals, muddying and confusing the issue by statements that are not true with reference to the fixation of nitrogen.

Mr. KING. Mr. President—

Mr. BLACK. I yield.

Mr. KING. I was interested in the statement made by the Senator a moment ago, and I am not sure that I correctly interpreted what he said. As I understood the Senator, he said there was a cartel to which Great Britain, Germany, and Chile were parties, the effect of which was not to reduce the prices for Chilean nitrate or nitrates to the United States, and to maintain a higher price here than was maintained in the world.

Mr. BLACK. That is correct.

Mr. KING. I can not quite understand, in view of the fact that nitrates are on the free list, why the world price should not obtain in the United States.

Mr. GEORGE. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. GEORGE. Urea is put on the free list in this bill, but heretofore it has been dutiable. This bill continues sulphate of ammonia on the dutiable list at one-fourth of 1 cent a pound, or \$5 a ton, or \$5.60 a long ton. That certainly ought to be placed on the free list, and I propose to move, when we reach that paragraph in the schedule, to put ammonium sulphate on the free list.

Mr. KING. Mr. President, I recalled that ammonium sulphate carried a duty in this bill, and I recalled that urea was placed

upon the free list. At the last session of Congress I offered a resolution in the Senate which I think brought about the accomplishment of that result so far as the President could go, although I am not sure as to his action; at any rate, it was placed upon the free list in the bill which is now before us.

My recollection is that there are various forms of nitrates which are not subject to duty. If there are any, I agree with the Senator from Georgia that they should be placed upon the free list, and the Fertilizer Trust of the United States should not have the advantage of the ramparts erected by the high tariff behind which they may hide for the purpose of prosecuting their exploitative activities against the farmers.

Mr. BLACK. Mr. President, I think I can show the Senator that it will make very little difference whether there is a high tariff or a low tariff on nitrogen products.

This agreement, which has been in process of negotiation for some time, was negotiated by the Chilean Finance Minister, Pablo Ramirez, in conjunction with executives of the I. G. Farbenindustrie, of Germany, and the Imperial Chemical Industries of Great Britain. France is expected to participate indirectly, and the I. G. Farbenindustrie-controlled Norsk Hydro, of Norway, will be included, according to cable advices.

These people practically control the world's output of nitrogen. We have advanced so little in America in the fixation of nitrogen that to-day, 10 years after the World War, we are importing practically twice as much as we did at that time. Therefore the foreign combine has no real competition in this country.

The fertilizer companies desire to continue the use of Chile nitrates, because if they change to fixed nitrates, they must spend huge sums to reequip their fertilizer plants. Therefore we find this new combine, which controls practically all the nitrates of the world, authoritatively saying to the American farmer, "You must pay us 6 per cent more than the farmer in Africa or Germany or England or Australia or anywhere else pays for the same goods." The farmer replies, "I will buy the fertilizer from your competitors." Alas, however, he finds that they have no competitors. With this situation what difference does it make whether it be put on the free list or on the high tariff list? We are crushed under the heel of this combine, which fixes the price of nitrogen for the world, while America's fertilizer and power interests come to the door of this Capitol and make possible this robbery of the American farmers by fighting and defeating legislation designed to operate Muscle Shoals nitrate plants and give genuine competition to the foreign trust.

That is the situation, Mr. President. There is nothing theoretical about it; it is practical and easily understood. Ten years after these plants are built at Muscle Shoals we are still at the mercy of the nitrate combine of the world, thanks to the activities of American power and fertilizer barons.

Why do I say that? Mr. Brand, in one of his most interesting articles, gives us a picture of a cyanamide plant in Germany. It will be recalled that we have both a cyanamide plant and a synthetic plant at Muscle Shoals. Mr. BRAND gives a very interesting description of the method of procedure, and then makes this statement:

According to Doctor Caro, the Bayerische Stickstoff-Werke are responsible for a number of improvements in the cyanamide process that have been made in recent years. These improvements are due to new and greater experience and to improved technique. It formerly took 17 to 20 kilowatt-hours of electric energy to produce 1 kilo of nitrogen in the form of calcium cyanamide, but it now takes only 10 to 12. These figures, of course, count consumption of power for every phase of process and plant operation.

A highly important improvement in the process has insured 94 per cent nitrification of the carbide charge, whereas 5 years ago the best practice obtained only 85 per cent. This improvement has increased the nitrogen content at the Piesteritz and Trostberg plants so that they are producing cyanamide having a nitrogen content as high as 24 per cent, although for economic reasons the material does not appear in the market with so high a content.

Doctor Caro states that, despite the tremendous development of the Haber-Bosch industry, Germany alone produces about 90,000 tons of nitrogen as calcium cyanamide, whereas all the rest of the world combined produces only about 120,000 tons. Canada and France follow Germany in quantity of production. Poland, Italy, and Japan are also small producers.

Then Mr. Brand says:

Cyanamide as such has made a definite place for itself as a fertilizer material, both because of its nitrogen content and because it improves the physical condition of fertilizer mixtures.

I call attention to the fact that I am citing here the secretary of the National Fertilizer Association, who, in season and out

of season, has denied that any good to agriculture can come from the cyanamide process. He has caused the corridors of this Capitol to swarm with lobbyists from every section of the country against the very process which he admits is now being worked successfully in Germany. Listen to his voice!

This is true despite certain peculiar properties that limit its use under the American practice of fertilizer application. It is used both in mixed or complete fertilizer and in the manufacture of ammonium phosphate and other chemical compounds. Although greatly outstripped by the direct gas process in quantity of production, considerable cyanamide is now and, no doubt, will continue to be manufactured.

Hear his reason why Muscle Shoals should not be operated:

As to Muscle Shoals cyanamide plant has now been built for more than 10 years and merely kept in stand-by condition, none of the modern improvements here mentioned have been installed there. Needless to say, therefore, that plant could not compete in the market with the up-to-date Canadian or German plants.

We find Mr. Brand taking this position: He says to the Senate, in substance, that for 10 years the power and fertilizer companies have kept the cyanamide plant idle. For 10 years the great influence of the Power Trust and the Fertilizer Trust has confused public opinion with misleading propaganda. For this reason the plant has remained idle, and, of course, has not been improved. Now, therefore, since these sinister efforts have prevented operation of the plant, and have caused the United States to lag behind every other country in the world in the production of this great necessity in time of peace and war, it is useless to try to operate the plant. Mr. Brand says Muscle Shoals does not have the improvements of other plants which have operated during this time. Fertilizer and power lobbyists have prevented such improvements being made.

What has happened during that time? Southern farmers have been compelled to pay millions and millions of dollars to the Chilean Government through the \$12.58 a ton tax on every ton of Chilean nitrate imported. What difference does it make to the National Fertilizer Association? They continue to sell, using antiquated machinery which should have been discarded long ago. The manufacturers of this country are the first to complain when a labor union says, "You should not introduce new machinery to put us out of employment," but the Manufacturers' Association of America is backing the Fertilizer Association in its efforts, heretofore successful, to prevent the Government of the United States from taking proper steps to manufacture or fix nitrogen from the air, and thus compel the fertilizer companies to equip their plants with machinery adequate to meet the needs produced by modern scientific methods in the fixation of nitrogen.

There is the "nigger in the woodpile," according to the statement made here. They are willing for America to continue to be the greatest importer of nitrogen in the world. That is what this article says. America imports this nitrogen. We will vote millions of dollars to build a battleship without batting an eye, when everybody knows that battleships are becoming more and more helpless in modern warfare. Yet when we attempt to spend some money for something that will help give the American farmer an equal place in his fight with the farmers of the world, and when we attempt to put this country on a basis of independence in time of war in so far as nitrogen for explosives is concerned, the hue and cry goes up that we are interfering with private business and private initiative.

Private business is not fixing the nitrogen we ought to have. Germany has driven Chilean nitrates out of its boundaries. France has driven Chilean nitrates out of its boundaries. Other countries have driven Chilean nitrates out of their boundaries. America alone, bowing down at the shrine of those who would wait for private initiative to enter a field which it apparently does not want to enter, holds back, and we supply the money to the big cartel that rules the prices of nitrogen in the world.

There is soon to be a new session of Congress. From the Executive will come a message. That message, we assume, will be in line with the previous one in so far as advocating aid for the American farmer is concerned. We may raise the tariff on every article produced in the South, we may put the tariff on peanuts so high that there will be an embargo, we may raise the tariff on turnips so high that no turnips can come in from any section of the world; we may raise the tariff on every plant that grows and every bird that sings in the South, and still we will not give to the farmers of the Southern States one one-thousandth part of the benefit that would result if we would free them from slavery to the Nitrate Trust of the world. That is the issue that faces America. It faces the Executive, it faces the House of Representatives, it faces the Senate.

I look forward personally to a great deal of help from the investigation of lobbyists, which was authorized this week by

the Senate. It is my judgment that if a vigorous investigation such as is proposed is carried out, it will result in our hearing the flapping of the wings of the vultures as they fly away in fear of the knowledge which publicity will give to the methods they have used in the past.

Those of us who are really interested in the farmers of the Nation anticipate that the exposures that will be made by that committee will reawaken a public sentiment and will cause us to get together in some way, on some kind of a bill, offered by somebody, from somewhere, that will cause the wheels of Muscle Shoals to begin to grind in the interest of the American farmer. To-day they are not turning. For 10 years they have been still. We in the South are interested in the turning of those wheels. We have our own ideas as to what legislation we would like, but we are willing to compromise anywhere with anybody if that compromise carries with it the operation of the nitrate plants at Muscle Shoals by somebody, Government or private interest, that will reduce the price of fertilizer to the American farmer.

While the westerner can be protected in his sugar-beet industry by a tariff, no southerner who ever grew a bale of cotton can receive a dime of benefit from a tariff, however high it might be imposed. Every man who produces cotton knows that the price must be fixed in the markets of the world, because cotton is on an export basis. There are only two ways to help the southern cotton farmer. One of them is by reducing the prices of the necessities of life. The other is by reducing the prices of the necessities for the farm. We can not help the cotton farmer by putting an embargo on cotton, because our imports are negligible.

We can help our farmers if we will reduce the price of the fertilizer which is necessary to produce his cotton. We can help him if we reduce the price of the clothes he wears, the shoes he has to buy, the tinware that goes into the kitchen, the plow that he must use in the field. But if we, representing southern agriculture, can simply obtain for the southern farmer a freedom from the terrible blighting influence of the servitude to Chile and the Nitrate Trust, he will then be placed in such a situation that he will have a fair chance to compete in the markets of the world.

It remains to be seen whether that will be done at the regular session of Congress. For 10 years nothing has been done. We passed a bill. It did not carry out all of my ideas. It proposed to manufacture and fix nitrogen. It went to the President. Relating only to this all-important business to the American farmer of reducing the price of fertilizer, the bill was not even dignified by the President by a veto message setting forth the reasons why it was not approved. It evidently seemed so insignificant and so unimportant that it was not worthy of a veto message.

Now, a new President is in the White House. He has gone into office largely by the votes of American farmers, who trusted him as a candidate. The time will soon arrive when there will be an absolute demonstration to the farmers of the Nation whether the Chief Executive and the Congress will attempt to lift agriculture somewhere near the level of industry. That is the formula we have been arguing in the tariff bill. That is the problem. I want to repeat that we may pass all the tariff bills in the world, we may strike out everything here except the tariff on southern agricultural products, but we can not benefit the southern farmer one-tenth as much as we could if we would start the wheels at Muscle Shoals to grinding out fixed nitrogen to compete with the Nitrate Trust of the world.

Mr. SIMMONS. Mr. President—

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

Mr. BLACK. I yield.

Mr. SIMMONS. I am very much interested in what the Senator has been saying. I want to ask him for some information with reference to the German situation. Germany is supplied abundantly with nitrogen. As I understand, that is all produced from the air, is it not?

Mr. BLACK. That is correct.

Mr. SIMMONS. Germany does not buy Chilean nitrate?

Mr. BLACK. No. She fixed 780,000 electric tons last year.

Mr. SIMMONS. She makes her own nitrogen from the air?

Mr. BLACK. That is correct.

Mr. SIMMONS. Will the Senator give me another bit of information? Evidently he has been thoroughly investigating the subject. I wish to ask him if he is advised as to the price of nitrogen in Germany as compared with the price the American farmer has to pay for Chilean nitrate?

Mr. BLACK. I do not have the exact figures, but it is cheaper in Germany. The Senator perhaps was not here a few moments ago when I read from an interview given out by the

international trust which had just been formed, describing an agreement whereby Germany and England and every other country in the world outside of the United States of America could buy their nitrogen, both Chile nitrates and synthetic, 6 per cent cheaper than the farmers of the United States. They fixed last year in Germany 780,000 tons of nitrogen, while America imported 1,018,000 tons.

Mr. SIMMONS. What I desired to know particularly was not the export price charged by the German manufacturer but the price charged to the German farmer for the nitrogen that is made out of the air in Germany. I have been advised, though I do not know whether it is correct or not, because I have never investigated it thoroughly, that they sell to the German farmer the nitrogen which they make out of the air at a very low price compared with the price the farmers of this country have to pay.

Mr. BLACK. The Senator has been correctly advised. There is no question about it. I had not intended to touch on that feature to-day and I did not bring those figures with me, but they do sell much cheaper to the German farmer than to the American farmer. The reason is obvious. The American farmer must import while the German farmer does not import.

Mr. SIMMONS. No; they manufacture their own in Germany.

Mr. BLACK. In addition to the price of the nitrates and in addition to the cost of transportation, we must pay \$12.58 per ton tribute to the Chilean Government. Germany does not have to pay that sum because Germany fixes its nitrogen from the air. America does not. Propaganda has been sent out all over the country as to the great progress which America is making in fixing nitrogen from the air. The progress America is making is that every year we are compelled to import more and more nitrates, more and more.

The Senator, of course, recalls that the first naval engagement of the great World War was fought off the coast of Chile, because it was absolutely essential to protect this great storehouse of nitrogen which must supply our explosives. If we were to engage in war to-day, in spite of the far-seeing vision of those statesmen who drew the original bill for the operation of Muscle Shoals, in spite of their prophetic eye, in spite of the fact that they attempted to take care of the future and said that the plant must be operated, the first naval engagement would again be fought off the coast of Chile, because it would be absolutely essential that we protect the country upon which we are dependent for explosives.

Then these superpatriots, who have their lobbies here for the purpose of increasing the number of cruisers and increasing everything else where private business can wring an exorbitant profit out of the pockets of the people, come here and join hands in solid phalanx every time we make an effort to provide for the production of nitrogen at Muscle Shoals. Of course they know that we would be dependent upon Chile, and they also know that private business would be called upon to build more ships in order to protect Chile. They know that there could be more dollars wrung out of the pockets of the American taxpayer in order to build a greater merchant marine to give away to irresponsible people, as was charged yesterday by Mr. McCarl.

The westerners as yet are not concerned with the fertilizer problem as we are. Their lands are new. Their soil is fertile. It has not yet been exhausted by the hand of the husbandman. But in our section of the country the land has been tilled for so many years that, as Senators are aware, we must put plant food in the soil constantly. More than three-fifths of the fertilizer used in the United States goes into the Southern States. Alabama uses more fertilizer than all the States west of Missouri, with California excluded.

So it is a matter of life and death to southern agriculture. It is a question of whether the South can compete with the world in the production of cotton which can not receive a tariff benefit. Those who receive no tariff benefit, and from whose pockets industry extracts tribute when they buy their tinware and chinaware, those who can get no possible tariff benefit are the ones who have to pay the highest price for the fertilizer which comes from Chile or Germany, and even then—think of it!—America is actually importing nitrogen from Germany, which nitrogen Germany fixes from the air. Before the World War both Germany and the United States were importing it from Chile, but to-day, to the disgrace of this country, to the disgrace of those who have aided in preventing the solution of the Muscle Shoals problem, Germany has advanced so far ahead of the United States that she fixes her nitrogen from the air, which could be used in case of war, and in addition to her own needs actually exports nitrogen into the United States of America!

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER (Mr. BINGHAM in the chair). Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BLACK. I yield.

Mr. McKELLAR. The Senator has undoubtedly investigated the matter. Can he tell us by what method Germany fixes the nitrogen? It is by the synthetic method, is it not?

Mr. BLACK. Both by the synthetic and the cyanamide processes.

Mr. McKELLAR. To what extent is the cyanamide method used and to what extent is the synthetic method used?

Mr. BLACK. The synthetic process is used more than the cyanamide. I do not have the figures, but it is conceded. However, I am not talking about processes. I have shown in that respect and I show also by Mr. Brand's own statement that the cyanamide process is competing and can compete with the synthetic process. As a matter of fact a few days ago the significant announcement came from Germany that in order to carry out this agreement to limit the amount which was produced and to raise the price to us 6 per cent over what the German farmer pays it was necessary to cut out one of the German operating plants. They eliminated a synthetic plant and left the cyanamide plant in operation. I do not wish to become involved in any controversy over those two methods; the Senator understands that; I do not care what method is used; but I say it is a disgrace to this Nation if to-day, without reason or cause, we should be plunged into world conflict, we would still be compelled to import nitrogen, which is the basis of explosives, from countries which we must protect with battleships and cruisers which are built with money that comes from the pockets of the taxpayers of the Nation.

Mr. McKELLAR. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield to the Senator from Tennessee.

Mr. McKELLAR. I am interested in what the Senator has had to say about the agreement to fix prices of fertilizers or nitrates. By whom was that agreement made? Was anybody in America privy to it?

Mr. BLACK. Not so far as has been shown, but last year the very significant statement came out when they were beginning to consider this cartel. There were certain men engaged in the synthetic process in America who were present, according to newspaper reports, at the meeting. That meeting was held on board a ship, out on the waves and billows of the ocean, where those participating could be free from public scrutiny. The result has been that while our wheels remain idle and are not operated either by private lessee or by the Government the southern farmer continues to be ground down into the dust by having to pay a high price for fertilizer, which price could be reduced if American industry would do its part or if Congress would compel American industry to do its part by cooperating in a plan for the production of fixed nitrogen from the air.

Here is the situation in a nutshell: American industry has been equipped to manufacture fertilizer with Chile nitrates. That means that if manufacturers of fertilizer change their existing machinery they must expend huge sums of money. They must change that machinery, however, if they use nitrogen which is fixed from the air. Therefore it is to the interest of American industry, from a selfish viewpoint, to continue to use Chile nitrates. So they do not fix nitrogen from the air in this country in such appreciable quantities as to affect the price to the American consumer, and, as usual, the farmer, borne down by mortgages, ground into the dust by debt, pays the additional price. Of course, if we should go to war, every American taxpayer would have to pay this additional price, because if we should engage in conflict without being prepared to fix nitrogen from the air then the extra cost of importing it must be borne by this Nation—a victory for the lobbyists who have succeeded so far in preventing the passage of a fair bill in the nature of a compromise, or otherwise, which would bring about the operation of the plant at Muscle Shoals. That is the situation.

Mr. KING. Mr. President—

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

Mr. BLACK. I yield to the Senator.

Mr. KING. I recall when the bill relative to this matter was before the Senate the last time there was considerable opposition to it because it sought to inundate certain land in Tennessee and convert one or two prosperous counties there into lakes. My recollection is that if there had been an elimination of that provision of the bill which condemned those lands in

Tennessee and took from the State a large area which is subject to taxation that bill or a bill would have been passed.

Mr. BLACK. We did pass a bill.

Mr. McKELLAR. That bill was passed, was it?

Mr. BLACK. Yes; that bill was passed.

Mr. KING. Was the provision to which I have alluded eliminated?

Mr. BLACK. That provision was not eliminated, but the bill suffered a pocket veto.

Mr. KING. Has there been any subsequent consideration of the measure in Congress?

Mr. BLACK. Yes; there has been some consideration of it. Of course, nothing could be done when the President put the bill in his pocket in the closing days of the session. By the time the 10 days' limitation had expired Congress had adjourned. At the next session I introduced two bills—one embodying the American Cyanamid Co. proposal and the other embodying the American Federated Farmers' proposal. I also suggested at the time that the Senator from Nebraska [Mr. NORRIS] reintroduce his bill. He did so. The Agricultural Committee considered those bills and unanimously reported the measure introduced by the Senator from Nebraska. That bill now stands on the calendar with a favorable report from this committee.

Mr. KING. Mr. President, may I ask the Senator from Alabama another question?

Mr. BLACK. Certainly.

Mr. KING. Does the Senator believe that nitrogen can be produced at a profit from the fixation or cyanamide process in the United States; and, if he answers that in the affirmative, I ask why have not the farmers or their representatives or American capitalists made the necessary investment for the purpose of producing it?

Mr. BLACK. I shall be glad to answer that question.

Mr. KING. May I say this? When in Germany a number of years ago with the then Senator Ladd, of North Dakota, we visited some of the factories which were producing nitrogen from the air, as I recall, not only by the synthetic process but also by the cyanamide process. It seemed to me that the process was not complicated, and, with the cheap brown or lignite coal which was being utilized, the production was not very expensive. We have, as the Senator knows, millions and billions of tons of coal, not only lignite coal but a higher grade of bituminous coal, and we have water power; and I was wondering why American capitalists of the farmers themselves and their friends and representatives have not made the necessary investment for the purpose of producing, by the fixation process, nitrogen which is so necessary, as the Senator says, for the productivity of the soil.

Mr. BLACK. Mr. President, I will be glad to answer the Senator's question. In the first place, the Senator knows that there never has been any real organization of farmers, representing the whole Nation, which has had sufficient capital and sufficient power behind it to engage in any such vast enterprise. That is the first answer. In the next place—

Mr. SIMMONS. Mr. President, will the Senator pardon an interruption there?

Mr. BLACK. I yield.

Mr. SIMMONS. What the Senator has just said is especially true of the farmers of the South.

Mr. BLACK. Yes, sir.

Mr. SIMMONS. The farmers of the West are not so much interested in this subject, but the farmers of the South have been in such a financial condition since the war, or rather since the debacle in 1920, that they have been utterly unable to inaugurate any such movement as that or secure its financing.

If the Senator will pardon me further, let me say that I think he was right a little while ago when he spoke of the propaganda against the establishment of this industry to supply the demand by manufacturing nitrates from the air. I think it was disclosed during the debate on the last bill upon the subject which we discussed that there was a tremendous organization in this country, backed by powerful interests, to defeat any legislation under which the Government would take any part in supplying this material to the farmer at a reasonable price. They claimed that that was the domain of the individual; that we should leave that to individual initiative. We were then told that there were great plants at Niagara Falls which were producing or would soon be producing immense quantities of this material. We were told that there was then in the process of erection at Hopewell, Va., as I recall, a plant which of itself probably would make enough of this material to supply the southern farmer with the needs in this respect.

Mr. BLACK. Before the Senator proceeds further, may I call his attention to the fact that, in spite of what we have been told that we would get all the nitrogen we needed from those

sources, we bought 2,000,000 more tons from Chile in 1928 than during the previous year?

Mr. SIMMONS. Exactly. However, I was making the point that we then heard the contention made that the Government must not come to the relief of the farmer in this particular because it was something that the Government ought not to interfere with, but that it should leave to individual enterprise the supplying of this material to the farmer. That was one of the chief arguments made against the bill at that time. Yet years have passed since we first discussed this subject, and private plants in this country are not supplying to-day, as I understand, any more of the material than they were supplying at the time when they were trying to prevent the Government from going into the business. If I am incorrect about that, I should like the Senator to point it out to me.

Mr. BLACK. The increased amount is negligible.

Mr. SIMMONS. It is negligible; that is, as I have understood the situation.

The Senator is right in another particular, and I wish to draw further attention to that. This is a question which especially concerns the South. In the South agriculture is in a worse condition than in any other section of this country. The Senator has clearly shown that in the South the element of fertilizer plays a very important and an essential part in the cost of production of farm products such as cotton, tobacco, and corn. In the South farmers use nitrogen for fertilizing all the crops of that character which are grown in large quantities. It constitutes about one-third if not more of the cost of producing a crop in the South. As the Senator says, fertilizer is not used in the West because the soils there are richer and more productive than are ours, and they do not have to use fertilizer.

The Senator says that by reason of this burden upon us we can not compete with the world in our southern products. There is another aspect of the situation, I suggest to the Senator, and that is by reason of this differentiation in the cost of producing cotton and corn in the South we are put at a great disadvantage in competing with our competitors here in America. The southern cotton farmer finds it difficult to meet the competition of the Texas cotton farmer, because the latter can grow cotton for one-third, if not less, of what it costs to produce it in the South.

The Senator is right in saying that this is one of the vital questions of the day and he is right when he says that the farmer can get more relief from the Government supplying him with this material, which is the chief element of fertilizer used in the South, than he is likely to get by raising the tariff duties upon his products, one-half to two-thirds of which will be absolutely ineffective when they are imposed.

Mr. McKELLAR. Mr. President, the Senator from Alabama is making a splendid speech, and I am just wondering if an inquiry would disturb him.

Mr. BLACK. Not at all.

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BLACK. I yield.

Mr. McKELLAR. The Senator has spoken of our reliance on Chile for our nitrate.

Mr. BLACK. And Germany now.

Mr. McKELLAR. But principally Chile. Is there not another reason why we have to pay more for our fertilizer, namely, that there is a great combination in this country in restraint of trade, and probably contrary to the provisions of the Sherman Act, against monopoly, which absolutely fixes the prices of fertilizer throughout the country, sometimes charging more in one State than they do in another, or dividing territory, and in every way possible conducting themselves as a trust or a combination in restraint of trade?

Mr. BLACK. I think there is no doubt of the fact that there is such a combination. Of course, this combination must work under the larger foreign combination which fixes the price of the nitrogen which comes into America. Then, after we pay the added price brought about by that combine, it comes into America, and we have this other combine that has been so instrumental in defeating legislation here, adding its toll as it goes through.

Just this one thought, and I am through: I desire to call the attention of the Senate to the fact that at the present moment, according to my information, the power company which is a part of the huge power association of this Nation, is building a transmission line to Muscle Shoals from the State of Tennessee.

Mr. McKELLAR. Mr. President, from what point? Does the Senator know?

Mr. BLACK. I do not know the point, but it has been considerably talked about in the Alabama papers.

Mr. McKELLAR. And they are now building a transmission line so as to connect the power companies in Tennessee with the Muscle Shoals plant?

Mr. BLACK. Certainly. Now, bearing in mind that that contract expires January 1 of next year, it is just a bit significant that the great power companies should be confident enough of what Congress will do to go to the huge expense involved in building this additional transmission line. In my judgment it leads one to ask, By what right do they assume that this power is going to be continually turned over to the Power Trust for private exploitation instead of being utilized by the people?

Mr. CARAWAY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BLACK. I do.

Mr. CARAWAY. The Senator speaks of a new transmission line to the Alabama Power Co. Are they building it?

Mr. BLACK. I do not know who is building it. I think it is a power company from Tennessee which is associated with the Alabama Power Co. That is my information.

Mr. CARAWAY. What is the extent of the investment they are making; does the Senator know? I saw a newspaper account of it just the other day, and I was interested in it myself.

Mr. BLACK. I just saw that it was costing a great deal of money, and I did not see any figures, but that the Alabama Public Utilities Commission has called the power companies' representative before them in an effort to find out just what they are doing.

Mr. CARAWAY. That seems to be an assumption that there never will be any use of it for the benefit of agriculture.

Mr. BLACK. Undoubtedly. In other words, the power company, which has fought every movement that was put on foot for the development of Muscle Shoals in the interest of the people, now assumes that not only has it succeeded in blocking remedial legislation but that the power will be turned over exclusively to the power companies. If they did not assume that, I wonder why they would be building this huge transmission line.

Mr. CARAWAY. I am curious. Does the Senator know what the Alabama Power Co. now gets the power for?

Mr. BLACK. Yes.

Mr. CARAWAY. What does it pay for the power?

Mr. BLACK. Two mills per kilowatt-hour.

Mr. CARAWAY. And what does it charge the consuming public?

Mr. BLACK. As to the average consumer I could not say; but the consumer of the domestic product, I understand, pays 10 cents.

Mr. McKELLAR. Right at the Shoals?

Mr. BLACK. The people at Florence and Sheffield and Tuscumbia, many of them, are compelled to pay 10 cents for the identical power that the power company gets from the Government for 2 mills.

Mr. McKELLAR. And, Mr. President, if the Senator will yield, is it not also true that while it is possible to generate an enormous amount of power at the Shoals now, the Alabama Power Co. is using very little of it?

Mr. BLACK. I gave the figures.

Mr. McKELLAR. Oh, the Senator has already given them? I happened to be out for a short time, and I am sorry I did not hear them; but I will read them in the Senator's remarks.

Mr. BLACK. They are using about one-eighth of the potential power.

Mr. McKELLAR. About one-eighth of the possible product of the plant?

Mr. BLACK. Yes; that is correct.

Mr. President, with this remark I am through: The power companies have sought since the very beginning of this fight to get this power into their possession for private exploitation, although the original bill said they should never have it, and that no power company should ever lay its hands upon the electricity produced in that plant.

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

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BLACK. I yield.

Mr. CARAWAY. I really think the so-called Power Trust's plan goes much beyond that. They are not so much concerned with the power that may be generated at Muscle Shoals as they are opposed to the example and the possible result of a governmental development of power. I think that is their principal interest in this matter.

Mr. BLACK. I agree with the Senator fully; but they fight to get this power in order that they may utilize it for their

own advantage, and prevent an example of low price for the benefit of people of the Nation.

Some time ago I applied to the Secretary of War for a contract for the little town of Muscle Shoals which agreed to take the power subject to a 30-day cancellation clause. The Secretary of War, with the approval of President Coolidge, according to my information, turned us down. He would not sell it to us on exactly the same terms that the power company bought it.

Mr. CARAWAY. Why? They still have surplus power, the Senator says.

Mr. BLACK. Why? Echo answers, why? About one-eighth of it was being sold to the power company.

Mr. CARAWAY. And the rest of it is there, lying idle?

Mr. BLACK. The rest of it is still unused.

Mr. CARAWAY. And yet they would not let you have it?

Mr. BLACK. They would not let the town of Muscle Shoals have one kilowatt of it.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BLACK. I do.

Mr. McKELLAR. Is it not true that the present administration is simply carrying out the program of the past administration in turning over the power to the Alabama Power Co., not for use, but merely to keep others from using it, in direct violation of the law under which the plant was built, as the Senator will recall, the law of 1916? Is not that true?

Mr. BLACK. That is correct. I would not want to say that the present administration is carrying out all the policies of the past administration, because questions were presented to the latter which have not as yet been presented to the former.

Mr. McKELLAR. But, as a matter of fact, the present administration could stop the crime that is going on there now.

Mr. BLACK. Undoubtedly.

Mr. McKELLAR. If it desired, if it would raise its finger, if it would carry out the law that the Congress had passed, it would dispose of that power in some other way than turning it over to the power company, a thing that was actually prohibited by the law under which the plant was built.

Mr. BLACK. The present administration, I hope, will present to this body, when it meets in regular session, a plan which the Congress may consider and know that it has the Executive approval.

Mr. CARAWAY. In some way or other, I have no doubt but that that will be done. Has the Senator?

Mr. BLACK. Of course, it does not always occur. The last few days is a demonstration that the Senate can voice its own sentiments.

Mr. CARAWAY. I did not mean to say that. What I did intend to say was this: In some way, I do believe that the present occupant of the White House, having a constructive mind—and I am not saying that by way of criticism of the former President—will naturally want some use to be made of this great resource, and will suggest some practical use that can be made of the plant.

Mr. BLACK. I will state to the Senator that I gave out an interview some months ago to the effect that it was my belief that President Hoover would offer to Congress some constructive measure with reference to a proper solution of this problem, and that in doing so it was my belief that he would not forget that Muscle Shoals was dedicated to the American farmer, and should not be taken away from him.

Mr. McKELLAR. I sincerely hope the President will do that. We have had it there for 10 years, and no such constructive legislation has yet been recommended. I do hope that the present occupant of the White House will recommend constructive action that will benefit the farmer and benefit the people who own that plant.

Mr. CARAWAY. Mr. President, I should like to say that while it has been very largely a matter of talk, I am not certain that Muscle Shoals has not performed one useful service: I think it has been the means of fixing public opinion upon this question of power development, and the possibility of making fertilizer out of nitrates fixed from the air, and in that way has been actually a school to which all the American people have gone. Does it appeal to the Senator in that way?

Mr. BLACK. I think it has been very beneficial in that way in creating a public sentiment.

I should like to say this in conclusion: I should like to see the power at Muscle Shoals used in the fixation of nitrogen and in the manufacture of fertilizer in so far as it was needed, and the surplus power sold to municipalities. I am unalterably and irrevocably opposed to turning over that power to private power companies for their own private exploitation. The plant was built with the money of the people. When it was au-

thorized it was dedicated to the people; and it is my belief that if that plant should be diverted now to bring additional profits into the pockets of private business, it would be a shameful and disgraceful solution of the problem.

I have made these remarks to let the public know that the southern farmer is still being ground down under the heel of the oppressor, who sells him fertilizer at prices which prohibit a reasonable profit, and to call attention to the fact that with the proper sentiment created on the part of the people of this Nation the Fertilizer Trust and the Power Trust could no longer thwart the expressed will of the representatives of the people in Congress assembled.

#### REVISION OF THE TARIFF

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

Mr. BLEASE. Mr. President, I do not care to make any speech, but I have some records which I wish to put in the CONGRESSIONAL RECORD.

Some time back I made the statement, and I still think the statement was correct, that if Congress wants to help the farmers of this country it should start by a reduction of railroad rates. I shall not reiterate what I said at that time in that statement, except to say that we all know that it is a fact that when you mention railroads in Congress, for some reason or other everybody wants you to be quiet. It seems that it is impossible to get any bill through or to get any help from either side of this body in any matter that touches a railroad corporation. Even in the case of the surcharge on Pullman cars, the robbery which was commenced during the war time, a bill here at any time to reduce that surcharge back to a rate that is fair both to the railroad and to the traveling public is always, in some way or other, silenced.

If the people of this country, the farmers of this country not only in one section but in every section, could place what they have to sell to other sections of this country in those sections at a fair and moderate price, it would be the greatest relief that the farmers of the country could receive.

For instance, when the western farmer is burning his corn, the southern farmer is paying from \$1.10 to \$1.20 a bushel for corn. It does seem to me that anybody can see that if it were possible for the western farmer to deliver his corn to the southern farmer at a price that would be reasonable to him, and that would give the railroad a fair compensation for hauling it, it would not only benefit the farmer who was burning his corn but it would also benefit the railroad by giving it a fair profit, and would bring the corn to the southern farmer cheaper. So, as it applies to corn, it would seem to me that it would apply to all other commodities.

For that reason I have always believed that we should not waste our time with farm relief boards, which have never helped this Government, and which I do not believe ever will help it, although I am reliably informed that the board did a few days ago loan \$9,000,000 for the relief of California grape growers, one of whom, the largest, is the present President of the United States of America.

What have they done to help anybody else but the President's people, the grape growers? Have they done anything except to try to drive people into cooperative marketing? I believe in a proper system of cooperative marketing, if it is handled by the right people and in the right manner, but South Carolina has suffered very seriously from cooperative marketing. Some few people have made thousands, one or two possibly have made millions, but the farmer has suffered; and when I say farmer, I do not mean the man who lives in town and rides out into the country in a Cadillac or a Packard automobile and looks around. I am talking about the man who goes into the field and plows, who takes his wife and children into the field, and they work, the man who does the actual work, who produces, and when he wants to go to town, either drives along in his buggy, or takes his "tin Lizzie" and rattles in the best he can.

If you want to help that class of farmers, then I am with you, but if you want to make the men who are already rich richer, and the poor man poorer, then I am against that kind of government. I repeat, as I have said before, I prefer a poor government and a rich people to a rich government and a poor people.

I ask to have printed in the RECORD a letter from the Farm Journal and a reply thereto.

The PRESIDING OFFICER. Is there objection?

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

THE FARM JOURNAL,  
Washington Square, Philadelphia, May 29, 1929.

Hon. COLE L. BLEASE,  
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BLEASE: The farm bill being now close to passage, no doubt, and the tariff bill in the hands of your body, would you be willing to give me your candid opinion of the latter?

In particular, do you regard the agricultural sections of the tariff as passed by the House, as going far enough, or too far, in giving protection to agriculture? Should the extensive upward readjustments in other schedules be approved? Have you specific improvements to the bill you expect to offer?

I should very much value a brief comment on these matters, with permission to lay your views before the 1,450,000 families reached by this magazine.

Very truly yours,

ARTHUR H. JENKINS, *Editor.*

WASHINGTON, D. C., May 30, 1929.

Hon. ARTHUR H. JENKINS,  
*The Farm Journal, Washington Square, Philadelphia, Pa.*

DEAR SIR: Yours of May 29 received, in which you request my opinion of the tariff bill just passed by the House of Representatives.

In reply, I beg to say I regard this bill as the boldest attempt to rob the farmers and other honest laboring men who make their living "in the sweat of their faces" that has ever been presented to any body of supposed-to-be honest people. It reminds me of an incident that my father used to tell: "A crowd of boys were throwing stones at frogs in a pond when a man, passing by, remarked, 'It's fun for the boys, but hell on the frogs.'" So this bill is fine for the big interests, but hell on the honest people.

Very respectfully,

COLE L. BLEASE.

Mr. BLEASE. Mr. President, some time ago a Representative from Georgia, Mr. Steele, who is now deceased, introduced in the House of Representatives a bill, which was not passed but was left pending, and at the request of certain parties I have reintroduced that bill at this session. It is with reference to railroad rates. I ask the privilege of having it printed in the RECORD, with correspondence relative thereto.

The PRESIDING OFFICER. There being no objection, the matter will be printed in the RECORD, as follows:

S. 1707

A bill to amend section 15 of the interstate commerce act, as amended

*Be it enacted, etc.,* That section 15 of the interstate commerce act, as amended (U. S. C., title 49, sec. 15), is amended by adding at the end of paragraph 1 thereof a proviso, to read as follows: "Provided, That the right given in this section, as well as in any other section of the interstate commerce act, to prescribe minimum rates shall not be construed to prevent carriers, when they can do so without violation of any other section of the act, from making rates competitive between the shippers served by such carriers and the shippers in other sections competing therewith, the minimum-rate provision having no other force and effect than the prevention of violations of the interstate commerce act."

ATLANTA, GA., September 10, 1929.

Hon. COLE L. BLEASE,  
Senator, Senate Office Building, Washington, D. C.

MY DEAR SENATOR BLEASE: The writer represents 99 per cent of the textile interests of the State of South Carolina in addition to the North Carolina interests and the mills in Georgia and the South generally, and on May 9 we handled with the late Hon. L. J. Steele, Representative from Georgia, the question of insuring to the manufacturing interests of the South every facility for marketing their product in other sections of the country, this to be accomplished through a limitation of the powers of the Interstate Commerce Commission, as contained in section 15 of the interstate commerce act. We inclose herewith copy of our letter to Mr. Steele, and possibly you are aware that in response thereto bill No. H. R. 3296 was presented in the House of Representatives on May 23 for the purpose of this protection.

Since the death of Mr. Steele we are anxious to see that the matter is not lost sight of, and the object of this letter is to enlist your interest in this important question with view of having same given the proper consideration at the December meeting of Congress. We therefore trust that you can find it consistent to present in the Senate the same identical bill as embodied in H. R. 3296 or suggest to us a procedure necessary to secure this consideration. The textile interests of South Carolina are most vitally affected, and since the carriers have indicated a willingness to provide competitive freight rates they are necessarily retarded in this to the extent that the Interstate Commerce Commission can exercise its power to prescribe minimum rates below which the carriers can not operate. We therefore desire an amendment to section 15, taking from the commission its arbitrary power, behind which the

carriers may hide if so inclined. The same principle will naturally apply to all parts of the country under similar conditions.

Won't you please acknowledge receipt of this letter and advise your reaction to same and if you will support us in this important matter? Thanking you in advance for same, we are,

Yours very truly,

CARL R. CUNNINGHAM, *Manager.*

MAY 9, 1929.

Hon. L. J. STEELE,

*United States House of Representatives, Washington, D. C.*

MY DEAR MR. STEELE: The shipping public of the South is becoming alarmed over the tendency of the Interstate Commerce Commission to relate commodity rates of practically whatever nature to the first-class rates between the same points, making such rates a uniform percentage thereof, regardless of the measure of the first-class rate or the competition encountered in the destination territory, whereas it is generally conceded that any success which southern manufacturers may have heretofore attained in the marketing of their product beyond the confines of the South, which are usually recognized as the Ohio and Potomac Rivers on the north and the Mississippi River on the west, has been predicated upon the willingness of southern carriers to prescribe freight rates to the destination territory, which are made on substantially the same basis, mile for mile, as obtains within that territory or from competing points in other territories to the same destination, regardless of what the first-class rate may be.

This tendency is reflected in the action of the commission in the Consolidated Southwestern case (I. C. C. Docket 13535), which case has now been reopened by the commission for further consideration in view of the storm of protests arising from shippers in the South and which protests were concurred in by southern carriers. It is further reflected in action of the commission in the Bear Brand Hosiery case (I. & S. Docket 3127) involving rates on cotton hosiery from Kankakee, Ill., to southern points, in that the commission prescribed in that case the same rates southbound as northbound, notwithstanding the northbound rates were made with relation to those in effect within the North and for the express purpose of enabling southern shippers to compete, the level of the rates in the two directions being entirely different.

We feel that the industrial South should not be denied the privilege of meeting future competition beyond its borders and the southern carriers have adopted the policy of providing competitive freight rates in the past.

The present attitude of the commission is apparently at variance with Public Resolution No. 46 of the Sixty-eighth Congress (S. J. Res. 107), adopted January 30, 1925, and included in the order of the commission issued March 12, 1925, and now known as Docket 17000, this document reading in part as follows:

"Resolved, etc., That it is hereby declared to be the true policy in rate making to be pursued by the Interstate Commerce Commission in adjusting freight rates, that the conditions which at any given time prevail in our several industries should be considered in so far as it is legally possible to do so, to the end that commodities may freely move."

And again in paragraph (c) section (1), the following appears:

"The conditions which prevail in the several industries of the country, in so far as it is legally possible to do so, to the end that commodities may freely move.

"(3) A natural and proper development of the country as a whole."

It is our sincere belief that section 15 of the interstate commerce act should be amended by adding at the end of paragraph 1 thereof a proviso which will permit the carriers to make rates with regard to the competition which may be involved in so far as they may do so without violation of any other section of the law, and that circumstances require that the power of the commission should be limited in so far as prescribing minimum rates is concerned.

If you are in accord with the foregoing and could consistently agree to sponsor a bill which will relieve the situation, presenting same at the present special session of Congress, you will, in our opinion, be rendering a great service to the manufacturing interests of the South and contribute to the onward march of southern industry which is attracting the attention of the world. We take the liberty of inclosing an outline of such a bill as we feel will meet the situation and suggest that the urgency of the matter requires same to be presented at this session, regardless of whether action by Congress is actually taken at that time, it being our view that the appearance of the bill would have a wholesome effect upon the present situation. We also inclose a copy of paragraph 1 of section 15 of the act, as same now reads and to which it is the desire that the proviso be added.

This matter is of sufficient importance to warrant the attention of all Senators and Members of the House from the South and if you can furnish us a complete list of these Congressmen we should be glad to undertake to secure their interest in the proceeding. The three associations which we represent embrace textile plants in all of the Southern

States and constitute possibly 85 per cent of the textile interests of the South, which number more than 1,000 mills.

Kindly acknowledge receipt and indicate, at your convenience, the direction you will give the matter.

Yours very truly,

Manager Traffic Department,  
The American Cotton Manufacturers Association,  
The Cotton Manufacturers Association of North Carolina,  
The Cotton Manufacturers Association of South Carolina.

WASHINGTON, D. C., September 12, 1929.

CARL H. CUNNINGHAM, Manager,  
815-817 Citizens and Southern Building, Atlanta, Ga.

DEAR MR. CUNNINGHAM: On behalf of Senator BLEASE I beg to acknowledge your letter of September 10 with inclosure.

The Senator is in South Carolina and very likely will not return to Washington until the latter part of this week. At that time I will be pleased to place your communication before him and I am sure that he will be glad to give the subject his immediate attention.

With all good wishes, I am very respectfully,

JOHN D. LONG, Secretary.

#### H. R. 3296

A bill to amend section 15 of the interstate commerce act, as amended

*Be it enacted, etc.,* That section 15 of the interstate commerce act, as amended (U. S. C., title 49, sec. 15), is amended by adding at the end of paragraph 1 thereof a proviso, to read as follows: "Provided, That the right given in this section, as well as in any other section of the interstate commerce act, to prescribe minimum rates shall not be construed to prevent carriers, when they can do so without violation of any other section of the act, from making rates competitive between the shippers served by such carriers and the shippers in other sections competing therewith, the minimum-rate provision having no other force and effect than the prevention of violations of the interstate commerce act."

WASHINGTON, May 31, 1929.

The Hon. COLEMAN LIVINGSTON BLEASE,  
Senate Office Building, Washington, D. C.

DEAR SIR: It has developed in Missouri that a great number of lawyers, including 16 members of the State legislature, are granted free railroad passes as "retainers." The practice is defended on the ground that the recipients are "employees" of the roads in question and hence are exempt from the general provisions of the State and Federal laws against the granting of free transportation by the railroads.

Out of the Missouri situation, the question has arisen whether the railroads follow the same practice with respect to the lawyer members of the national law-making body. In order that light may be thrown on this question, the Post-Dispatch is asking all the lawyer members of the Congress to give it the benefit of their personal experience and views. "It would appreciate from you, as such a member, a statement as to whether or not you hold a pass of the kind described," with any comment you might care to make.

Very truly yours,

CHARLES G. ROSS,  
Washington Bureau, St. Louis Post-Dispatch,  
201 Kellogg Building, Washington, D. C.

WASHINGTON, D. C., June 1, 1929.

Mr. CHARLES G. GOSS,  
Washington Bureau, St. Louis Post-Dispatch,  
201 Kellogg Building, Washington, D. C.

DEAR SIR: Yours of May 31 received, in which you ask, "I would appreciate from you, as such a member, a statement as to whether or not you hold a pass of the kind described?"

I am pleased to inform you that I do not represent any corporation, either private or public, and that I would not do so for any consideration while being a United States Senator. Neither do I own any stock or bonds in any corporation whatsoever, nor have I any connection whatever with any corporation whatsoever.

I have no comment to make as to what others do, but I have it from good authority that no man can serve two masters at the same time, and I prefer to serve the people. "Whose bread I eat; whose song I sing." I eat the people's bread.

If you will permit to me suggest, I think a more serious question than the one which you mention in your letter is that of corporation lawyers being appointed Federal judges.

Very respectfully,

COLE L. BLEASE.

Mr. BLEASE. Mr. President, I also have a brief from the china clay people. On page 7 will be found a very interesting table. These people complain—I do not know that their complaint is right, but they are complaining—of the fact that they were not given a fair and impartial hearing, but were treated actually discourteously by the subcommittee considering the pottery and clay schedule. These people, who are highly organized, it seems for some reason kept the little fellow, or at least they think they were kept, from going before the subcommittee and having the kind of a hearing to which they were entitled.

In order to give those people what they believe to be a proper opportunity to state their views, I ask that the correspondence from them, with a short brief submitted by them, be printed in the RECORD.

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

#### BRIEF OF THE AMERICAN PRODUCERS OF CHINA CLAY AND KAOLIN

We, American producers, beg to request that this subcommittee of the Senate Finance Committee recommend that in paragraph 207 of H. R. 2667 the rate of duty on "china clay or kaolin" be changed from \$2.50 per ton to \$3.75 per ton. The reasons which we believe justify such an increase are as follows:

1. That while the present rate of \$2.50 is an increase of \$1.25 over the rate in the act of 1913, nevertheless it is the same as prevailed in the tariff acts of 1897 and 1909 when labor, fuel, and other costs of manufacture were far below present costs.

2. The location of the clay deposits in the United States is such geographically that it is impossible for producers to reach a large portion of the consuming territory in this country under terms of equal competition with English imported clays.

3. The geological and structural character of these American clay deposits as compared with those of England requires more expensive methods of mining and processes of manufacture.

4. English clays are brought to America as ballast, and therefore at very low rates, while American railroads at ports of entry, in competition for this business, have given to these imported clays a more favorable classification and therefore a lower freight-rate basis than they have given to American clays.

5. Our domestic industry in its efforts to reach all American markets under the strong competition which exists to-day is faced with a new policy, publicly announced by the British Government, to take effect October 1, 1929, of a reduction by three-fourths of the present British direct tax on clay. This means a direct handicap on American producers amounting to 45 cents per ton.

6. In the fall of 1927 the British clay industry was organized into an association known as Associated China Clays (Ltd.), whose publicly announced policy is to fix prices and regulate production. Any attempts to meet this by similar organization in this country would be in direct violation of the Sherman antitrust law and the Clayton Act. Adequate protective tariff is the only answer to such European industrial policy.

7. The American industry, as the newcomer in this field, has had to expend large amounts in research work on improved processes of manufacture and has carried a constant burden of overcoming prejudice against the use of a new product. This educational work, from the testimony given before this committee, must be continued and constitutes an additional charge upon American producers.

8. The published data of the United States Tariff Commission shows that American producers have taken no undue advantage of the change in the Fordney-McCumber Act from \$1.25 to \$2.50 per ton, as those official records show a constant decreased value per ton of American product under this increased rate resulting from the American system of domestic competition.

9. Increased utilization of American natural resources will give further employment in the territory now stricken by the ravages of the cotton boll weevil.

#### HISTORY OF LEGISLATION

The rates of duty on kaolin or china clay since the industry assumed any importance are as follows:

	Per ton
Act of 1897	\$2.50
Act of 1909	2.50
Act of 1913	1.25
Act of 1922	2.50

From these figures it will be seen that despite the increased costs of the particular items of expense and manufacture involved, namely, labor and coal, at the present time as compared with the earlier years, the rate to-day is the same as it was in the acts of 1897 and 1909. In many other lines of industry Congress has recognized repeatedly the necessity of overcoming such handicaps by adequate advances in tariff rates.

#### QUANTITY AND QUALITY OF AMERICAN CLAYS

As to quantity of American clays, there is no contention by anyone that the American deposits are not ample to take care of American needs.

As to quality, however, New England consumers state that they can not use American clays. The contention could come from no other source, because of the simple fact that outside of New England 94.6 per cent of the clay used for filling paper is American clay.

**Filling clays:** The statistics inserted into the record of the hearings before the Committee on Ways and Means by Mr. H. B. Mills, pages 1110 and 1111, prove this point. Mr. Mills stated that at a conference of paper manufacturers called to consider a possible advance in the duty on china clay he calculated there were present 50 per cent of the consumers of domestic clay and 100 per cent of the consumers of imported clay, and that the statistics were accumulated from these sources. Based on these accumulated statistics, he filed tables of consumption. The following facts are taken from these tables: The total consumption of imported clay for filling purposes for 1928 was 91,800 tons. He itemizes the consumption of each of the mills making these returns. This list shows that of these 91,800 tons, 74,000 were consumed by mills in New England and only 17,000 tons were consumed by mills outside of New England. The returns of consumers of domestic clays, 50 per cent of whom, he states, were represented, show a total consumption of 166,000 tons of domestic clays, all of which consumers were located at points outside of New England. As the total consumption of American filler clays is approximately 225,000 tons, it is plainly evident from these figures that paper manufacturers outside of New England territory use 225,000 tons of domestic clay and only 17,000 tons of English clay. Paper manufacturers in New England use 74,000 tons of English clay and no American filling clay. Further comments are unnecessary.

**Coating clays:** American clays, unlike English clays, are improved in quality by additional processes of manufacture. Every step-up in the quality means additional plant investment. Every step-up in the quality means additional cost of manufacture. The question as to whether American clays can be improved to compete with the higher grades of English clays is not supposititious, because already this is being done. The development is recent. Yet, in 1928, American producers supplied 21,458 tons of those higher grades of clay, or approximately 20 per cent of the total consumption of coating clays. One of the fundamental reasons for requesting the increase in duty is to afford protection for the development of this growing industry.

**Pottery clays:** As to the high quality of pottery clays, this is attested by official Government statistics, which show that in 1927, despite the handicap of higher delivery cost, domestic producers in North Carolina and Florida, where practically only pottery clays are produced, were able to deliver a little more than 60,000 tons. It is a fair assumption that, given additional protection which will put them in a better competitive position, this production can be increased. American producers have been assured by potters that if delivery costs of American clays could be reduced they would increase their consumption of American clays.

#### COMPETITIVE MARKETING RESTRICTED BY GEOGRAPHICAL LOCATION

The great bulk of domestic clays is situated in the extreme southeastern part of the United States, namely, South Carolina, Georgia, and Florida, far removed from important consuming centers of New England. The distance of the haul, even granted freight rates which could be reasonably expected as fair to the railroads, makes the delivered cost of these clays so high in this territory as to preclude competition by the domestic producer with English clays under the present tariff.

The cheapest transportation cost to New England points at present is the all-rail rate. Two instances of comparative delivered selling prices will suffice in illustration. We will take the two extremes of this territory:

	Current domestic selling price f. o. b. mine, per net ton (2,000 pounds)	Freight rate	Total delivered selling price	Current English selling price	Freight rate	Total delivered selling price
Fitchburg, Mass.....	\$8.00	\$7.81	\$15.81	\$12.50	\$2.30	\$14.80
Rumford Falls, Me...	8.00	10.09	18.08	12.50	2.50	15.00

<sup>1</sup> From Boston.

The argument of importers and others opposing an increase in the present rate of duty on china clay or kaolin is built up on the theory that current selling prices of American clays as compared with current selling prices of English clays prove the American clays have a price advantage in all of the consuming territory except New England, and that even in New England the disadvantage of the American producer is but slight. Statistics built on current selling prices prove nothing. Unfortunately, we have no data on cost of English production, but we do have a measure of the extent to which they can reduce prices, as shown by official Government statistics of imports and values.

To illustrate this the following figures are taken from Government reports:

#### Imports of china clay

Year	Short tons	Value	Unit value, per short ton
1923.....	312,297	\$3,046,191	\$9.75
1924.....	353,124	3,188,454	9.03
1925.....	372,552	3,195,694	8.58
1926.....	396,219	3,484,054	8.79
1927.....	339,013	2,937,113	8.66
1928.....	307,303	2,962,269	9.64

To interpret these figures correctly it must be remembered that in the summer of 1924 the English trust dissolved and intense competition immediately ensued between English producers. Drastic cuts in prices of those grades of clay coming into competition with American paper-filling clays took place. It was on these grades of clay and with the object of recapturing the American market that these violent price cuts were made. The unit value shown in these Government statistics, which are calculated on the total importation, show a decline from \$9.75 in 1923 to only \$8.58 in 1925, or \$1.17 per ton. The actual cuts were made only on the competitive clays, as at that time the development of the higher grades of coating clays by American producers had not begun. Calculating the shrinkage of value on these filling grades of clay where it belongs, and on which grades the drive was made, clearly proves the cuts in price on those grades averaged approximately \$3 per ton. It was common knowledge in the trade at that time that the cuts ran from \$2.50 to as much as \$4 per ton, depending upon the necessities of the individual English producer to secure business in America. No better illustration could be had of the ability of the English trust to manipulate this market than these Government statistics, for they clearly show that when the price cuts were made imports increased, and when the Associated China Clays (Ltd.) was reformed in the fall of 1926 and prices thereby restored, imports promptly decreased. Can the tariff be fixed, based on current selling prices in the face of these illuminating facts?

It is true that even if your committee should grant our request for an increase to \$3.75 per ton we will still be under a handicap in certain sections of New England, but it is our hope that we can reach eventually all of these points on even terms of competition through decreased overhead costs due to increased production under our present plant capacity, through possibly more favorable freight rates which the Interstate Commerce Commission may grant, and through the building up of a sufficient volume of business in New England as to enable full coastwise cargo shipments to New England ports.

Another most important point is that of the total tonnage of paper-filling clays used in the United States, 30 per cent is used in New England territory, from which, the above testimony shows, the American producer is barred under the present tariff.

At the hearing this morning we were completely surprised by a statement made by Senator KING that our industry had been granted a relief of \$2.50 on freight rates to New England.

Immediately after adjournment we took up this question with the freight traffic department of the Southern Railway system and asked to be advised as to when such reduction was made. The following letter has just been received from Mr. F. D. Claggett, the freight traffic manager of the Southern Railway system:

SOUTHERN RAILWAY SYSTEM,  
FREIGHT TRAFFIC DEPARTMENT,  
Washington, D. C., June 21, 1929.

(32578-U)

DR. CHAS. H. HERTY,  
Cosmos Club, Washington, D. C.

Rate adjustment: Clay from southeastern and Carolina territory to New England territory.

DEAR SIR: Referring to your inquiry in connection with rates on clay from Carolina and southeastern shipping points to New England.

We are aware of no contemplated change in the present rates on clay from southeastern and Carolina shipping points to New England territory either all rail or rail and water.

I am quoting below the present all-rail and rail-and-water rates from Bath-Langley group and from Gordon, Ga., to Boston, Mass. These rates are published in Agent Glenn's I. C. C. A-612, which became effective on July 6, 1927. As a matter of information, the same rates were effective prior to July 5, 1927, in Glenn's I. C. C. A-588, and have now been brought forward in Agent Glenn's I. C. C. A-710, which is published to become effective June 26, 1929.

From Bath-Langley group to Boston, Mass.:

All rail.....	\$7.81
Rail and water.....	5.53

This rate applies for dock delivery, applicable via Charleston, S. C., and Clyde Line.

Gordon, Ga., to Boston, Mass.:

All rail	\$7.92
Rail and water	5.53

Applies for dock delivery. Applies via Savannah, Ga., and Ocean Steamship Co. The minimum weight in connection with the above rates is 50,000 pounds. The all-rail rates apply on shipments in bags, barrels, or in bulk. Rail-and-water rates apply on shipments in bags or in barrels.

I might add that the above rates also apply to Portland, Me.

Yours very truly,

F. D. CLAGGETT,  
*Freight Traffic Manager.*

It will be noted that a rail-and-water rate of \$5.53 is quoted to Boston, Mass., but it will also be noted in Mr. Claggett's letter that this rate applies to shipments in bags or in barrels. Clays now are shipped both from England and from southeastern territories only in bulk. To make shipments in bags would require an additional cost on the American manufacturer of \$4 per ton, and in barrels of at least \$6 per ton, thus making this apparently lower rate actually the highest rate as to selling price at point of consumption. Moreover, this rail-and-water rate would deliver the shipment only to New England ports, to which would have to be added inland rate, showing clearly the impracticability of considering the existing rail-and-water rates. The original of Mr. Claggett's letter is attached herewith.

#### HANDICAPS IN THE MINING AND MANUFACTURE OF AMERICAN CLAYS

In England, on the removal of the overburden, clay beds are found of depths extending frequently to as much as 200 feet. In the United States there is equally as much overburden to be removed, but the thickness of the clay strata will not average more than 18 feet, thus adding greatly to the cost of mining American clays through the relatively greater amount of overburden per ton of clay produced.

British clays are so loose in their texture that they readily permit of hydraulic mining, thereby lessening the labor cost involved in removing the clay from the pits, whereas in America the texture of the clays is so dense that hydraulic mining is impossible, and it is necessary to resort to the more costly methods of mining by hand, or, under the most favorable circumstances, by steam shovel, with the additional cost of breaking up this mined material when it reaches the mill. Because of their texture another added cost is the extra steam required for de-watering and drying the American clays.

English clays occur in layers which, when hydraulically mined, are naturally produced in marketable forms in varying grades. In America the higher grades can be produced only by further refinement so that every step-up in quality means additional cost of manufacture.

As to the rate of wages in England, this was stated on the floor of the House of Commons on April 26, 1928, by Mr. Betterton as 1 shilling per hour for china clay workers and 1 shilling 1 pence for semiskilled. In contrast with this, the books of our producers show the average wage in American plants is 35 cents per hour.

#### "RATE" REDUCTION IN ENGLAND

In our persistent efforts to reach as many American markets as possible we have been aided in the competition with the English product by a direct tax, termed a "rate," by the British Government upon English clays of 60 cents per ton. Definite announcement has been made in British trade journals that on October 1, 1929, the new policy of the British Government will be inaugurated which will reduce this tax from 60 cents to 15 cents.

It has been frequently stated in public addresses in England that through this reduction in the tax the English clay producers will be in better position to compete with American clays. This is a specific tax on clay and is entirely outside of the question of the general taxation system of the British Government.

#### PRICE FIXING IN ENGLAND

In the fall of 1926 there was organized in England "Associated China Clays (Ltd.)," a trade association comprising practically all of the English producers. In connection with the formation of this association the British publication, the *Chemical Age*, in its issue of September 10, 1926, states frankly that, "The objects of the company are \* \* \* the improvement or maintenance of selling prices." And in the same issue it is editorially stated that "the organization which the china clay producers have now decided to set up and whose functions will not commence to operate until three months hence, will concern itself not only with the pricing the clays of its members but also with other matters essential to the prosperity of the industry." This, of course, is their privilege and perfect right; but it is a policy which if practiced by American producers would lead immediately to Federal prosecution. Here is a national monopoly pure and simple with advantages which the English producers consider of great benefit to them, but it is a system entirely opposed to the spirit of our land and our only protection against such seeming advantages is the increased protective-tariff rate for which we petition you. With this situation before us we feel that it is to the interest of these consumers who now oppose our application

that they receive the benefit of competition between the American and the British industry which can not now exist.

#### INCREASED TARIFFS DO NOT MEAN INCREASED PRICES

We desire to refer you to page 453 of the summary of tariff information, 1929, on the tariff act of 1922, Schedule 2, in which it is shown in the table of "Production and values," that while the American industry since 1919 has steadily increased its output, it has also, as shown in the column headed "Value per ton," decreased its charges to American consumers. There has been no effort to utilize the increase given in the Fordney-McCumber Act to "boost" prices because of this increased protection, but only to extend markets. On the contrary, improvements in methods of production and keen competition between domestic producers have resulted in savings which have been passed on to the consumer.

In connection with this table setting forth the progress of the American industry may we call the attention of the committee to the fact, as stated in the text of the commission's report, that the quantities given are for "china clay or kaolin, all kinds and grades." The production of clays coming into competition with English clays is far less, amounting to not more than 350,000 short tons in the year 1927, as compared with the import figure of 339,000 short tons, thus showing that the American industry has been able under the present tariff to gain only one-half of the American market. We are quite certain that a careful survey by the Tariff Commission, having clearly in mind only those grades of clay coming into competition with the English clays imported under this schedule, would substantiate these figures.

#### EMPLOYMENT RELIEF IN BOLL-WEEVIL TERRITORY

The American china clay industry is located in that portion of the South where agriculture has been prostrated by the ravages of the boll weevil. There is no question among these people of farm relief through stabilization of prices of surplus crops. They can not raise even a normal crop. Many farms are deserted. Fortunately, a means of livelihood has been found by employment in the clay industry. Favorable action by your committee on our application will result in a further expansion of this industry and thereby give further employment to the people of this afflicted section and their dependents. The output of this industry will have to be doubled to supply all American needs. It is to forward this American development that we ask your aid.

#### REQUEST FOR INCREASED TARIFF PROTECTION THROUGH THE FLEXIBLE PROVISION OF THE TARIFF ACT

On November 3, 1924, we made formal application to the Tariff Commission for an increase of 50 per cent under the flexible provisions of the tariff act. We did this with a full knowledge that our books and records would be subject to examination by representatives of the Tariff Commission. This has now been done, and while the Tariff Commission has not yet been able to take formal action upon our request because of pressure along other lines of investigation, nevertheless full details of our manufacturing costs, etc., are in the hands of the commission. This is confidential information and therefore is not inserted in our brief or testimony, but is, of course, available to members of your committee.

We feel that by our request to the commission we have proved the good faith of the request we now make to you.

#### EFFECT OF INCREASE ON CONSUMER

If we assume that the full burden of the increase asked for is laid upon the manufacturing consumers or the general public, what would it amount to? In the case of book paper at 7.2 cents per pound, with a 12 per cent loading of filler clay, the increase would be only five and three-fourths hundredths of a mill per pound, or, on a larger basis, only 11½ cents extra per ton of paper. In the case of coated paper, carrying a 16 per cent coating of clay, the increase would be only 33 cents per ton. But we have already shown that under the increase given under the Fordney-McCumber Act no burden was thrown upon the consumers, but, on the contrary, through the stimulation of the industry due to that increase consumers received a reduction of price.

Respectfully submitted.

EDGAR BROS. Co.,  
EDGAR PLASTIC KAOLIN Co.,  
LAKE COUNTY CLAY Co.,  
R. T. VANDERBILT Co.,  
NORTH AMERICAN CLAY Co.,  
GEORGIA KAOLIN Co.,  
COLD SPRING MINING Co.,  
HARRIS CLAY Co.,  
By CHARLES H. HERTY.

SEPTEMBER 20, 1929.

Hon. COLE BLEASE,

*United States Senate, Washington, D. C.*

MY DEAR SENATOR BLEASE: Several weeks ago I spoke to you at your office about the matter of the tariff on kaolin, or china clay, a considerable and increasing part of which is produced in South Carolina as shown by the statistics of the United States Bureau of Mines, as follows:

	Short tons
1923.....	54,748
1924.....	39,833
1925.....	52,937
1926.....	60,404
1927.....	78,401

With a duty of \$2.50 our producers can not compete with English clays in the important markets of New England. We therefore asked the Senate Finance Committee to increase the rate to \$3.75. Instead of granting this, they decreased the rate to \$1.50, which no one appearing at the hearings, excepting importers, asked or suggested. There is nothing whatever in the testimony to justify any such action by the Finance Committee. It must be interpreted, therefore, on some other basis.

I hope you will give your vigorous efforts toward overcoming the injustice of the present situation and toward securing such legislation as will enable the South Carolina producers to have a fair show at American markets.

If at any time you desire more detailed information regarding the industry and its needs I will be very happy to see that they are promptly forwarded to you or I will be glad to call at your office and discuss the matter fully with you if you desire.

Very sincerely yours,

CHAS. H. HERTY,

For the Producers of American Kaolin or China Clay.

AIKEN, S. C., July 9, 1929.

Hon. E. D. SMITH,  
Hon. COLE L. BLEASE,

United States Senators, Washington, D. C.

GENTLEMEN: The North American Clay Co., representing itself and various other companies in Aiken County that are interested in the kaolin business, have requested me to bring to the attention of each of you the matter of the application of the various kaolin industries of the country to the committee of the Senate in charge of the revision of the tariff for an increase of the tariff on kaolin.

The kaolin industry is a very important part of Aiken County. The various beds in this county employ many operators. At the bed of the North American Clay Co., for instance, the weekly pay roll is about sixty-five hundred dollars. There are about 10 of these beds in Aiken County. In other words, the prosperity of the kaolin business in Aiken County is very close to the hearts of its people.

These gentlemen claim that on account of the fact that kaolin is brought as ballast from England in English ships, it will be impossible at the present tariff of \$2.50 per ton for the South Carolina kaolin mines, for instance, to compete with this ballast clay in the New England market. That the result of this market tariff will practically shut them out of the New England States.

Believing that in this day in which many of us are believing in a protective tariff, that the industry in South Carolina, particularly, should receive some protection, the kaolin industries are applying to Congress to raise the tariff to \$3.75 per ton.

As this matter is one of such vital importance to Aiken County, I am taking the liberty of calling the same to your attention and requesting that you investigate the matter and do what you can to assist in saving this important industry.

Anything that you can do in this connection will be highly appreciated.

I am sending copy of this letter to each of you at your home addresses, as I am not sure that you are in Washington.

Yours very truly,

P. F. HENDERSON.

COLUMBIA, S. C., July 9, 1929.

Senator COLE L. BLEASE, City.

DEAR SIR: I am handing you inclosed a carbon copy of the letter of July 3, from my New York office, to Senator WALTER F. GEORGE, of Georgia. My New York people have expressed the matter very clearly, and this, along with the information I handed you to-day, will, I am sure, give you complete information on the matter of the clay tariff situation.

Yours very truly,

THE NORTH AMERICAN CLAY CO.,  
E. P. HENDERSON, Superintendent.

JULY 3, 1929.

Hon. WALTER F. GEORGE,

United States Senate, Washington, D. C.

DEAR SENATOR: Fifty per cent of the china clay or kaolin consumed in the United States is imported. This is due to the inability of the domestic producers to compete in the entire market because of cheaper labor costs, natural advantages through deep deposits, and low ballast freight rates enjoyed by the English producer.

We, therefore, are urging upon Congress sufficient protection to enable us to meet on terms of equality that competition with English clay which under the present tariff rate we can not meet.

We are particularly anxious that you, as a member of the Finance Committee of the Senate, should understand what the position of our

industry is. We trust you will read the accompanying brief which was submitted to the subcommittee on Schedule 2, for we believe our case is so clear that your knowledge of the situation will lead you to give sympathetic consideration to our request.

The additional duty we ask for would enable a substantial increase in our output. On the other hand, the additional cost of the clay entering into paper and into pottery would be so slight that this increase in tariff could not be figured out as any appreciable charge upon consumers. Details confirming this statement are given in our brief.

Very sincerely yours,

R. T. VANDERBILT CO.,  
By DR. R. W. HOWELL, Vice President.  
EDGAR BROS. CO.,  
By \_\_\_\_\_, President.

AIKEN, S. C., July 8, 1929.

Senator COLE L. BLEASE,

Washington, D. C.

DEAR SENATOR: Mr. E. P. Henderson, of the North American Clay Co., doing business in this county, has placed before me a brief discussing a matter of vital importance to the domestic clay-mining industry, and consequently of much importance to Aiken County, the Horse Creek Valley section having a number of clay beds, and this particular company operating two mines in the valley, where large pay rolls are dependent upon the clay that the companies are encouraged to put on the market. The matter looks good to me on casual examination, but time does not permit me to investigate the matter thoroughly; but Mr. Henderson is a man who can be depended upon to want nothing but that which is right, and his presentation of it seems to make out a clear-cut case to demand action on the part of Congress to protect these industries in America against foreign dumping. It is important from the labor point of view rather than from the personal interest of the operators of the mines, because all the clay that is produced abroad is produced by what we may term as foreign labor, and that, of course, deprives the local labor of participating in the pay-roll benefits.

Mr. R. W. Howell, of the R. T. Vanderbilt Co., of New York City, which is the parent and holding company of the North American Clay Co., which company Mr. Henderson is interested in, and which company is operating a mine at Bath and one at Langley, desires to place the cause of these domestic clay producers before the Senators from South Carolina. I trust that you will hear him patiently, as I know you will be glad to do, and that if you are impressed with the propriety of this action, which seems of extreme importance from the laborer's point of view, as I gather it, you will assist him in pressing for proper protection.

Thanking you in advance for any consideration shown, I beg to remain,

Yours very respectfully,

JOHN F. WILLIAMS.

JULY 9, 1929.

Pay-roll figures—North American Clay Co., Aiken County

	Average weekly pay roll	
	Number employees	Amount weekly pay roll
North American Clay Co., McNamee Plant, Bath, S. C.....	277	\$4,377
North American Clay Co., Continental Plant, Langley, S. C.....	50	700
Total both plants.....	327	5,077

Average wages per week, \$15.50.

If market conditions could be equalized in the New England section Aiken County clay producers could employ easily 100 additional men within the first year due to increased volume.

Mr. BLEASE. Mr. President, there is another matter to which I want to refer. I have offered two amendments to the pending bill. One was to regulate commerce with foreign countries in reference to what are called ribbon fly catchers. It will be found on page 1876 of the bound book in reference to the tariff which has been furnished us.

I wish to present correspondence with the people who sell this paper, which exposes the fact that there seems to be only one manufactory in this country, somewhere in the West or the Northwest, and the only one that seems to be particularly interested in it other than them, on the other side, however, is in Pennsylvania. The Senate committee raised the rate, for some reason, I do not know what, unless possibly the Senate has so long deprived Pennsylvania of its constitutional right to have two Senators that it had no regard for this Pennsylvania industry. I suppose the Senate noticed the other day that on account of the Senate's treatment of Mr. VARE the people of Pennsyl-

vania have given to WILLIAM S. VARE's party, not to him personally, but to his party, an overwhelming majority, indorsing VARE and his policies, and I presume at the proper time, if he is refused his seat, unconstitutionally, as it appears he is to be, they will again indorse him by sending him back.

It seems that strange things happen. A little dinner was held up at the White House where a negro was permitted to eat at the table. The first election held since that was held in Georgia Tuesday in a Hoover district. Hoover's friends answered the negro dinner by electing overwhelmingly a white gentleman to the House against a Hoover combination Democrat-Republican.

I ask that the correspondence to which I have referred be printed in the RECORD.

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

WASHINGTON, D. C., September 14, 1929

R. E. TONGUE & BROS.,  
Allegheny Avenue, Amber, and Collins Streets,  
Philadelphia, Pa.:

In your letter September 5 instant where you say "The O. & W. Thum Co., who make fly paper under the name of Tanglefoot made an application to the House Ways and Means Committee to increase the present tariff to 35 per cent" should that be to 35 per cent or of 35 per cent. Would it be all right for me to put your letter in CONGRESSIONAL RECORD?

COLE L. BLEASE.

PHILADELPHIA, PA., September 5, 1929.

HON. COLE L. BLEASE,  
United States Senator, Washington, D. C.

MY DEAR SENATOR BLEASE: I am giving you the following synopsis of the whole situation condensed as briefly as I can make it.

The item in which we are interested is sticky fly ribbons (now the last item in paragraph 14, formerly classified in paragraph 1313). The O. & W. Thum Co., who make fly paper under the name of Tanglefoot, made an application to the House Ways and Means Committee to increase the present tariff to 35 per cent ad valorem duty based on testimony they gave before the committee. We prepared a brief to the House Ways and Means Committee, and evidently it must have touched bottom, because the House Ways and Means Committee did not report any change in the bill. However, the Senate Ways and Means Committee, without any hearing upon the matter whatsoever, raised the duty from 35 per cent ad valorem to \$3 per 1,000, which is an increase of about \$1.35 per 1,000 in our case, or about a raise of 77 per cent.

The real reasons why an increase of this amount is without foundation are as follows:

1. The O. & W. Thum Co. (the Tanglefoot company) are, to our knowledge, the only American manufacturer of fly ribbons. The granting of this additional duty would virtually give them a monopoly of the fly-ribbon field.

2. In their testimony before the House committee they admitted that they only made approximately 10 per cent of the entire ribbons consumed in the United States. Increased duty would be legislating against 90 per cent of the purchasers in this country.

3. The Tanglefoot Co. has been long known as a producer of flat fly paper, which was laid on convenient tables, etc. The fly ribbon is a modern, clean, sanative way in which to kill the house fly. Any increase in duty would tend to force the public back to the old inconvenient flat fly paper.

4. The main use of fly ribbons is confined to people of moderate circumstances. The increase of duty asked for, approximately \$1.35, by the time it reaches the consumer over the ranges of profit adding, would possibly be \$2 more per 1,000. This would take them out of the popular-price class.

5. Imported fly ribbons are sold through the entire United States by wholesale grocers, who would be forced under this plan of monopoly, by an increase in tariff, to virtually abandon their sale of other than the domestic ribbon.

6. Since the other interests concerned are so large and the O. & W. Thum Co. (Tanglefoot) are attempting to charge the overheads of other departments to the manufacture of fly ribbons, we think that a very thorough investigation should be made by the Senate committee before attempting to pass legislation for their production. No hearing was held on this particular item in front of the Senate committee and no testimony offered according to the record. Should there have been testimony offered we would have been able to present our case thoroughly to the Senate Ways and Means Committee.

Trusting that you will be successful in preventing this increase in duty, which would be a serious blow to us, I am,

Sincerely yours,

R. E. TONGUE & BROS. CO. (INC.),  
G. T. TONGUE, Assistant Treasurer.

P. S.—In other words, we are asking for retention of the present duty.

PHILADELPHIA, PA., September 9, 1929.

HON. COLE BLEASE,  
Senate Building, Washington, D. C.

DEAR SIR: A few days ago I wrote you in reference to the matter in which we are interested, namely, fly ribbons, section 14 of the new tariff bill. I neglected to inclose a copy of the statement which we furnished to the House committee when it was under investigation there.

Yours very truly,

R. E. TONGUE & BROS. CO. (INC.),  
GLENN T. TONGUE, Assistant Treasurer.

BRIEF OF THE R. E. TONGUE & BROS. CO. (INC.)

PHILADELPHIA, PA., March 30, 1929.

COMMITTEE ON WAYS AND MEANS,  
House Office Building, Washington, D. C.

GENTLEMEN: Referring to your notice of December 5 of general tariff hearings beginning January 7, 1929:

ITEM IN WHICH WE ARE INTERESTED

Sticky fly ribbons, paragraph No. 1313, last classification under this paragraph: "Manufacturers of paper, or of which paper is a component material of chief value, not specially provided for, all the foregoing, 35 per cent ad valorem."

RETENTION OF PRESENT DUTY

We ask that the present duty of 35 per cent be retained, this rate being sufficient to protect the American manufacturer and place his ribbon in a favorable condition to compete with the imported ribbon.

REASONS FOR RETENTION

Considering the tariff paragraph No. 1313—the O. & W. Thum Co. and the Tanglefoot Co.—we desire to call the committee's attention to these points:

1. Fly ribbons are covered by the act of 1922. There has never been any doubt of their inclusion and the collectors of the ports have uniformly collected tax on these ribbons under authority of the act. Whatever confusion may exist as to the tax on fly paper, there has never been any on that of fly ribbon. We are familiar with the fly-ribbon trade throughout the country and the importers of foreign-made fly ribbons, and we know of no case where fly ribbons were imported free of duty.

2. The Thum (Tanglefoot) Co. can now compete with imported ribbons. The cost analysis submitted by this company, which cost analysis includes a manufacturing overhead of 161 per cent of manufacturing cost, can not be sound, and the actual cost must be far less than that stated in its account. To assume an overhead of this proportion is to assume inefficient management, and the additional cost of this inefficiency should not be saddled on the purchasing public.

3. The American-made ribbon is now on a competitive footing with the imported ribbons. The imported ribbons shown in the Thum brief as selling at the lower prices constitute only a very small proportion of the total used in this country and can not be used as a test of the prices which must be met by the American manufacturer. As a matter of fact, Tanglefoot, which is the only American-made ribbon known to us, is now on a competitive footing and a favorable footing with over 95 per cent of the imported ribbons in so far as cost is concerned, even admitting the unwarranted overhead shown in the Tanglefoot cost analysis, and the failure to sell this ribbon is not due to the lesser prices of the imported ribbon, but must be due to defects in quality or in merchandising.

4. The Thum Co., who manufacture the Tanglefoot ribbon and are identical with the Tanglefoot Co., are to the best of our knowledge the only American manufacturer of fly ribbons. This company never had a large proportion of the fly-ribbon business, but relied on its sale of flat fly paper for the major portion of its business. A prohibitive tariff, that would prevent the importation of fly ribbons, would stifle all competition and would give to this company a virtual monopoly of the fly-ribbon business.

5. The result of the prohibitive duty suggested in the Thum brief would give that company a monopoly of the fly-ribbon business and would permit it to continue its inefficient methods, with its unwarranted overhead, and would increase the price greatly to the American consumer without benefiting the American workman in any way whatsoever.

6. The failure of Tanglefoot fly ribbon has been due not to its higher manufacturing cost, but to its failure to measure up in quality with the imported ribbons. The fixing of a prohibitive duty would be to force on the American consumer a ribbon of inferior quality.

7. The loss in business of the Thum Co. has not been in fly ribbons in competition with the imported fly ribbons, but in the substitution of the sanitary, cleanly, efficient fly ribbons for the uncleanly, sticky, and insanitary fly paper, which was by far the larger part of the Tanglefoot business. A prohibitive duty on imported fly ribbons, as suggested in the Thum brief, would result in removing the imported ribbon from the market, and would give opportunity to the Tanglefoot Co. to expand its sale of the less desirable fly paper.

8. The real objection to the present rate on fly ribbons is not that they can not be produced as cheaply in this country, as the Thum cost analysis in itself discloses that in an efficient plant with a proper overhead the American manufacturer can meet the imported ribbon in cost; the difficulty with the Thum Co. has been either a defect in quality of merchandise or in its method of distribution, as well as the fact that a new and better article, the fly ribbon, is supplanting, and very properly supplanting, the insanitary, unsightly, and inferior flat fly paper.

Should the committee desire any further information on any point, we will be very glad to supply it.

Respectfully submitted.

R. E. TONGUE & BROS. Co. (INC.),  
Importers Araba Fly Ribbon.  
GLENDON T. TONGUE,  
Assistant Treasurer.

Amendment intended to be proposed by Mr. BLEASE to the bill (H. R. 2667), to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes, viz:

On page 201, beginning after the word "valorem" on line 1, strike out all of the following, on lines 1 and 2: "; ribbon fly-catchers, \$3 per thousand.", and insert a period after the word "valorem," so that the same shall read:

"PAR. 1413. Papers and paper board and pulpboard, including cardboard and leatherboard or compress leather, embossed, cut, die-cut, or stamped into designs or shapes, such as initials, monograms, lace, borders, bands, strips, or other forms, or cut or shaped for boxes or other articles, plain or printed, but not lithographed, and not specially provided for; paper board and pulpboard, including cardboard and leatherboard or compress leather, plate finished, supercalendered or friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, or decorated or ornamented in any manner; press boards and press paper, all the foregoing, 30 per cent ad valorem; test or container boards of a bursting strength above 60 pounds per square inch by the Mullen or the Webb test, 20 per cent ad valorem; stereotype-matrix mat or board, 35 per cent ad valorem; wall pockets, composed wholly or in chief value of paper, papier-mâché or paper board, whether or not die-cut, embossed, or printed lithographically or otherwise; boxes composed wholly or in chief value of paper, papier-mâché or paper board, and not specially provided for; manufactures of paper, or of which paper is the component material of chief value, not specially provided for, all the foregoing, 35 per cent ad valorem."

Mr. BLEASE. Mr. President, with reference to the grape business, it is said that Mr. Herbert Hoover is one of the largest producers of grapes on his California farms; that the price of grapes has advanced about 1,000 per cent or more since prohibition began; that the California grape growers were recently furnished \$9,000,000 for "relief" by the new Farm Relief Board. It is reported that the freight rate on grape juice was recently reduced; that grape juice is sold at exorbitant prices, in keeping with the advance in the price of grapes, and 20 per cent of alcohol is added and the product sold to consumers as "wine tonic" at exorbitant prices everywhere under special permit. It is further said that prohibition, which caused so much "relief" to grape growers, and by which this special favor and privilege and profiteering is operated, is called a "noble experiment" by Mr. Hoover, who is one of its chief beneficiaries.

Along this line I ask to have printed in the RECORD a letter from President Wilson, written on May 28, 1918, to Senator SHEPPARD, of Texas, which will be found in the CONGRESSIONAL RECORD, as it has heretofore been published.

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

MY DEAR SENATOR: Thank you very much for your letter of the 26th. Frankly, I was very much distressed by the action of the House. I do not think that it is wise or fair to attempt to put such compulsion on the Executive in a matter in which he has already acted almost to the limit of his authority. What is almost entirely overlooked is that there are, as I am informed, very large stocks of whisky in this country, and it seems to me quite certain that if the brewing of beer were prevented entirely, along with all the other drinks, many of them harmless, which are derived from food or feed stuffs, the consumption of whisky would be stimulated and increased to a very considerable extent.

My own judgment is that it is wise and statesmanlike to let the situation stand as it is for the present, until at any rate I shall be apprised by the Food Administration that it is necessary in the way suggested still further to conserve the supply of food and feed stuffs. The Food Administration has not thought it necessary to go any further than we have in that matter already gone.

Mr. BLEASE. Mr. SHEPPARD stated on the floor of the Senate that, inasmuch as the Food Administration was referred to

in the above letter, he submitted it to Mr. Hoover, then Food Administrator, and received the following reply under date of June 4, 1918:

MY DEAR SENATOR: I am greatly obliged for your letter of June 2, inclosing copy of letter which you received from the President, upon which you ask for some comment from me.

I have the feeling that the form in which the food act stands makes temperance issues and food conservation issues incapable of separation and in sharp conflict. You will recollect that the provisions of the food act of August 10, 1917, provide for six types of operations in connection with the liquor trade:

First. The immediate stopping of the distillation of liquor.

Second. The authority to commandeer any distilled spirits for redistillation so far as may be necessary to provide alcohol for munition requirements.

Third. The authority to regulate or stop the use of foodstuffs in the preparation of wines.

Fourth. The authority to regulate the use of foodstuffs in brewing beers.

Fifth. The authority to prohibit the use of foodstuffs entirely in brewing.

Under the first authority, distillation was stopped on September 10 throughout the country and there has been no use of foodstuffs since that date for this purpose. There proved to be in stock at the time distillation was stopped somewhere between two and three years' supply of whisky, brandy, gin, etc., and this stock is in course of distribution, as the act provides only for the stoppage of new supplies.

Under the second authority the War Industries Board have found no necessity for commandeering distilled spirits in the country for redistillation into munitions alcohol, and I am informed by them that there are technical difficulties in the way as well as the fact that commercial alcohol can be obtained not only abundantly but on a much cheaper basis than could be had through commandeering and redistillation of potable spirits.

Under the third authority no action has been taken because the wines produced in this country are from grapes, of which a very small proportion are available as table or raisin grapes, and therefore the stoppage of wine making would add no consequential amount of food to our national supplies. The conversion of vineyards to other production would not be likely so long as there is prospect of resumption of wine making at a later date. The conversion of these grapes to grape juice instead of wine, as suggested, would add nothing to our national food supplies.

Under the fourth authority with regard to brewing, the alcoholic content in beer was reduced to 2½ per cent, and the amount of grain and other foodstuffs that could be used has been limited to 70 per cent of that used during the corresponding period of the previous year, the effect being to stop any expansion of brewing and to reduce the foodstuffs consumed by 30 per cent. The actual amount of grain being used in the brewing of beers is at the present time approximately 4,500,000 bushels per month, of which approximately 30 per cent is recovered as cattle feed, and the loss therefore into the beer is practically the equivalent of 3,150,000 bushels per month, the grains used being barley, corn, and broken rice. There is, of course, a great deal of contention that the beer itself contains the remaining food values. But omitting this, the cessation of brewing would effect a saving in grain of approximately 3,150,000 bushels a month, from a nutritive point of view. It needs no comment from me from a food point of view, that I should favor the saving of this amount of grain.

Under the fifth authority—that is, the stopping of brewing altogether—it does appear to me that there are temperance issues involved of such tremendous moment that they outweigh the use of the reduced amount of foodstuffs in brewing, and in any event give ground for a difference in judgment as to the alternative national risks and losses which need the most careful consideration. If brewing were stopped to-day, beer would disappear from the liquor trade within one or two months and the whole country would be put practically on a whisky, brandy, and gin basis, with some supplies of wine. The saloons would be left open and upon a basis of selling of drinks carrying 40 per cent or 50 per cent alcohol, with some small supplies of wine, instead of a large proportion of their customers being served with a drink of 2½ per cent alcoholic content, and therefore, from a temperance viewpoint, much less harmful. It raises the very serious moral problem as to whether infinitely more damage will not result from such action than in a continuation of the use of this limited amount of foodstuffs in brewing.

It does appear to me that the losses in food are entirely secondary to the moral and physical dangers. The President's letter indicates his feeling in this particular.

You are probably aware that I have been a lifelong believer in national temperance; on the other hand, as a purely administrative officer of the Government, I have felt strongly that I should not enter into any contentious matters.

Mr. Hoover gave his letter to the press on June 5, 1918, and with it the following statement:

As to the discussion over the suppression of brewing, I wish to say emphatically that from a strictly food-conservation point of view I should like to see the use of foodstuffs suppressed in all drinks, hard and soft.

This is not, however, the whole story. We stopped distilling a year ago. There is a long supply of whisky, gin, and other 20 per cent to 40 per cent distilled drinks in the country. We have reduced the consumption of foodstuffs in brewing by 30 per cent and reduced the alcohol content of beer to 2% per cent.

If we stop brewing the saloons of the country will still be open, but confined practically to a whisky and gin basis. Any true advocate of temperance and of national efficiency in these times will shrink from this situation, for the national danger in it is greater than the use of some 4,000,000 bushels of grain monthly in the breweries.

If the American people want prohibition, it should prohibit by legislation to that end and not force the Food Administration to the responsibility for an orgy of drunkenness. It is mighty difficult to get drunk on 2% per cent beer; it will be easy enough if we force a substitution of distilled drinks for it.

The Food Administration has gone as far as it can toward temperance without precipitating a worse situation. If the American people or Congress will stop the sale of distilled liquors, the administration will find no difficulty in stopping brewing.

The above letters and statement will be found on pages 7421 and 7422 of the CONGRESSIONAL RECORD for June 6, 1918.

Mr. President, I want to speak about one other matter—namely, cement. I have offered an amendment to the pending bill providing that cement either be put on the free list or that it be left as it is to-day; that is, as to towns, counties, and States. A good many cities are building roads, counties are building roads, and States are going very extensively into the road-building business. It does seem to me that with these public corporations, as they might be called, I presume, building roads all over the country, improving the country, it is not right to make the people who pay the taxes of the country now have to proceed to pay a higher tariff to get the very things which they are compelled to have in order to make the improvements they want to make.

I understand, of course, that there are some people who do not pay very much attention to these questions, and I understand another thing, that it is possible that these corporations pay millions of dollars, thousands anyway, to the Republican campaign fund.

I want to call the attention of the people to the fact that while the Republican campaign committee gets this money, and while they use it to elect a President of the United States very often, and for other campaign purposes—I do not say illegitimately—as soon as the people put the Republicans back in power, the Republicans proceed to make the people pay back the money these corporations have paid by taxing them through a tariff.

It does seem to me that the man who is willing to sell his vote for a mere pittance ought to realize some day that while possibly he is getting a \$5 bill or a \$10 bill to sell his right to vote, his right to manhood, surely he should wake up to the fact after a while that the Republican Party pays every dollar of that money back out of the pockets of the taxpayers by robbing them through a tariff.

I hope that this bill will not pass. So far as I am concerned, I am not in favor of a tariff unless it be absolutely necessary for revenue. I stand upon the old doctrine preached by the greatest statesman, possibly, the South has ever produced, who was in favor, if a tariff bill were passed at all, of a tariff only for the purpose of raising revenue. I refer, of course, to John Caldwell Calhoun. That is my doctrine, and no tariff bill could be drawn I would vote for unless there was a necessity of that kind. I ask that my amendment be printed in the RECORD at this point.

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

Amendment intended to be proposed by Mr. BLEASE to the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes, viz:

On page 37, at the end of line 23, add the following proviso to paragraph 205: "(f) *Provided*, That this paragraph shall not apply to purchases of cement made by the respective governments of States, counties, parishes, incorporated cities, towns, municipalities and political subdivisions thereof for public purposes," so that the same shall read:

PAR. 205. (a) Plaster rock or gypsum, ground or calcined, \$3 per ton.  
(b) Roman, Portland, and other hydraulic cement or cement clinker, 8 cents per 100 pounds, including the weight of the container; white

nonstaining Portland cement, 8 cents per 100 pounds, including the weight of the container.

(c) Keene's cement, and other cement of which gypsum is the component material of chief value: Valued at \$14 per ton or less, \$3.50 per ton; valued above \$14 and not above \$20 per ton, \$5 per ton; valued above \$20 and not above \$40 per ton, \$10 per ton; valued above \$40 per ton, \$14 per ton.

(d) Other cement, not specially provided for, 20 per cent ad valorem.  
(e) Statues, statuettes, and bas-reliefs, wholly or in chief value of plaster of Paris, not specially provided for, 60 per cent ad valorem; manufactures of which plaster of Paris is the component material of chief value, not specially provided for, 35 per cent ad valorem.

(f) *Provided*, That this paragraph shall not apply to purchases of cement made by the respective governments of States, counties, parishes, incorporated cities, towns, municipalities and political subdivisions thereof for public purposes.

#### CONSPIRACY TO CONTROL THE PRICE OF COTTON

Mr. HEFLIN. Mr. President, while my colleague [Mr. BLACK] was discussing the Muscle Shoals matter I was engaged in the Committee on Agriculture considering the appointees for the Federal Farm Board. I did not hear any part of my colleague's speech except the conclusion. We are in hearty agreement as to the importance and necessity of disposing of Muscle Shoals.

It is nothing short of outrageous procedure that Muscle Shoals has not already been disposed of and all the power available put to work. But we stand between the two giant forces, the Power Trust on the one hand, and the Fertilizer Trust on the other.

The original bill setting apart Muscle Shoals for this project provided that fertilizer should be made there in time of peace, and nitrates for the Government in time of war. Congress is not keeping faith until it performs its part of that contract.

The dam has been built, five units have been put in, power is available, and it is going to waste. The Government is deriving no profit whatever from it, and the farmers are not getting cheaper fertilizer.

Mr. President, to give an idea how this do-nothing policy affects the farmers of my State alone, the farmers' fertilizer bill last year was about \$25,000,000 in Alabama. Mr. Mayo, chief engineer of Henry Ford, testified that if Ford got the Muscle Shoals project they would manufacture fertilizer at about one-half the present cost. That would mean a saving of \$12,500,000 a year to the farmers of my State. In the States of North Carolina and South Carolina a great deal more fertilizer is used than in my State and it would mean a much larger saving to the farmers of those States as it would also mean a large saving to the other States in the Cotton Belt.

I have helped to pass through the Senate two bills to dispose of Muscle Shoals. One of them died in the House and the other was vetoed or killed by President Coolidge. I have stated repeatedly that I favor the Cyanamid Co.'s bid, with certain important amendments. I favored that company's bid in the first place next to Henry Ford's bid because it is in the business of making fertilizer and because it has impressed me that it wants a larger field for operation in the work and the business of making and selling fertilizer. But, Mr. President, I want it understood by the people of my State and elsewhere that whatever bill passes this body must provide for making fertilizer at Muscle Shoals. I do not want put into the bill any recapture clause that the best lawyer in the country can not understand. I want one so plain and simple that anybody can understand it, one that will require whoever gets Muscle Shoals to make fertilizer or forfeit the lease. Such a provision as that would be plain and simple, and whatever measure may pass I want a provision in it that will guarantee the production of cheaper fertilizer at Muscle Shoals.

#### COTTON

But, Mr. President, what I rose primarily to say was something about the present cotton situation. A few days ago in the Committee on Agriculture and Forestry, while we were interrogating the various members appointed to the Federal Farm Board, I stated to the committee and to the members of that board that the cotton farmers of the United States can not produce cotton and derive any profit at all for a price less than 20 cents a pound, and that cotton is now selling below the cost of production. The price to the farmer to-day is around 17 and 17½ cents in the local market. Here is a great staple crop, the principal farm product of the cotton-growing States, going to the market every day and selling at a price that will not yield a profit. I stated to the committee that 20 cents a pound was absolutely necessary in order to give the farmer any profit at all. I sent a telegram to the commissioners of agriculture in the cotton-growing States. In that telegram I said:

As you know, cotton is now selling at low and unprofitable prices. The Government report shows that the average price of American cot-

ton for the last eight years was 21 cents a pound. I have stated to the Farm Board now appearing before the Senate Committee on Agriculture of which I am a member that our farmers can not afford to produce cotton for less than 20 cents a pound. In the face of the greatly increased consumption of American cotton and the increase of the American exports of cotton and the prospect of an American crop this year not large enough to meet the world demand, the American cotton farmer should now be receiving more than 20 cents a pound. As commissioner of agriculture in your State, do you agree with my position in this matter? Please wire at my expense if necessary.

I received a telegram from Louisiana, from Commissioner Harry D. Wilson, as follows:

Replying your wire, everything that it takes to make cotton crop is high and I think cotton should be worth at least 20 cents if the cotton farmer is to have a decent living.

A telegram from the commissioner of agriculture in my own State reads as follows:

I fully agree with every word in your telegram. Alabama crop being sold below cost. Farm Board should take action that would stabilize price at cost plus a reasonable profit. You are making a great fight for agriculture.

S. P. STORRS,  
*Commissioner of Agriculture and Industries.*

Here is a telegram from North Carolina:

It would take at least 20 cents on the local markets for our farmers to come out in North Carolina.

WILLIAM A. GRAHAM, *Commissioner.*

RALEIGH, N. C.

Here is one from Oklahoma City:

The American cotton farmer should by all means receive more than 20 cents a pound for his cotton. Oklahoma crop will be short. Oklahoma has the utmost confidence in Hon. Carl Williams, who is a member of the Farm Board.

HARRY B. CORDELL,  
*President State Board of Agriculture.*

Here is one from Tennessee:

I thoroughly agree with you that cotton is selling for less than its productive cost and am in sympathy with any safe constructive program to get for the producer more for his product.

W. J. FITTS,  
*Commissioner of Agriculture.*

Here is one from South Carolina:

Your wire received. I heartily agree with what you have to say relative to prices of cotton.

J. W. SHEALY, *Commissioner.*

I did not receive an answer from the commissioner of Texas, who was out of the city and would be gone for a week, and I have not heard from the commissioner of the State of Mississippi. But here is the reply which I received from the State of Georgia:

Telegram received. You are exactly correct in testimony before committee that there can be no profit from cotton for less than 20 cents per pound. You state for past eight years average has been 21 cents. Ninety per cent of cotton farmers have gone broke in past eight years trying to make cotton at 21 cents. This year's crop is shorter than average. I am of opinion that present weather conditions will make crop fall short of Government estimate at least million bales. Cotton should bring 25 cents a pound. Federal Farm Board should take immediate action to buy up enough cotton to cause it to bring this price.

EUGENE TALMADGE,  
*Commissioner of Agriculture.*

From Little Rock, Ark., I received the following message:

In re your wire, I quite agree with your position.

EARL PAGE,  
*Commissioner of Agriculture.*

Those telegrams were submitted to the committee and have gone into the hearings. I supplied copies of them to the press represented at the hearings on that day. I have seen no newspaper report calling attention to the information and facts set out in the telegrams. All of it was important news regarding cotton and should have been published in the press of the country. Two of the commissioners from whom I heard say the crop will be short. One of them said the crop will be short a million bales of the Government's estimate. It is known now to all who are well informed on the cotton situation that the crop will not be large enough this year to meet the world demand for American cotton.

On yesterday I called the attention of the Committee on Agriculture and Forestry to the fact that the storm has been raging in the State of South Carolina and in the State of

Georgia and that a great deal of the cotton-producing section is covered with water. A portion of my own State is in the flooded region. The Senator from South Carolina [Mr. SMITH] suggested that in all probability a million bales have been destroyed by the flood. I called the attention of the committee to the fact that no newspaper had mentioned the damage that was done by the flood to the cotton fields of the South and that no market report coming out from New York had even mentioned the harmful effects the flood had had on the production of cotton. Instead of the bullish elements putting the price up from \$5 to \$10 a bale, as the Senator from South Carolina remarked in the committee, the price of cotton fell off \$1 a bale. Just think of that, Mr. President!

The two instances that I have mentioned show that there are active agencies at work to depress the price of cotton. The persistent regularity with which that price-manipulation bunch successfully works in beating down the price of cotton in the face of facts that justify an advance in price of at least \$20 a bale convinces me that there is a conspiracy to hold down the price of cotton.

On yesterday while I was calling these things to the attention of the Committee on Agriculture and the Farm Board, showing the deplorable condition in the Cotton Belt and submitting telegrams from the commissioners of agriculture saying that the cotton farmer could not produce cotton for less than 20 cents a pound, that the price of cotton to-day is below the cost of production, and that a terrible storm and flood were destroying the cotton crop in two States, what do you suppose was happening on the New York Cotton Exchange? I will read to you its own report of what was happening there. This is a special to the Washington Star of last night, dated New York, October 3:

The break in the stock market and better weather in Eastern States following the storm created enough selling pressure to cause an easier range of cotton prices to-day.

Mr. President, I have just shown that a destructive flood in two cotton-growing States did not cause the price of cotton to advance on the New York Exchange during that time, but on the contrary the speculators beat down the price a dollar a bale.

The damage done to cotton by storm and flood in two States is still there, and the statistical position of cotton showing that the price should be much higher than it is still here, but, in spite of both, the cotton exchange fails to reflect the law of supply and demand and arbitrarily breaks the price of cotton, and among the excuses that it gives is that we are now having better weather in the Eastern States.

The point I want to make is that if good weather in the Eastern States will help break the price, why is it that bad weather, stormy weather, and destructive floods in two of the large cotton States will not advance the price? Many times have I seen reports coming out from the cotton exchange saying, "Good rains in Texas caused a break in the price to-day," and they would use news of a shower in Texas to break the price of cotton, frequently \$2.50 a bale. But when storm and flood are raging over two or three States, checking production and destroying cotton already made, these same cotton conspirators on the cotton exchange beat down the price of cotton a dollar a bale.

Senator SMITH, from one of the cotton-growing States of the South, has stated that probably a million bales have been made worthless or destroyed by the storm and flood. But in the face of all that the price of cotton breaks on the New York Cotton Exchange.

A conspiracy to control the cotton market is here and it must be exposed and destroyed.

I want to call this New York dispatch to the attention of the Senate again. I want Senators to pay particular attention to the part of it which says that the break in the stock market yesterday, October 3, broke the price of the farmer's cotton.

Senators, there is something for us to seriously consider. Is speculating in fictitious stocks going to be permitted to continue if it injures the American farmer and deprives him of profitable prices for farm products? Are we going to permit the stock gamblers of the Nation to make a Babylon and a Monte Carlo of New York City? Are the funds of the Nation to be drawn into that gambling den to the hurt, the injury, and the destruction of the cotton producers and other farmers in the United States?

The press tells us this morning that the bears were successful and that prices went to pieces on the stock exchange yesterday and the buyers—bulls—lost \$2,000,000,000 in a single day! Think of it! Nearly twice the amount the cotton farmers will receive for this year's crop at the present price was tossed over the board by gamblers in Wall Street on yesterday; and yet the farmers, those who produce that which feeds and clothes the world, can not get money enough to hold their produce off the

market until they can compel the payment of a price for it that will yield a profit. True, the Farm Board tells me that it is now negotiating with our cotton farmers and is going to aid them financially in every way possible. That is fine; but let us do it quickly. Senators, some of you have been here longer in the service than I have, and I ask you to join me in providing ways and means to protect the American farmer from the evil effects of this protracted gambling spree that is going on in New York City.

Mr. CARAWAY. Mr. President, may I ask the Senator from Alabama a question?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Arkansas?

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

Mr. CARAWAY. While I have been somewhat in sympathy with some things that have been done to correct the present situation, for instance the raising of the rediscount rate in order to check the flow of money to New York, that action has been directly reflected in the lower prices of agricultural products, has it not?

Mr. HEFLIN. It has not helped them.

Mr. CARAWAY. In other words, if money costs more, an agricultural product will buy less of that money. What I had in mind was this: I have observed that the rediscount rate has always been jumped when there was a rising market. In saying that I am not trying to criticize the Federal Reserve Board, because I do not know that they have taken into consideration all the possibilities incident to increasing the rediscount rate, but whenever there has been a bullish tendency there has been a jumping of the rediscount rate, necessarily followed by a slump. I wanted to call that to the Senator's attention.

Mr. HEFLIN. Mr. President, I observe that the big fellows who gamble on the stock exchange manage somehow to get all the money they want; and I must say that at one time several weeks ago the Federal Reserve Board waited so long without saying anything at all that when it did speak it left the impression that the board had come to the rescue of the bear speculators when they ordered a raise in the rediscount rate on money.

Mr. SMITH. Mr. President, will the Senator from Alabama yield to me?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. HEFLIN. I yield to the Senator from South Carolina.

Mr. SMITH. Along the line indicated by the Senator from Arkansas [Mr. CARAWAY], I desire to say that under the terms of the law that regulates the intermediate credit banks, which banks were instituted for the purpose of aiding in the production of crops, those banks raised their rate of interest 1 per cent to meet that higher rate of rediscount. They began loaning money out on chattel mortgages and liens on the crops at 6 per cent, but last spring the distressed agricultural interests in the cotton-growing States had to pay a 7 per cent rate of discount. The intermediate banks heretofore had been getting their money from the Federal reserve bank or from the Government indirectly at 5 per cent, and, as the intermediate banks under the law are allowed to make 1 per cent, the farmers had been getting money at 6 per cent; but when the rate of discount was raised to a point where the intermediate banks had to pay 6 per cent, those banks had to charge the farmer 7 per cent. In other words, the increase in the rediscount rate did not or could not seriously affect those who were engaged in the orgy of gambling in stocks in New York, but it reflected an injury to every agricultural interest in the South, not only lowering the price of all the products, because there was less money to invest in them, but in raising the rate of interest on the money the farmers had to borrow through their Government agency in order to make a crop. This I know personally, because I went to the intermediate credit bank in Columbia, S. C., and asked why they had raised the rate of interest from 6 per cent to 7 per cent. They replied that it was because the Federal reserve bank had raised the rate of rediscount 1 per cent, and they had to reflect that increase in their charges.

Mr. HEFLIN. Then, Mr. President, we have reached the point where the rate of interest in the United States is to be fixed by the whim and caprice of the stock gamblers in New York, because whenever the Federal Reserve Board presumably seeks to regulate wild speculation on the stock exchange by increasing the rediscount rate, it increases the rate of interest to the farmer and to everybody who is engaged in other kinds of business in the country, and we are told that other banks follow suit. The manipulation of the rediscount rate by the Federal Reserve Board is not the way to prevent gambling in fictitious stocks and in farm products in New York City; Congress has got to take action to curb it.

I will tell you what we should do, Mr. President. We should tax gambling stock transactions. If we desire to raise revenue for this Government we should put the hand of taxation upon the fictitious and watered stocks which are now being dealt in every day upon the New York Stock Exchange. That would at least slow up the inexcusable wildcat speculation and gambling that is going on up there. Something has got to be done and done speedily. Certainly this great Government is big enough to handle this question; and certainly we in the legislative halls of the Nation have ability enough and courage enough to attack this giant evil and go to the rescue of the farmers who help to support the Nation in time of peace, who feed and clothe the people, and who help to fight the Nation's battles in time of war.

These patriotic farmers of our country are now being held up and robbed by a band of speculative marauders, whose speculative deals in New York draw the money supply out of the various States of the Union to be passed over the counter in the gambling operations of Wall Street. Then perhaps an effort is made by the Federal Reserve Board to check them after they have been allowed to run wild and have their way for quite a while by raising the rediscount rate on money, which action, as the Senator from South Carolina says, further penalizes and punishes the very people whom the Wall Street bunch have been robbing—the people engaged in legitimate business out in all the States of the Union.

The right to make a success of the farming business and the enterprise, the investments, and the industry of the people engaged in legitimate business all over the country must not be controlled by or be dependent upon the success or failure of the gambling transactions of New York cotton or stock exchanges.

I insist that the legitimate business needs of the American people be served first, and that money, which is the lifeblood of business, shall be supplied in quantities sufficient to meet the requirements of farmer, merchant, and local banker and everybody else in every community in the United States. I want us to draw a distinction between legitimate speculation and gambling operations on the exchange.

Mr. McKELLAR. Mr. President—

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

Mr. HEFLIN. Yes; I gladly yield to the Senator from Tennessee.

Mr. McKELLAR. Is it not that very situation that the amendment of the Senator from Virginia [Mr. GLASS] has been offered to this bill to meet, and can not it be reached in that way? Can not such operations of the stock exchange as those to which the Senator refers be taxed under the pending tariff bill?

Mr. HEFLIN. I believe that an amendment properly drawn would be germane to the present tariff bill, and I am in favor of an amendment that will tax out of existence all fraudulent and fictitious speculation in cotton or other farm products or in imaginary or watered stocks on the stock exchange.

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. HEFLIN. Certainly.

Mr. SMITH. Along the line indicated by the Senator from Tennessee and the proposed amendment of the Senator from Virginia [Mr. GLASS], let me say that I am not in favor now of giving any banking institution, whether it be the Federal reserve bank or any of the regional banks, the right to try to control a situation such as this by raising the rate of discount. If we find that marginal gambling or marginal speculation in stocks—not actual buying and selling, but gambling on margin—is having this effect, it seems to me to be our duty to outlaw, as far as the Federal Government may outlaw, that kind of procedure.

The point I am making, if the Senator from Alabama will allow me further, is this: It is the most dangerous thing that has ever been incorporated into the economic life of this country to give to any body of men the power to determine what one is going to do with the money which is furnished on collateral. So long as the collateral is legitimate banking paper and is worth the money which the bank has let the borrower have, it is no business of any bank or any of its concern what the individual does with the money. It is too dangerous to grant such a power. It is giving them the very power which we have discussed here in the flexible-tariff provision—the right to determine when a thing is legitimate in itself and when it is illegal.

I for one am willing to make it unlawful to do the things that are being done and restrict our banks in their rate of discount to the quality of the paper which they may have and the volume thereof. I have no sympathy with the effort on the part of the

Federal Reserve Board and allied bankers to try to control this situation by raising or lowering the rate of discount. Let us clear the atmosphere by making it illegal to do the things that have brought about the present condition.

Mr. HEFLIN. Mr. President, there is a great deal in what the Senator from South Carolina has said. Make it illegal to carry on certain kinds of speculative transactions on the cotton, grain, and stock exchanges. That is the way to reach the parasites, the plunderers, and the gambling marauders. I would not favor taxing legitimate speculation in legitimate contracts. For instance, if a person had bought a thousand dollars worth of shares of the Pennsylvania Railroad Co. or any other sound and valid business concern, actual shares which were delivered to the purchaser, and he or she had decided to put them on the market and sell them, I would not impose a tax upon that character of contract, but the fact remains that more than half of the contracts dealt in on the New York Stock Exchange are not of that character, they are the fictitious and imaginary kind known secretly in the gamblers list as fictitious or watered stock. We ought to designate the character of stock transactions which we will tax so as not to hamper legitimate trade. That is my position.

I do not want to hamper legitimate trade in any market where legitimate transactions constitute the order of business. But we could and should pass a law providing how long the stock deals and cotton and grain deals shall be carried on the speculative exchange before there is a final settlement and closing out from time to time of all transactions and contracts on the speculative exchanges, requiring that all of them shall have actual cotton, grain, or actual stocks back of their contracts. If we will do that, we will get rid of this demoralizing, damnable, and destructive system that now seriously injures day by day the legitimate business of the American people.

I will tell you, Mr. President, that what is happening in Wall Street to-day is a crying shame. The gambling operators in Wall Street are coaxing, enticing, and luring officials and clerks in the Government service, clerks in stores, cashiers in banks, and presidents of banks, merchants, and some farmers into the trap of their speculating scheme. They send them literature; they urge them to come in and put money down; tell their soon-to-be-victims how much money they can soon take out, and cite them to somebody supposedly who has made a fortune in a little while. They put this bait out, and draw people in, and when they get them in—begin to feed their money into this gambling machine—the gamblers of Wall Street keep luring them on and telling them to stand fast until they get it all in, and then the crash comes and they go down in the crash, and all they put in is lost. I dare say that after that crash on the stock exchange in New York yesterday when the big fish ate up the little fish and \$2,000,000 were lost to the buyers on that market, many a poor fellow in many States went home to his family with his money all gone, home mortgaged, and without a dollar in the world. We are told that when these great crashes and losses come, many of these deceived speculators commit suicide. It is impossible to get the truth about the evil effects of these gambling transactions on the exchange. The newspapers can not or will not get and publish it. It is not published. If the truth were known, I dare say the facts would show that hundreds of people have killed themselves in the last few years as the result of Wall Street gambling operations.

What happened, Mr. President, when W. P. G. Harding, head of the Federal Reserve Board, clamped down upon loans and stopped the Federal reserve banks and other banks from advancing money on farm products and manufactured goods in 1920? He raised the rediscount rate sky high and it produced a panic. What else happened? People were deprived of their rightful money supply to carry on their business and they were literally held up and robbed. Fifteen hundred farmers and bankers killed themselves in the South and West. They were driven to deperation by these conscienceless speculators in and out of Government position.

Have we reached a point here where this gambling organization has so terrorized the Government and become so strong and powerful in the United States that the machinery of the National Government is afraid to challenge it and control it? The money of the Nation is being drawn into Wall Street for gambling purposes, and we are told that in various localities when the people go to the banks and ask for money to carry on their business of various kinds they are told that the banks there can get 12 per cent in New York City, and then, of course, if the borrower can get a loan at all he must pay a rate somewhere in that neighborhood. What is the result? The result is that local enterprise is being stifled and choked to death. Business enterprises fail to develop in various communities because citizens in those communities go back home when they fail to

get the money with which to establish and develop such enterprises.

Let me ask, Mr. President, where is the money supply of the Nation going? The great bulk of it is going to Wall Street. Who is benefiting by pouring this immense amount of money into speculative transactions into New York? The stock gamblers and cotton and grain gamblers of Wall Street. Who is being hurt by it? The cotton farmers, merchants, and bankers of the cotton-growing States and the people all over the Nation—the patriotic masses of America. They are being robbed by it.

The question is, Will the Senate be big enough to rise up and take this giant evil by the throat and tell him that he is not big enough to control the Government and rob the people by governmental sanction; that we dare to check him and to regulate him and to put him out of business, if necessary to eliminate the evils that are now upon us?

I want to separate the chaff from the wheat. I want legitimate speculation put on one side and gambling operations on the other, and I am ready to outlaw the gambling operations. I do not want the farming operations and other legitimate business of the people of the United States to be dependent upon the gambling operations of Wall Street. Mr. President, on yesterday the report of the New York Cotton Exchange told us, I repeat, that the cotton price broke because of a break of prices on the stock exchange.

They would have us accept the gamblers' theory that these interests are so closely related now that the farmers' cotton and grain are dependent upon the successful operation and the will of the gambling machine of Wall Street. If the gambling machine goes wrong, the cotton producers of America, who supply the short staple white cotton used the world over, are punished and penalized. They are penalized when that situation arises. I object to that. I resent and dare to challenge that position.

Mr. President, a word or two more:

I announced before the Committee on Agriculture and Forestry yesterday my purpose to offer a resolution to investigate the causes for the depression in the price of cotton and to make a thorough investigation of the conspiracy that I think exists to hold down the price of cotton. I have shown you why cotton should advance in price. Every one who is well informed on the cotton situation knows that under the free and fair operation of the law of supply and demand to-day cotton would be bringing from 23 to 24 cents per pound. What is it that is holding it down? What kind of a conspiracy is in league with the stock exchange that holds this price down when the world is consuming more American cotton than we are producing this year? We are going to be at least a million or a million and a half bales short of the world demand for American cotton. The crop is going to be shorter than the world need. The consumptive demand has been greater this last year than ever before; we have actually consumed more cotton than formerly, and we have exported more cotton than ever before, and the crop is going to be short of the world demand by at least a million bales.

Now, let me ask in all fairness, why is it, in the light of these facts and with floods over two cotton States, that the price of cotton breaks a dollar a bale on the day the report of increased consumption of American cotton and storm and flood damage to American cotton is made, and yesterday this report tells us that the price of cotton broke because prices on the stock exchange broke?

Does not that tell us that it is time for action by Congress?

Mr. President, I want to go into this thing and get the whole truth. I will read you the Associated Press report of to-day of the proceedings before our committee yesterday.

This dispatch was sent to the New York World from Washington by the Associated Press.

The first fair report given by that news service since we started the hearings on the members of the Farm Board:

HEFLIN WANTS COTTON QUIZ—SUSPECTS PRICE CONSPIRACY—WHEELER SEEKS WHEAT INQUIRY

WASHINGTON, October 3.—Senator HEFLIN (Democrat, Alabama) said before the Senate Agricultural Committee to-day that he would shortly ask an investigation by the Senate to determine whether there is "a conspiracy to depress the price of cotton."

"I myself think there is a conspiracy to depress the price of cotton," Senator HEFLIN said, "I don't know whether the textiles are in it. I don't know whether Clayton-Anderson are in it. But I am going to have it investigated."

Senator WHEELER (Democrat, Montana) told Senator HEFLIN he would support the investigation if it were broadened to include wheat prices.

I said "Textile Institute and Anderson-Clayton & Co. and McFadden," so they did not report me accurately after all.

Here is the Wall Street Journal of to-day:

[From the Wall Street Journal, Washington Bureau]

**HEFLIN PLANNING COTTON INQUIRY—PROPOSES INVESTIGATION OF LOW PRICE—TRAGUE, FRUIT MAN, BEFORE SENATE**

WASHINGTON.—Notice was served by Senator HEFLIN (Democrat, Alabama) that he was preparing a resolution for a Senate investigation of reasons for low cotton prices in spite of bullish factors which should have sent cotton prices up. The flood in Georgia, South Carolina, and Alabama, according to Senator SMITH (Democrat, South Carolina), ruined probably 1,000,000 bales of cotton. Senator SMITH will assist the Alabama Senator in getting action on his proposal.

The announcement of Senator HEFLIN's proposed cotton investigation came during consideration of Federal Farm Board members' nomination by Senate Agriculture Committee.

Mr. President, we are right in the midst of the cotton-selling season in the South. The farmer is bringing into the market place the fruits of his toil. He is right up against the harvest time. He must now cash in the farm products that he has toiled the year through to produce; and when he reaches the market place and asks what the price is, and they tell him it is \$1 or \$2 a bale lower from the price that obtained yesterday, when he started from home to the market. He inquires, "What is the matter?" Then somebody reads him the notice in the newspapers that the price of stocks broke on the New York Stock Exchange, and therefore the price of cotton went down, and because of that you will have to suffer and be penalized for the break on the stock exchange in New York. You had nothing to do with it, of course. You went to work, an honest, faithful American citizen, to make your crop and support yourself and your family, and you have come to the market place to cash in on your products. You are entitled, by every rule of right and law of justice, to get a price that will cover the cost of production and yield you a profit; and when you come to the market place they tell you that this inexcusable and indefensible situation exists. You say, "What about the law of supply and demand? We are not making enough cotton to meet the world's demand. The increased consumption of cotton is shown on every hand. Our export trade has increased, and the floods have destroyed a large portion of the crop in two States, and partly in another, and cotton prices are down." Then they tell you it is all because of rain in the East, and because of a break in the price of stocks on the stock exchange.

Senators, when will we wake up to our duty and responsibility in the matter of looking after those who sent us here? This is the place to protect them. If a monstrous evil has sprung up in New York City, and you can not check it and control it, it ought to be destroyed. It has become the Babylon of our country, the Monte Carlo of the Nation, the Sodom and Gomorrah of the United States, drawing in the money supply of the Nation and destroying the business enterprises of the masses of the people in every locality in the country.

Mr. President, something should be done; and I am going to present this resolution to the Senate. I want an investigation of the unscrupulous, evil, and criminal forces that are holding down the price of cotton when all the facts concerning cotton warrant a much higher price for cotton. The cotton producer is entitled to a price that will yield him a profit. The Farm Board is ready to operate, some of its members tell us. Some of the members have convinced me that they want to do all they can and that they will. Some of the others have not convinced me so favorably, and I am not going to announce yet what I shall do when some of them come up for final confirmation; but we should do something now. We must take the Wall Street wolves off the trail of the cotton producers. The wolves of Wall Street are howling about the doors of the cotton producers of the South.

Mr. President, these wolves of low cotton prices are sounding the alarm of distress and poverty through the Cotton Belt, and they are literally devouring the substance of the cotton farmers and leaving behind them distress and poverty in the cotton-producing States.

With the prices that we are paying to-day for farm implements, for fertilizer, for poison for the boll weevil, for labor in producing and for ginning, picking the cotton, and marketing, we can not make anything selling it even at 20 cents a pound; and yet to-day it is selling for about 17½ cents in the market places of the South!

Mr. President, I appeal to Senators to aid me, as some around me tell me they will, in the passage of this resolution when I bring it at an early date to the attention of the Senate.

I want to say this in conclusion:

If we can not regulate the cotton exchanges, they, too, must go. A cotton exchange that does not help to distribute the crop, that does not operate to the advantage of the producers, is a deadly evil in the land. If the cotton exchange does not truly reflect the law of supply and demand, it is a robber band

holding up the farmer and pillaging and plundering him. If we can not regulate them, they must be abolished. I will tell you what we can do. We can put an amendment on this tariff bill taxing to the uttermost every unworthy fictitious contract that they handle. That will raise you a lot of money. That will make these gentlemen sit up and take notice when they get up there around the exchange and toss their coin, ill gotten, to beat down the price of the farmer's product and send him home from the market place empty-handed, with debts unpaid, to greet wife and children when he returns, expecting goods from town, and he tells them, "I could not get anything for you; I did not get enough for my cotton even to pay my debts."

Senators, that is what is going on in the South; and I appeal to you for aid when this matter comes to your attention.

Mr. SMITH. Mr. President, since this question has arisen I want to submit some tables that were furnished me by the Statistical Bureau of the Agricultural Department. I am doing this in order to reach as many as possible who are not advised as to the facts, which, I admit, were a startling revelation to me.

The member of the Farm Board who was designated specifically to represent cotton on that board was alleged to have said that the present price of cotton was, perhaps, about right. When he came before the committee I asked him if he had made that statement. After some little colloquy, he said he thought a cent or a cent and a quarter above the present price level was about right. I asked him upon what he based that statement; and, as well as I can give the substance of his reply, he said that conditions would not warrant a higher price. I wanted him to be more specific as to conditions. I asked him if he knew what was the average price of middling cotton—which is the standard that he quoted, ⅝-<sup>16</sup> length of staple—for the last 10 years, from 1919 to August 1, 1929, inclusive. He gave a figure; but I have before me the facts as furnished me by the Government.

From 1919 to August 1, 1929, the average price of middling cotton was 22.57 cents, or, in round numbers, 22½ cents. I then asked him if 22½ cents was so disastrous as to cause his chief, the President, to call an extra session of Congress to relieve the bankruptcy and distress that grew out of an average price of 22½ cents, what kind of relief he proposed to give upon an average of 17 cents, which was \$25 a bale less than the average price of cotton, which average has precipitated bankruptcy and ruin.

I suggest to Senators that they read his reply. He and others said the law of supply and demand would control, in spite of anything we might set up in the way of governmental machinery. I said, "Let us take the supply of American cotton. What has been the average production over 10 years and the average consumption of American cotton in the world?" Nobody seemed exactly ready to give the figures. I had received them that morning from the department, and here they are. From 1919 to August 1, 1929, the average production of American cotton of all kinds and grades was 12,698,217 bales. That was the average yearly production. The average consumption in the world for the same period was 13,194,500 bales. In other words, we were falling short annually in the neighborhood of three-quarters of a million bales of producing enough to meet the world consumption of American cotton.

I admit that that feature was a revelation to me. I had thought, from all the propaganda that had gone out, that we were crucifying ourselves with overproduction.

In order that the Senate, and those who read what I have to say, may thoroughly understand, we never produce what is commonly known as an exportable surplus in the sense that when our cotton goes out it meets the competition of other cottons grown in the world. That is only partly true in the coarser manufactures, such as cordage and bags, where short staple may be used, but in the great primary use to which cotton is put, in the form of clothing and fine sheetings and laces, America has no competition in the world, as I will show by a table. We produce about 80 per cent, or perhaps more, of the cotton the world needs for its finer and more commonly used goods.

We have fallen behind in production to meet consumption something like three-quarters of a million bales on the average for the last 10 years. Yet a remarkable thing has occurred. I will mention a very startling fact.

I have here information as to the consumption of American cotton by years, not for 10 years but for enough to show what I want to indicate. In 1924-25 the world's consumption of American cotton was 13,256,000 bales.

In order that Senators may understand the double annual figures, the cotton-marketing year is from August 1 to August 1, because the crop begins to come in and the crop then produced is supposed to be consumed by the 1st of the next August.

In 1925-26 the world's consumption was 13,730,000 bales. That brought us up to August 1, 1926.

From August 1, 1926, to August 1, 1927, the world consumed 15,780,000 bales of American cotton, 2,000,000 bales more than had ever been consumed in a like period in the history of American cotton consumption.

In 1927-28 the world consumed 15,538,000 bales, and from 1928 up to August 1, 1929, it consumed 15,076,000 bales.

Therefore the average consumption exceeded production for the 10-year period by something like three-quarters of a million bales.

During that time the average price in the market was 22½ cents. To-day the average price of middling, which is the standard quoted—so many cents off for the grades below and so much on for the grades above—is 17 cents, \$27.50 a bale less now than it was for the preceding 10-year period. Yet we were solemnly told in the committee that the circumstances would not justify any increase in price, in spite of the fact that we were producing less than the world was consuming and in spite of the further fact that the probable yield this year would be anywhere from a million and a half to two million bales less than we had produced heretofore.

What elements would any economist say would tend to raise the price of a commodity above a 10-year average that had been disastrous? He would say that a greater demand would tend to raise the price. That has been taught from the time of Adam Smith up to the present.

We have the Government's figures, not mine, to show that we are running a million bales behind consumption, and would not have had enough American cotton to meet the demand had there not been, according to the statistician, some of whose statements I doubt, a reserve or carry-over that had accumulated through certain previous years.

I further investigated this question, and I found that the Government informed me that there were 10 per cent more orders on the desks in the hands of American manufacturers than there were a year ago, that these figures were correct, they were running full time to meet their orders; that though there were 10 per cent more orders, and the production was 2,000,000 bales less, yet cotton was 17 cents a pound, against an average of 22 cents a pound.

We call the Farm Board into existence to study these very facts, and it can be imagined how shocked and startled I was to hear the one who was supposed to have in charge the cotton-relief feature of this board state that he thought the proper figure would be about a cent and a quarter, which would put the price at about 18¼, which would be about \$22.50 a bale less than the average, under which average I and other cotton men were practically ruined.

I am making this statement, and putting these facts before the Senate, in order that what may come up hereafter may be interpreted in the light of what I state here on this floor.

We are not producing enough cotton for the world's demand and consumption. We have no competitor. We hear a great deal of talk about how much cotton is produced in China. China does not export a bale. We hear a great deal about how much is produced in India. I have the statistics as to those facts, which I ask to have inserted in the RECORD at the conclusion of my remarks.

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

Mr. SMITH. Mr. President, I have statistics showing the length of staple made by any other country that produces cotton. India cotton runs one-half inch, some varieties thirteen-sixteenths, but a very small percentage. There is the Egyptian cotton, which does not enter into competition with any other cotton I know of produced in America, except a California variety. It is a very long-staple cotton, used for a very specific purpose, and never in the history of Egypt have they made a million bales of that cotton. It is in a class by itself. It does not come in competition with any cotton we produce. Some of it used to come in competition with the sea-island cotton grown off our coast, which cotton the boll weevil destroyed. So that to all intents and purposes out of the 25,000,000 bales of cotton made in all the world we have practically a monopoly of all that is exported and consumed in the world.

India produces 5,000,000 bales, we produce 15,000,000 bales, and the total world production is an average of 23,000,000 bales.

In this table the total India production is shown to have been about 5,000,000 bales. A certain variety ran fifteen-sixteenths of an inch, another variety thirteen-sixteenth; but 1,791,000 ran between thirteen-sixteenth, which is below our contract delivery price, and one-half.

This table gives the different divisions in India where the cotton is produced, and then shows that about 4,000,000 bales is produced in the world besides, which includes Anglo-Egyptian, Sudan, Turkey, Russia, China, and Brazil, all of which was consumed at home and did not enter into competition at all, except as it might as to certain varieties or certain characters of goods made.

England, through its vast capital invested in and around Lancashire and Leeds; Germany, Italy, all of the European countries, are absolutely dependent upon the American cotton crop; but with the demand exceeding the supply the price has been going down. It has gone down \$22.50 a bale.

The Senator from Alabama referred to a situation which has never occurred before since I have been studying the problem of the production and marketing of cotton. The crop-estimating-board report of August indicated about fifteen and one-half million bales, as I remember. Its next report reduced the estimate 700,000 bales on account of the ravages of insects and unfavorable weather. The market shot up a few points and then steadily declined.

Between the time that report was made and that which will come out on the 8th of October we have had a disastrous storm, perhaps as disastrous in its effect on cotton as the storm of 1927, when I came before the Senate and asked for an appropriation of \$15,000,000, which the Senate granted without a dissenting vote; perhaps as disastrous on the cotton-producing States of Alabama, Georgia, South Carolina, and North Carolina as that storm. While the storm was raging cotton declined in price. Not only was it indicated, before the storm occurred, that the yield of American cotton would be less than the world consumption by a million and a half bales, but here was a disaster in the form of a storm, coming at a time when not another boll would mature, not another lock would be made, and when what was deducted from the crop could not be recouped. On top of that, and while the storm was raging, cotton went down a dollar a bale, and continued down until it is down more than \$2 a bale, or 40 points.

Mr. President, you can imagine and my colleagues can imagine what effect it had on me when a representative of the board appointed to look after the cotton business said that he thought perhaps 18¼ cents was all the conditions would justify. I have stated the conditions. They startled me. I knew our exports had exceeded anything ever before in the history of cotton. I knew that the consumption in America had increased, but I did not know that the world consumption of American cotton had increased in one year 2,000,000 bales above the preceding year, and that it had kept up that pace for the last three years. I did not dream of such an advance. I did not dream that such an advance had taken place. If those figures are correct, then we have no reserve at all. The spinners of the world are consuming the cotton so that the carry-over or reserve is now either pledged or in the process of conversion, and yet the price goes down \$20 a bale.

I ask my colleagues what kind of circumstances would justify a rise? Some one responds that the law of supply and demand will probably control the price. But here we have a greater demand than we have supply and yet the price goes down. Whatever else may be said, every scientist that has investigated the peculiar qualities of cotton as compared with wool or silk says that it has no competitor. It is not subject to deterioration under certain conditions like the other products. Every man who has studied the question, and surely the board have done so, knows that its uses have spread and multiplied until the world now is consuming more than America produces, and yet the price goes down. That is the question I ask you: If the law of supply and demand were operating, what would the result be? The law of supply and demand can not be overcome, it is said, but some one has overcome it in this case.

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

Mr. SMITH. Certainly.

Mr. SHORTRIDGE. Perhaps the Senator has already given the figures, but I would be glad to know whether any cotton is imported into the United States; and if so, how much. Can the Senator give me the figures?

Mr. SMITH. I think we imported something like 350,000 or 400,000 bales, but it is a peculiar quality of cotton that we do not raise here at all, and so it does not come in competition with our cotton.

Mr. SHORTRIDGE. I merely wish to know the facts as to the quantity. For my own information will the Senator tell me, because I have offered an amendment, which I hope will be adopted, providing for a tariff on long-staple cotton.

Mr. SMITH. That is the kind of cotton that is imported and comes in competition with us.

Mr. SHORTRIDGE. Has the Senator furnished those figures?

Mr. SMITH. I have not got them here, because I intended my remarks to be along another line, and I did not think I would be called upon for them.

Mr. FESS. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. I yield.

Mr. FESS. The figures the Senator has given are somewhat astonishing to me, especially in the range of price. I understood that when we produced 17,000,000 bales it was more than our needs and that we got less for the 17,000,000 bales than we did for the 14,000,000 bales the year before, when we produced a little below our needs.

Mr. SMITH. That is true.

Mr. FESS. If the figures the Senator has given are quite accurate, it raises a question that I can not answer and that I can not understand.

Mr. SMITH. I should like to read to the Senator some of the ranges of price that, perhaps, would elucidate the very point he raises, but I am unable to place my hand on them just at the moment. However, there was a difference and a fluctuation, and that is what I am talking about now. We produced 17,000,000 bales in one year and the price went down. It was said that we had overproduced. Everybody took that as an irresistible fact in trade, and we took our medicine. When we made a smaller crop the aggregate money that we received for the smaller crop was greater than the aggregate amount received for the greater crop. But now for the last 10 years we have produced approximately a million bales less annually than the world consumes. The price at the high peak in about 1919 was 42 cents basis middling, and, curiously enough, in 1920, the year of deflation, in the spring, cotton was bringing 40 cents a pound, with no diminution in consumption; but with an increase in consumption and a decrease in production it broke from 42 cents down to 8 cents a pound.

The Senator from Ohio has asked me the very question that is bothering me. Here we are running behind a million bales a year and yet the price is declining. These are the Government figures I am giving, not mine. The consumption in 1925-26 was 13,700,000 bales and in 1926-27 it was 15,000,000 bales.

Mr. SHORTRIDGE. What of production in other countries? Has the Senator covered that information?

Mr. SMITH. I will give the figures to show that the relative production of the world has not kept pace with ours over a part of this period, which will give a substantial answer to the question the Senator asks.

The Senator must understand that China, Brazil, and the Argentine do not export any cotton. In 1924-25 the world production of cotton, that is the estimated production, was 23,294,000 bales. In 1925-26 there were 24,681,000 bales produced. In 1926-27 the world produced 26,141,000 bales. That was an increase of about 2,500,000 bales. That was the first year that the world consumed 15,780,000 bales of American cotton. There is a curious coincidence, that the world's greatest production in five years of 26,141,000 bales should witness the greatest consumption of American cotton.

In 1927-28 the world production of cotton dropped off to 25,965,000 bales and this last year, after August 1, it was 25,800,000 bales, showing that though we increased the world production was decreasing. India produced an average of 5,500,000 bales of cotton per year during that time. Egypt produced about 950,000 bales per year during that time. Those are the two countries that export cotton. Sundries—that is, such countries as Anglo-Egyptian, Sudan, Turkey, Russia, China—priced about 4,000,000 bales of cotton. When we take the character of the Indian cotton and the character of the Egyptian cotton and eliminate them from competition with the American cotton, we find that we have no competitors in the world in the ordinary use of cotton in such textiles as a tariff is being provided for here, and yet in view of these startling facts—and they were startling to me when I had them presented in the committee—the price of cotton to-day has declined. From August 1 to date, because we have entered the consuming year of 1929-30, which will end August 1, 1930, the export per month is exceeding the export in those years. We have consumed 15,500,000 bales—

Mr. FESS. Mr. President—

The PRESIDING OFFICER (Mr. JONES in the chair). Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. I yield.

Mr. FESS. In the study of the price current on cotton I had assumed that the fall in the price was due to what I called an overproduction of the article.

Mr. SMITH. So had I.

Mr. FESS. And then I also assumed that the reduction of the demand was due largely to the change of fashions in women's garments and also to the substitution of rayon.

Mr. SMITH. I admit frankly to the Senator I never was more startled in my life. I knew there was an increased consumption, but nothing like this.

Mr. FESS. I am wondering whether the Senator's figures are accurate. They seem to contradict all laws of supply and demand.

Mr. SMITH. These figures are kept by the Census Bureau, they are kept by the Bureau of Statistics, and confirmed by Mr. Fester, the greatest cotton statistician in the world. That is the source of all our information.

Mr. SHORTRIDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from California?

Mr. SMITH. Certainly.

Mr. SHORTRIDGE. Where is the price of cotton fixed?

Mr. SMITH. I think that all people engaged in the trade will agree that it is fixed in Liverpool.

Mr. SHORTRIDGE. What interests, if the Senator knows, would desire to reduce the price of our American cotton?

Mr. SMITH. I think there is a persistent tendency on the part of foreigners to get the cheapest price possible. That would be perfectly natural. If he finds no resistance he is going to put it just as low as common sense will dictate to him. If he gets it any lower, he might kill the goose that lays the golden egg.

Mr. SHORTRIDGE. Is it in our power to hold the price up?

Mr. SMITH. Answering the Senator's question directly—

Mr. SHORTRIDGE. I am merely seeking for information.

Mr. SMITH. Let me answer the Senator's question by telling him what occurred.

The Sun Maid raisin people seemed to be in difficulty. The Senator from California is acquainted with the Sun Maid raisin organization. Their obligations in the form of bonds had gone down to about \$60, or something over, perhaps, \$65. They were in a bad way; they were perhaps going into the hands of a receiver. The Federal Farm Board, looking into their affairs, announced that it did not propose to see the organization or its assets sacrificed. I am quoting from what I heard around the committee table. On that announcement their bonds immediately went to \$90 and raisins or grapes advanced about a cent and a half or a cent and a quarter a pound before they ever put in a dollar. As a matter of course, the pledge of the board that it was going to relieve the difficulty under the power granted it checked the decline. I believe the board had that power.

I wish to preface what I am about to say by first stating that we need never hope for farm relief until the producers of our staple crops understand that organization and unified selling, the elimination of competition of one cotton grower with another, each rushing to market, spell the ultimate solution of the problem; but in this temporary, abnormal, inexplicable situation under the ordinary laws of trade, had the Federal Board announced, as it did in response to the growers of Sun Maid raisins, that it had investigated the situation, and, instead of stating that a cent more a pound was sufficient, that it proposed to use all the finances and all the power granted to the board to see that wheat and cotton and tobacco and the other staple products should not be sacrificed this year, or any other year; that it proposed to stop all that, and to the full extent of its power to raise the price to where, in its judgment, it would bring relief, I believe that such an announcement would have had the same effect on cotton, wheat, and tobacco that a similar announcement had on the Sun Maid raisin business.

Mr. SHORTRIDGE. Mr. President, the Senator has answered the question—

The PRESIDING OFFICER. Does the Senator from South Carolina yield further to the Senator from California?

Mr. SMITH. I yield.

Mr. SHORTRIDGE. I merely rose to say the Senator has answered the question which I was about to propound, namely, whether the Federal Farm Board has the power to be of service and assistance to the great cotton industry as it has in respect to other staple industries. I think it has.

Mr. SMITH. If I had not thought the board had such power, God knows I never would have voted for its creation. I did not fancy the legislation much, and I certainly never would have voted for it if I had not believed that the board would have the power to give temporary relief until such time as it could devise a scheme that would be permanent.

Mr. SHORTRIDGE. I agree with the Senator as to that.

Mr. SMITH. However, the board does not seem to have that view of it; in fact, the chairman of the board said he had read the law 20 times and did not yet know what it meant.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. I yield.

Mr. FESS. I have been trying to find an explanation of the current of prices. Let us assume that there is no overproduction of commodities; that the production has been held to what it has generally been; yet there might be an underconsumption, in that changes in fashion might require less, on the one hand, or the substitution of rayon might also result in underconsumption. So with the same amount of production, an underconsumption, which would result in less demand, might account for the price of a commodity article going down.

Mr. SMITH. That might be so if the condition were temporary, but this extraordinary consumption of the raw material has been going on for three years. Does the Senator think that hard-headed business men such as the old spinners of Lancashire or of New England and the South would go ahead and increase their consumption of raw cotton and increase their stock of manufactured goods for three years? I have some statistics here which I wish to furnish Senators as to the amount of stock on hand.

Mr. FESS. If the Senator will permit me further this one suggestion, I desire to say I understood him to state that the Federal Farm Board might have relieved this situation. I really think, when we consider the delay that is involved in the proceedings of the Senate the board could hardly be charged with being responsible for anything of that sort, because they have not had sufficient time.

Mr. SMITH. I do not know; I am perfectly willing to be just as charitable and as lenient as it is possible to be.

Mr. FESS. I know that. I know that the Senator from South Carolina wants to be perfectly fair, as I do.

Mr. SMITH. Yes; I do. The perfection of a circle does not depend upon the length of its diameter. The problem of the Sun Maid raisin people was an epitome of the problem of the wheat people and the problem of the cotton people. Because their assets and liabilities were not together disaster was impending; but the board said to the Sun Maid raisin people we are going to see you out. The board has not spent any money as yet, but relief has come to them. I do not know that the Sun Maid raisin people, if they can get \$90 or \$95 for their bonds, are going to acquire very much financial aid, because their grapes and their raisins have also advanced in price, and relief has come to them.

If the board had said, for instance, "The money we have is limited, but the objective is to relieve the distressed condition of agriculture, there is a nucleus of cooperation in the case of cotton and in the case of wheat, and we declare that the present prices are clear out of line with anything like what the producers are entitled to and from now on by every means in our power we are going to try to raise the price of wheat to a certain level," naming the level, "and we are going to raise the price of cotton to a certain level," naming approximately the level, at least some relief would have been afforded. The board had the Government's figures showing that the cotton producers failed with a price of 22½ cents, so they knew that a return such as that has brought disaster. Then, what in the name of heaven could they expect with a price of 17 cents?

They knew the wheat producers were struggling to live at whatever price wheat commanded in the market—and I am not advised now as to the exact price. Had they made an announcement such as I have indicated, I believe that a great measure of relief would have come. What startled me and caused me to get these figures was when the representative of the cotton industry said that he believed that present prices were about all that circumstances would justify. The Senator can imagine how I felt when I heard that. I know he wants to be fair.

Mr. FESS. Mr. President, when it comes to cotton I yield to the Senator from South Carolina, for he knows more about it in a minute than I will ever know; but I thought the statement which he made a while ago might not be justified because of the short time within which the board has had to operate.

Mr. SMITH. If they had announced that it was their purpose to come to the relief of this condition, I think a great deal of good would have been accomplished. What I am afraid is that they do not know the condition. If 22½ cents spelled disaster for the cotton producers—and they could have gotten the figures had they been so disposed—they would have known that present prices mean, perhaps, ultimate ruin.

I wish to state to this body that the gentleman who has been appointed to that board to look after the dairy interests, in my opinion, is the best informed man on the subject in this country. He knows it from breeding the milk cow, milking the cow down to the last process in exporting domestic butter; he knows the game from start to finish. That is also true of the representative

of the citrus-fruit growers. He knows his business also. I prophesy here to-day that the citrus-fruit growers, the apple growers, and other fruit growers and the dairymen may look for an era of prosperity the like of which has never blessed them heretofore because they have two representatives on the board who know the subject.

Mr. WHEELER. Mr. President—

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

Mr. SMITH. I yield.

Mr. WHEELER. What about the representative the wheat growers have on the board to represent them, and also the representative of the cotton growers?

Mr. SMITH. I do not want to lay myself liable to the same charge that I am indirectly making against some of these gentlemen. I do know a little something about cotton, but I do not know much about wheat. I will say, however, that the representatives of the wheat growers impressed me as being in just about the same boat as the cotton representative impressed me he was in; because, as I recall, the wheat representative said it would be about five years before we could look for any relief, provided the wheat grower should live that long.

Mr. President, I wish to reiterate, and then I am through, what I have said in regard to the representative of the cotton interests on the floor. Cotton is the currency of the South; it is the greatest single cash export crop America produces; it has held the balance of trade in favor of America for 65 years; the return of foreign cash in exchange for American cotton has put us on the proper side of the international ledger during all that time; but the man who was selected to advise and inform the board as to the conditions relating to cotton, as to the cotton farmer, as to the law of supply and demand, as to the processes of meeting that law, stated coolly to us that he thought the present Liverpool price was plenty, when, as a matter of fact, the cotton growers were bankrupt with a price 5 cents a pound above that.

The figures as to the world's consumption and the domestic production of American cotton are all available; the figures as to the average price for the period of 10 years are available, and yet such a statement as that is made. Mr. President, how do you suppose the English trade, how do you suppose Pennyfather & Co. in Liverpool hailed the expression from the representative of the American Government on the Farm Board that the present Liverpool price of cotton was sufficient?

Mr. WHEELER. Mr. President—

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

Mr. SMITH. I yield.

Mr. WHEELER. And the wheat expert told us that the tariff on the wheat was a good thing for the American farmer, notwithstanding the fact that he had a surplus and notwithstanding the fact that the farmers in Montana are shipping their wheat across the line, paying a 12-cent duty, and making something like from 10 to 20 cents a bushel on their wheat, because he said it would keep the Canadian farmers from shipping their surplus into the United States.

Mr. SMITH. Yes.

Mr. President, I sat and listened to these men, and it seemed to me—and I believe the members of the committee will bear me out in this statement—that the attitude of most of them when they came before us appeared to be antagonistic; they seemed to be on the defensive. I do not think the representatives of the dairy interest and the fruit interest gave any such impression. Their attitude was entirely different; but as I sat there and listened to these men, the most charitable construction I could put on the attitude of some of them at least was to say what Paul said about the Jews:

They had the zeal of God, but not according to knowledge.

Mr. BLEASE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to his colleague?

Mr. SMITH. Yes.

Mr. BLEASE. I have not had the privilege of hearing the answer to this question. Do they favor going into the market themselves and buying cotton?

Mr. SMITH. No.

Mr. BLEASE. Do these people propose to buy it and hold it for a price that is remunerative to the farmers?

Mr. SMITH. No.

Mr. BLEASE. Then of what benefit will they be to the cotton farmers?

Mr. SMITH. That is what I am trying to get at now; and that was the substance of the question asked me by the Senator from Ohio.

Mr. BLEASE. I did not hear that, Mr. President; but I got this communication from a very prominent South Carolina cotton farmer who happens to live in my colleague's county, and he says that without that this board is absolutely useless to the Southern cotton farmer.

Mr. SMITH. Mr. President, I have taken the time that I have to-day, and laid the facts before the Senate as I have to-day, because I think the Senate ought to be advised before the other questions come up as to just what impression and reaction the members of the committee have had from the investigation of these men.

You know, Mr. President and my colleagues of the Senate, that this is perhaps the last effort in a term of years that is going to be made in behalf of agriculture. If this turns out to be disappointing and a failure, I do not know what will be the result. I know to my sorrow what is the result of the present method; and I do not think we are justified in putting the administration of the law and the light and hope of the farmer into the hands of men who, upon honest, sincere investigation, in our judgment can not and do not meet the requirements of the tragic and desperate situation.

I have laid these facts before you to justify the questions that I asked and the conclusions that I drew. There was no publicity given to them; and I was amazed at that. These

are Government officials; and I thought it was my duty to come before this body and state just what occurred in reference to the one great commodity upon which my section is dependent.

There is another section of the country that is equally dependent upon grain production. What reaction the members of the committee from that section had as to their representative, I do not know; but I do know that unless something is done between now and the 1st of December a major per cent of the cotton growers of the South will absolutely be sold out of house and home.

I had a letter from Mrs. Smith, who, on account of illness down home, could not come with me, saying that on the 1st day of October two of our neighbors, two of the erstwhile prosperous farmers right at my door, hard-working and economical—they had to be; it was a matter of enforced economy—had lost their places, and had to move out and leave. That will be multiplied throughout the entire cotton region; and in this desperate condition in which we find our country—so desperate that Mr. Hoover thought it his duty to call an extra session of the Congress, and throw the Government of the United States into the breach, and call a halt on this disaster—we find that our representative says, "all's well," at \$25 a bale less than they had gotten, on the average, for 10 years!

I leave the case with the Senate.

EXHIBIT A  
World's consumption of cotton

Season	American <sup>1</sup>	East Indian <sup>2</sup>	Egyptian <sup>3</sup>	Sundries <sup>4</sup>	Total
	<i>Bales</i>	<i>Bales</i>	<i>Bales</i>	<i>Bales</i>	<i>Bales</i>
1928-29	15,076,000	5,178,000	989,000	4,639,000	25,882,000
1927-28	15,538,000	4,598,000	973,000	4,856,000	25,965,000
1926-27	15,780,000	5,198,000	993,000	4,172,000	26,141,000
1925-26	13,730,000	5,572,000	921,000	4,458,000	24,681,000
1924-25	13,256,000	5,521,000	970,000	3,547,000	23,294,000

<sup>1</sup> Staple lengths of upland cotton, American crop, 1928-29:

Staple in inches	Bales	Per cent
Total	14,241,003	99.80
3/4 and under	2,047,129	14.35
7/8	5,947,140	41.68
1	3,243,985	22.73
1 and 1/8	1,605,171	11.25
1 1/8 and 1 1/4	765,362	5.36
1 1/4 and 1 1/2	446,473	3.13
1 1/2 and 1 3/4	157,907	1.11
1 3/4 and over	27,836	.19

American-Egyptian cotton, American crop, 1928-29:

Grade designation	Staple, in inches											
	Total		Under 1 1/4		1 1/4 and 1 1/2		1 1/2 and 1 3/4		1 3/4 to 1 7/8, inclusive		1 7/8 and over	
	Bales	Per cent	Bales	Per cent	Bales	Per cent	Bales	Per cent	Bales	Per cent	Bales	Per cent
Total	28,310	0.20 (g)	685	0	12,801	0.09	12,990	0.09	1,738	0.01	96	0
Nos. 1 and 1 1/4	5,958	.04	237	0	2,364	.02	2,892	.02	452	0	13	0
Nos. 2 and 2 1/4	13,725	.10	251	0	5,759	.04	6,818	.05	837	0	60	0
Nos. 3 and 3 1/4	7,977	.06	197	0	4,336	.03	3,022	.02	399	0	23	0
Nos. 4 and 4 1/4	602	0			302	0	250	0	50	0		
No. 5	48	0			40	0	8	0				
Below No. 5 (0)			(0)									

<sup>1</sup> The 1927-28 production, according to Shepperson's Cotton Facts, in the principal producing districts of India, in terms of 400-pound bales, and the staple lengths, as indicated by samples of these various growths collected by this division, were as follows:

	Bales (400-pound)	Staple length *	
		Highest	Lowest
		Inch	Inch
Total	5,361,000		
Madras	422,000	1 5/8	1 3/8
Hyderabad	951,000	1 5/8	1 3/8
Bombay, including Indian States	1,791,000	1 5/8	1 3/8
Central India	247,000	7/8	3/4
Central Provinces	1,145,000	1 3/8	1 1/4
United Provinces, including Indian States	200,000		
Punjab, including Indian States	605,000	1 3/8	1 3/8

\* According to official standards of the United States for length of staple, for the lengths above three-fourths inch and similar measurements for the lengths below three-fourths inch.

<sup>2</sup> Length of staple 1 1/4 to 1 3/4 inches.

<sup>3</sup> Sundries include such countries as Anglo-Egyptian, Sudan, Uganda, Turkey, Russia (about 800,000 bales), China (about 2,000,000 bales), Korea, Brazil (about 500,000 bales), etc., length of staple ranging one-half to 1 inch and longer in some cases, but bulk from five-eighths to seven-eighths.

UNITED STATES CROPS

Growth, running bales, counting round as half bales:	Bales
1919-20	11,325,532
1920-21	13,270,970
1921-22	7,977,778
1922-23	9,729,306
1923-24	10,170,694
1924-25	13,639,399
1925-26	16,122,516
1926-27	17,755,070
1927-28	12,783,112
1928-29	14,207,788
Average	12,698,217

WORLD'S CONSUMPTION OF AMERICAN COTTON

Year:	Bales
1919-20	11,898,000
1920-21	10,268,000
1921-22	12,757,000
1922-23	12,668,000
1923-24	11,107,000
1924-25	13,256,000
1925-26	13,730,000
1926-27	15,780,000
1927-28	15,407,000
1928-29	15,076,000
Average	13,194,500

AVERAGE PRICE MIDDLING SPOT COTTON IN 10 DESIGNATED MARKETS, SEVEN-EIGHTHS INCH

Year:	Cents per pound
1919-20	38.34
1920-21	16.66
1921-22	18.06
1922-23	25.83
1923-24	30.14
1924-25	24.22
1925-26	19.68
1926-27	14.40
1927-28	19.72
1928-29	18.67
Average	22.57

AVERAGE PRICE MIDDLING 1-INCH STAPLE

Year:	Cents per pound
1923-24	30.70
1924-25	24.97
1925-26	20.74
1926-27	15.51
1927-28	20.68
1928-29	19.77
Average	22.06

PRODUCTION PER ACRE OF COTTON

Year:	Pounds
1919	161.5
1920	178.4
1921	124.5
1922	141.2
1923	130.6
1924	157.4
1925	167.2
1926	182.6
1927	154.5
1928	152.9
Average	155.1

CONDITIONS IN TEXTILE INDUSTRY IN NORTH CAROLINA

Mr. WHEELER. Mr. President, I propose at a later time to say something with reference to the member of the Farm Board who was selected to look after the interests of wheat. I shall not take up the time of the Senate at this hour to do it, but I want to make just this brief statement: Unless he knows a great deal more about the wheat situation than he disclosed before the committee, the wheat farmers of this country will not receive very much benefit.

The question that I desire to bring up at this time—and I should like to have the attention of the Senator from Utah [Mr. SMOOT], who is handling the tariff bill—is the question of the resolution which I introduced during the present session, before the recess, for an investigation into the textile situation in the southern mills.

Mr. BLEASE. Mr. President, will the Senator permit an interruption?

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

Mr. WHEELER. I yield.

Mr. BLEASE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from South Carolina suggests the absence of a quorum. The clerk will call the roll.

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

Allen	Borah	Copeland	Fess
Ashurst	Bratton	Couzens	Fletcher
Barkley	Brookhart	Cutting	Frazier
Bingham	Broussard	Dale	George
Black	Capper	Deneen	Gillett
Blaine	Caraway	Dill	Glass
Bleas	Connally	Edge	Glenn

Goff	Kean	Pine	Thomas, Okla.
Goldsbrough	Kendrick	Pittman	Townsend
Gould	Keyes	Ransdell	Trammell
Greene	King	Reed	Tydings
Hale	La Follette	Robinson, Ark.	Vandenberg
Harris	McKellar	Schall	Wagner
Harrison	McMaster	Sheppard	Walcott
Hastings	McNary	Shortridge	Walsh, Mass.
Hatfield	Metcalf	Simmons	Walsh, Mont.
Hawes	Moses	Smith	Warren
Hayden	Norris	Smoot	Waterman
Hebert	Nye	Steck	Watson
Heflin	Oddie	Steiwer	Wheeler
Howell	Overman	Stephens	
Johnson	Patterson	Swanson	
Jones	Phipps	Thomas, Idaho	

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. WHEELER. Mr. President, sometime during the month of April of this year I introduced in this body a resolution asking for an investigation into the textile situation in the southern mills. That resolution was referred to the Committee on Manufactures on April 29 of this year. The Committee on Manufactures held a preliminary hearing with reference to the facts in the matter and ascertained some of the conditions which existed in some of the southern textile mills. At the request of some Members of the Senate the resolution was broadened so that it would not only include the southern textile mills, but likewise the textile mills of the North and the East and the West, so that it could not be said that it affected just one particular section of this country.

A majority of the Committee on Manufactures reported in favor of the resolution as amended, and they suggested that it should be amended further by sending it to the Federal Trade Commission and to the Tariff Commission. The majority members of the committee said:

The committee has held preliminary hearings as to the conditions of the employees in the textile industry in certain of the Southern States. Evidence has been taken as to wages and working conditions, the recent strikes, and acts of violence in connection therewith, and the relations of organized labor and the textile manufacturers. The committee is of the opinion that the whole situation should be thoroughly investigated and the full facts ascertained.

Mr. OVERMAN. Is the Senator reading from the majority or the minority report?

Mr. WHEELER. I am reading the majority committee opinion as it was reported by the senior Senator from Maine [Mr. HALE].

It may be that Federal legislation will be found necessary to correct certain evils that would seem to exist upon the basis of evidence taken at the hearings and matters of common knowledge to the committee. However, the necessity for such legislation can not be fully determined until the investigation by the two commissions is completed.

The committee is firmly of the opinion that the investigative powers now conferred by law upon the two commissions are ample to cover the investigation contemplated by the resolution.

Among the matters to be investigated are working conditions among employees in the textile industry. This is to be done with a view to determining (see clauses (1) to (5) of the original resolution) the situation as to wages, oppression of workers, dividends paid, and necessity for higher tariff protection. The committee substitute also requires that not only the facts pertinent to these phases of working conditions be ascertained but that there should also be ascertained whether the facts show inequalities in the protection afforded by the tariff laws to the textile industry, including the employees thereof, as between the various sections of the United States.

The above inquiries all involve considerations relevant to the tariff laws. The tariff laws exist both for protection of manufacturers and also of their employees.

Then the report goes on to set forth a few other reasons why they feel that the investigation should be had.

The Members of the Senate will recall that when this resolution was first introduced there existed in the southern textile mills, in South Carolina, I think, in North Carolina, and in Tennessee certain strikes, and outbreaks of disorder were going on.

I might say that some Members of the Senate urged upon me that we should not press this resolution. They felt the situation would clear up, and that the local authorities would handle the situation. Since that time, however, conditions in North Carolina have apparently been going from bad to worse. Men have been charged with treason by the local authorities, and then, after they have been charged with treason and thrown in jail, the charges have been dropped and other charges have been substituted in their place. Murder charges have been filed against citizens, and then the murder charges have been dropped and assault charges have been filed: Sheriffs have been killed. I read in this morning's Washington Post the following:

Sheriff held in killings at strikers' riot. Six deputies are also arrested on charges of murder. Warrants issued for 35 workers. Marion textile employees accused of inciting "rebellion." Union to bury four at public funeral. National Guard men patrol streets to prevent clashes as feeling runs high.

My information is that not only does disorder exist in the town of Marion, but that the whole situation is one practically seething with revolt, and that in many of the places there are two armed groups, one of employees, one of employers.

It does seem to me that under those circumstances we here in the Senate can not any longer let this situation go on. Here we find, if you please, that we have before us a bill in which there is an attempt to give a higher tariff rate to the textile people, the very people who are claiming that they can not pay these employees any more wages, and there are being pointed out from day to day the benefits of the tariff to the laboring people of this country.

Yet I want to call attention to the fact that the preliminary investigation into this situation in the South showed that the textile industries of this country were among those receiving the highest protection of any of the industries of the country, and, notwithstanding that fact, that they paid the lowest wages, worked their employees the longest hours, worked children in their factories under the age of 16, and that the textile trade throughout certain parts of this country was in the most deplorable condition; that the people down there in that section were fighting, if you please, for an opportunity to form organizations and unions, and that they were being denied the right of collective bargaining, so that they could seek to get some of the benefits of the tariff laws which were being passed by the Congress of the United States.

Yet, my friends, the Senate of the United States seems to want to turn a deaf ear upon these men who are out there, many of them going hungry and starving and being shot down and killed in the streets. I am anxious that something should be done about it.

I have a telegram, which was sent to me by William Green, president of the American Federation of Labor on yesterday, in which he said:

NEW YORK, N. Y., October 3, 1929.

Hon. B. K. WHEELER,

United States Senate, Washington, D. C.:

Industrial discontent and labor unrest with added loss of life continues in many sections of the South. To-day we learn people were killed and injured in a clash at certain textile mills at Marion, N. C. This state of affairs is shocking and deplorable. There is an underlying cause of all this manifestation of unrest and discontent. We are certain it is caused by the imposition of long hours, low wages, and onerous conditions of employment upon the textile workers of the South. We asked the Senate to investigate this distressing situation existing in the South many months ago. We believe the facts ought to be ascertained and made known so that a remedy could be sought and applied. The situation in the South is getting worse. Human life is being sacrificed and human hate and passion is causing community distress. I appeal to the Senate of the United States to adopt the resolution you introduced many months ago providing for an investigation. The Senate of the United States will render a great public service if it will act favorably and promptly upon this matter.

WILLIAM GREEN,

President American Federation of Labor.

I likewise at this time desire to insert in the RECORD as a part of my remarks numerous editorials from southern papers bearing upon the situation, and pointing out the necessity of an investigation.

The PRESIDING OFFICER. Is there objection?

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

[Extracts from the Literary Digest for September 28, 1929]

#### FIGHTING COMMUNISM WITH ANARCHY

Sackcloth and ashes are the proper wear for North Carolina, many southern editors assert, since an armed Gastonia mob on September 14 murdered Mrs. Ella May Wiggins, a mill worker and mother of five children, because she had joined a labor union and attempted to attend a mass meeting. "Since when did such legal purposes call for death at the hands of a mob?" demands the Raleigh News and Observer. "You can not drive out communism with anarchy." The Richmond News-Leader calls upon the authorities of North Carolina to abolish mob rule and "see to it that the right of every man to keep his job or to quit it, to organize or to spurn organization, shall be guaranteed as long as he violates no law." If they will "administer a good dose of the law," exclaims the Mobile Register, "it may help to put out the fire before it assumes dangerous proportions."

The underlying cause of all this, according to a series of articles by Henry M. Hyde in the Baltimore Sun, is an unjust and antiquated wage scale, which has given communist agitators a chance to fish in troubled waters. In the county of Gaston, of which Gastonia is the seat, there are 104 cotton mills, he writes, including the Manville-Jenckes mill, the largest in the world under one roof. Going back to conditions before the strike, Mr. Hyde says:

"At that time the hours of work in the Manville-Jenckes mill—and in most of the others—were from 6 o'clock in the morning to 6 o'clock at night, with time off to get lunch. The night hours were from 6 in the evening to 5.30 in the morning, with no allowance for a meal. The average wages were about \$14 a week."

Says the Gastonia Gazette: "We have, perhaps, been more sinned against than sinning in Gastonia, but that should not give unbridled license to mob members, no matter how keenly they feel about this thing." More emphatic is the Charleston News and Courier, "conservative of conservatives, hostile to every tenet of communism," which points out that—

"No communist is worse than a flogger or lyncher. When an agitator arrives in Gaston County and is subjected to assault by a mob, it is the best of evidence that he is making communist converts—for if the only answer to communistic doctrine in North Carolina is the doctrine of lawless violence, North Carolina would as well be communist, for its end in either case will be anarchy."

[Reproduced in the October 5 issue of Labor, the national newspaper of the Standard Railroad Labor Brotherhoods of the United States]

#### SOUTHERN EDITOR RAPS ANARCHY OF THE MILL BARONS

Under the caption of "Anarchy," the following editorial appeared in a recent issue of the Meridian Star, Meridian, Miss., one of the leading daily newspapers of the South. It indicates the change of public opinion toward the antilabor attitude of the cotton-mill barons:

"The situation in North Carolina is far from pleasing.

"Starving workers on one side; greedy manufacturers on the other.

"Parading strikers; death-dealing gunmen.

"Wholesale whipping, kidnaping, murder—a regional reign of terror. "Riddling bus loads of innocent people with lead by antireds is hardly bravery. Self-appointed guardians of the law and order who pour volleys of rifle fire into the bodies of helpless men and women represent neither law nor order, but bloody, murderous anarchy.

"From this distance it appears that in North Carolina radicalism rules in the palace of the mighty rather than in the hovel of the humble; that the reds are riding with the dollar in the battle against the man.

"Bullets never win a strike. Violence on the part of labor and on the part of capital alike, begets more violence. Murder begets murder.

"It seems incredible that business men, textile-mill bosses, established manufacturers, and even law officers should engage in gang-gun massacre against helpless men and women whose only offense seems to lie in seeking a living wage to keep them from starvation.

"If the new industrialism of the South is to be purchased at the price of anarchy, we can ill afford to trade. If in our quest of the industrial dollar, we must sacrifice the bodies and the souls of men, our monetary gain will be swallowed up in an abysmal loss.

"It is possible for capital and labor to work in harmony; for the employer and the employee to work out their mutual problems to the detriment of neither and for the benefit of both.

"The South must have industrial development. In our future industry lies much of our future southern opportunity. However, if starvation wages, strikes, and riot and anarchy and murder must needs be the price to pay, we can well afford to sacrifice industrial prosperity to save our southern souls.

"We shall enjoy industrial progress in the South only as and when we humanize the dollar and Christianize the man."

[From Labor, September 21, 1929]

GASTONIA MILL OWNERS RESPONSIBLE FOR REIGN OF TERROR IN CAROLINA—MOTHER OF FOUR CHILDREN KILLED WHEN MOB FIRES INTO TRUCK LOADED WITH STRIKERS; COMPANY OFFICIALS PROVIDE BONDS FOR THE CRIMINALS; JURORS READY TO ACQUIT COMMUNISTS

CHARLOTTE, N. C., September 16.—The mill owners of Gastonia are undoubtedly responsible for the mobs which have been terrorizing three counties in this section of North Carolina for the last week.

Up to date one woman, mother of four children, has been killed; three communist leaders have been kidnapped and flogged and a number of mill strikers and alleged "reds" have been assaulted and more or less seriously injured.

Governor O. Max Gardner and the judicial authorities have proceeded against the mob leaders with considerable vigor. More than a score have been arrested, but released on bonds.

In practically every case they were found to be officials and employees of the Manville-Jenckes Co., owners of the Loray Mills, the storm center of most of the trouble in Gastonia.

#### MILL OWNERS FURNISH BAIL

Evidently the officials of the Manville-Jenckes Co. are proud of what they have done, because they have boldly come forward and furnished bail for the men accused of the most serious exhibition of lawlessness that North Carolina has witnessed since reconstruction days.

Apparently the mill owners have made up their minds to drive out the communists at any cost.

They believe they control the local government to such an extent that they can not be convicted for their crimes, and they hope that by crushing the "reds" they will make it difficult, if not impossible, for the regular American labor movement to organize the textile workers and put an end to the era of low wages and long hours.

The first mob was organized in Gastonia on Monday evening, right after the news had reached the city that the trial of the 16 communists and strikers accused of the murder of O. F. Aderholt, Gastonia chief of police, had resulted in a mistrial.

#### JURORS FAVORED ACQUITTAL

The mill owners were told that a poll of the jurors showed that they were practically unanimous for acquittal because they believed the State had failed to make its case.

It is understood that a conference of prominent mill officials was held at once and a determination reached to take the law into their own hands and drive out the "reds."

The mob, consisting of about 100 men, broke into union headquarters here and at Gastonia and Bessemer City. Ben Wells, a British textile worker, who is said to be a communist, and Cliff Saylor and C. M. Lell were kidnaped, flogged, and warned to leave the country under pain of death.

Threats were made to lynch Tom Jimison and other attorneys for the communists, and an attempt was made to break into the Charlotte jail, evidently for the purpose of hanging Fred Beal, the principal defendant.

Governor Gardner ordered an investigation. Fourteen of the mob leaders were arrested, nine were found to be officials and employees of the Manville-Jenckes mills.

#### BEAL ISSUES FIERY APPEAL

The mill owners struck back by inducing local officials to arrest eight of the communists in Charlotte on the charge of "conspiring to overthrow the government."

Beal, from his cell in the Charlotte Jail, made the next move. He issued a fiery appeal to his followers to "fight," and the communists promptly announced that they would hold a public mass meeting on Saturday night in Gastonia, in the vicinity of the Loray mills.

When the communists attempted to carry out this scheme they were met by a small army of the mill owners' employees, all armed.

Forced to retreat, the communists tried to make their way to Bessemer City and Charlotte and were pursued by the mill owners' mob.

#### MOB FIRED INTO LOADED TRUCK

There is nothing to indicate that the communists were armed or indulged in any violence, nevertheless members of the mob fired into one truck and killed Mrs. Ella May Wiggins, of Bessemer City. In the mêlée other occupants of the truck were injured.

Seven employees of the Manville-Jenckes Co. have been arrested for the murder. They were released on bonds of \$1,000 each, and the papers were signed by J. A. Baugh, general manager of the Loray mills of the Manville-Jenckes Co.

[From the May issue of the People's Business, a monthly bulletin published by the People's Legislative Service of Washington, D. C.]

#### TERRIBLE TEXTILES

It is impossible to apply a milder term than terrible to the record of the textile industry in America. It has fastened its grasping tentacles on the tariff to squeeze the life out of all possible foreign competition. Under the high protection afforded by the Government it has exhibited no real concern for the consumer and no genuine justice or mercy toward its workers. It has been guilty of colossal waste, frightful mismanagement, and terrible internal strife. It is saturated with the heavy sweat of the exploited and splashed with their anemic blood. It has opposed the most primary humane instinct in its relentless efforts to hold little children under the yoke of industrial bondage.

Lawrence, Lowell, Paterson, New Bedford, are among the hideous milestones in the history of the textile industry. More of these milestones are being erected to-day in another section of the country. The seat of its industrial empire has moved from New England to the South. It is there to compete, or unite, with southern capital in exploiting the "cheap and docile labor" of the native white population. But these native "poor whites" are not proving altogether docile. They have at last revolted against the long hours, low pay, and inhuman "stretch-out" system that doubles the work and then docks the wages.

A great struggle is going on in the States of North and South Carolina and Tennessee. At Gastonia, Elizabethton, Greenville, and elsewhere the "docile" native whites have gone out on strike by the thou-

sands. Their reasonable human demands have been met with violence, kidnapings, wholesale arrests, and imprisonments. Mill owners have called in the State militia and National Guard to protect profits against the plea for human justice, the right of organized capital to exploit against the right of native workers to organize. At this hour it looks as though the strikes will be broken and organization prevented—chiefly by force. But the end is not yet. It is actually only the beginning.

The strikers at Elizabethton have adopted the slogan: "We will re-enter the mills until the military forces are removed." Bayonets are poor substitutes for bobbins. Rayon can not be made by militiamen, nor cotton mills operated by machine guns. Humane considerations will ultimately prove more powerful than material greed, sustained by armed force. Industrial avarice must some day reckon with outraged public opinion.

[Editorial in the New Republic for September 28, 1929]

As the Gastonia trial begins, it is well not to forget that the attempt to convict these labor leaders for murder is not the whole of the labor struggle in southern cotton districts. A strike is in progress in Marion, N. C., where the National Guard has been called out to police the picketing. There are numerous other strikes and lockouts. Although most of these groups of workers are being led not by communists, as they were at Gastonia, but by members of the United Textile Workers, a regular union affiliated with the American Federation of Labor, they are being opposed just as bitterly by the employers as are those who happen to have been led by the extreme radicals. Unrest in the mills is spontaneous and contagious; the present problem of the labor organizers is not to arouse it but to hold it in check and mobilize it for effective trade-union action. It is curious to see the southern employers blaming "northern influence" for the inevitable results of their own policy of low wages, long hours, and speeding up. Especially so when we remember that many of the mills were established and are controlled by northern capital.

[The October 2 issue of The Nation, an independent weekly published in New York]

Recently, with the prisoners in Gastonia facing the possibility of the electric chair, the International Labor News Service sent to its clients the following statements in an editorial:

"Some people think the American Federation of Labor spends too much time fighting the Reds. Such people are blind to the issue or totally ignorant about it.

"In Gastonia some communists are to be tried for murder. If Americans—or Russians—tried to do in Russia what these reds tried to do—or threatened to do—in America there would not be any trials. There would be just some quiet shooting.

"It is to be hoped that the Gastonia communists will be tried for murder, not for communism. In Russia they would be tried for counter-revolution, not for murder."

Whatever pious qualifications may be tacked to it, such a statement in the present inflamed condition of Southern opinion is a direct incitement to "some quiet shooting." Granted that the communists have grossly exaggerated the sins of the American Federation, such veiled appeals to Fascist tactics are inexcusable.

In a letter addressed to President William Green, of the American Federation of Labor, we asked for a complete copy of the above editorial and expressed ourselves as loath to believe that the federation would stand behind such provocative statements. He replied: "The International Labor News Service is not published by the American Federation of Labor. We are not in any way responsible for any matter published therein."

[Editorial from the Baltimore Sun of October 3, 1929]

#### NEW BATTLE GROUND

The shifting of the North Carolina center of violence from Gastonia to Marion is of interest for its bearing upon the frequent statements from North Carolina that communism is the only issue in the textile disorders in that State. At Marion the strike has been under the auspices of the United Textile Workers, who are affiliated with the American Federation of Labor and have nothing to do with the communistic National Textile Workers' Union. And yet at Marion we see the same violence which appeared at Gastonia.

This episode, backed by Governor Gardner's frank admission that wages and hours were the issues in the North Carolina textile situation, makes it obvious that the State is confronted by the threat of a prolonged industrial war unless she faces the condition frankly and refuses to allow either the communists or the mill owners to confuse the situation. The Marion strike, like that in Gastonia, is described as "settled." Nevertheless murder and violence distinguish its progress, just as was the case in Gastonia.

The fact is the textile situation in the South is far from settled. It has grown up with dramatic suddenness and its evolution bids fair to disturb that section for a long time. It is impossible to assemble thousands of mountain people in mills at low wages without inviting

the same troubles that accompanied that policy when it was employed in the North, which section the mill owners have been forsaking. North Carolina can not hope to succeed where Massachusetts failed—unless she brings to the complex problem superior intelligence, magnanimity, and foresight. To dismiss the whole business as the work of a few communists is to ignore plain realities.

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

Mr. WHEELER. I yield.

Mr. HEFLIN. The Senator has made a rather broad statement about the cotton mills of the South. I want to say to the Senator from Montana that in my State the law forbids the working of children in cotton mills under the age of 16. So far as I know, generally, the conditions in the cotton mills in my State are good, and the wage earners in the factories and the mill owners are getting along very nicely. I have heard of but one place in the State where complaint against existing conditions has been made.

I want to say to the Senator that if conditions obtain at any place in Alabama where the wage earners, the workers in the cotton mills, are not receiving a fair deal, are not having proper, healthful working hours, and are not receiving good wages, the situation should be investigated and changed.

I want to say to my friend before I sit down that we have a good many textile mills in my State and in the other States of the South, and I am in favor of giving them the fair and just protection needed against ruinous competition with foreign cotton spinners. I am in favor of giving them the tariff protection that is necessary to enable them to pay good wages to their employees—to carry on their business, make a success and good profits on their business. And I want the cotton mills to get profitable prices for the cotton goods they manufacture, so they will be able to pay the cotton farmer a profitable price for the cotton he produces.

I am in favor of and am willing to have made a thorough and fair investigation, one that will be just and fair to all concerned.

Mr. WHEELER. I thank the Senator for his observation.

Mr. SIMMONS. Mr. President, I do not understand that the Senator is asking for any action upon his resolution at this time.

Mr. WHEELER. I was going to ask those in charge of the tariff bill if they would consent that it be temporarily laid aside while we take up my resolution, providing that the minority members of the committee would agree to the majority report. It seems to me that if that could be done, it would not take any time to dispose of it at all, because that would send the resolution to the Tariff Commission and to the Federal Trade Commission.

Mr. SMOOT rose.

Mr. SIMMONS. Mr. President—

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

Mr. SIMMONS. I want to say to the Senator from Utah that I want to make some observations in reply to those of the Senator from Montana.

The PRESIDING OFFICER. Does the Senator from Montana yield for that purpose?

Mr. WHEELER. Not at this time.

Mr. SIMMONS. I thought the Senator was ready to yield the floor.

Mr. WHEELER. Not yet. I will be in just a moment.

I assumed that if the agreement to which I have referred could be reached there probably would not be any objection to the passage of the resolution and that it could be passed without any difficulty whatsoever.

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

Mr. WHEELER. I yield.

Mr. SMOOT. I could not consent to lay the unfinished business aside at this time.

Mr. OVERMAN. I would object to that. Even if six members of the committee should agree to it, I would not agree to it, because I want this matter to be thoroughly discussed at the proper time.

Mr. WHEELER. Then do I understand that the Senator from North Carolina objects to an investigation even by the Federal Trade Commission?

Mr. OVERMAN. No; the Senator did not hear me say any such thing. I did not say that. I said I should object to the consideration of it at this time. At the proper time I will have something to say about it, and I will reply to the Senator and show that much of the information which he has been furnished is not true.

Mr. WHEELER. I am simply reading from the newspapers and telling the Senator—

Mr. OVERMAN. That is what I say, the Senator is reading from newspapers before the Senate.

Mr. WHEELER. We spent some time, let me say to the Senator—

Mr. OVERMAN. Has the Senator read the New York World, which states that many things said in the newspapers which sent down special correspondents are not true? They sent down men who had never been South. It was said that many misrepresentations were made by the newspapers about this matter.

Mr. WHEELER. I have no doubt that misrepresentations have been made by the newspapers with reference to the situation. I have no doubt that some of the newspapers have painted the conditions in North Carolina much worse than they are.

I have not much doubt but what the conditions have been by many people painted much worse than they are. But that is not the question. The question is that we ought to find out whether or not these charges that are flying around are true, whether or not people are being killed upon the streets down there; whether or not they are charged with treason with reason; whether or not they are charged with stirring up rebellion—whether all these things are true—before we pass a tariff bill which is supposed to be for the benefit of labor.

Mr. OVERMAN. Mr. President, the matter will be fully discussed in due time. I have great regard for Mr. Green, who is a very patriotic man. I believe the American Federation of Labor has done great good in this country. It is a patriotic organization. But when a Senator stands here on the floor of the Senate and wants an investigation and says that the textile industry of North Carolina is full of vice and dissension and wrongs, I say he is mistaken. Out of 75,000 workmen in North Carolina, there are only two places in the State where there is any trouble, and involving only a few men. Most of the employees of the State are satisfied; they are getting good wages, and there is no strike there.

I will say to the Senator that in Marion there is some trouble, which I deplore just as much as anybody in the world. But the governor of the State is there, the State court is there, and a judge has been sent there to investigate; the court is in session; the grand jury is in session to investigate the trouble—and all this over the trouble in one little town. It is all coming along all right. Most of the workers are at work and satisfied. Out of a thousand workers, there are about 100 who have struck.

Mr. WHEELER. I have great regard for the opinions and statements of my friend from North Carolina; but I say to the Senator that I can not understand why he should object to the Federal Trade Commission getting the facts, if he does object to a Senate committee investigating them. If the conditions in North Carolina are as rosy and the workmen down there are as contented as he pictures to this body, why would he not want the facts brought out, and why should not the textile interests themselves want them brought out? Why would they not want the truth to be known?

Mr. OVERMAN. They do. They are willing and anxious that the facts should be brought out. If there is going to be an investigation, they are willing that the investigation should be made by the Federal Trade Commission, as the Senator has suggested. At the proper time I shall not object, but now I do object to the report of the Committee on Manufactures being considered. The suggestion has been made that the Federal Trade Commission shall investigate the matter, but I am not going to consent to the resolution being considered at this time.

At the proper time and when all the trouble is over, let the Federal Trade Commission go down there and investigate the situation. A resolution passed now would only make more trouble. Let North Carolina settle her own troubles, as she can do and as she will do and as she is doing. Our courts are in session. Out of 50,000 people only about a thousand or less are involved in a strike down there.

At the proper time, may I say to the Senator from Montana, I shall not object to the Federal Trade Commission investigating the matter. In fact, what I have been advocating is that we should have an investigation by the Federal Trade Commission and not by a Senate committee.

Mr. WHEELER. Much as I feel that the Federal Trade Commission could not do as good a job and would not do as good a job as the Senate committee would do, yet I am willing to agree right now with the Senator from North Carolina to send this matter to the Federal Trade Commission and to send it to the Tariff Commission, as was proposed in the report submitted by a majority of the Committee on Manufactures.

Mr. OVERMAN. We will agree on that at the proper time.

Mr. WHEELER. Why not agree to it now?

Mr. OVERMAN. I will not agree to it now. I want to have something to say about the matter at the proper time. People are going down into North Carolina from New Jersey and New York, communists and Bolsheviks, stirring up all this trouble. There is murder and robbery and trouble of all kinds involved

in the situation down there, all of which I deplore very much. But I want to let the Senate know what is going on in North Carolina, as well as all over the United States and all over the South. They are trying to arouse the people of the South by teaching them communism.

Mr. President, I have not anything against the American Federation of Labor. In the very beginning of this matter, when I first spoke on the subject, as Senators will remember, at the time of the introduction of the resolution I stated that the passage of such a resolution would bring disorder and trouble down there. It did bring trouble, rioting, murder, bloodshed, and burning. That is what it brought about down in Gastonia, where all the workers have now gone back to work except about 50, and where the workers are satisfied. At the proper time I propose to let the Senate know the true situation down there and then I will let the resolution pass. I am in favor of it, but not now, and I shall not agree to its consideration at this time.

Mr. WHEELER. As I said when I presented the resolution, I appreciate that every time in the history of the country when the workmen of the country have gone on a strike for higher wages and against miserable working conditions by which they are surrounded, and when the American Federation of Labor first started out in its existence in this country and asked for higher wages in the mills of New England, they were denounced, just the same as the Senator is denouncing present conditions and those who are striving for betterment of the workmen's condition down in North Carolina.

Mr. OVERMAN. But the Senator misrepresents me. I have never denounced Mr. Green nor the American Federation of Labor in any way. The Senator misrepresents me. I am denouncing the communists and the Bolsheviks.

Mr. WHEELER. I am simply saying that every time anybody has struck for higher wages in the country, for shorter working hours, for better conditions, from the very inception of the American Federation of Labor, the United Mine Workers, the railroad brotherhoods, and every other organization that has been for the betterment of organized labor in the country and the people as a whole, they have been denounced. I am not saying that the Senator from North Carolina has denounced the American Federation of Labor.

Mr. OVERMAN. The Senator can not say that I have ever denounced them.

Mr. WHEELER. I am not saying the Senator did so.

Mr. OVERMAN. Then what is the Senator talking about?

Mr. WHEELER. I say that they have been denounced time and time again as trying to destroy the country and its institutions. Yet here, when we have "special privilege" coming before this body asking for higher tariff rates for the benefit of labor, why should we not have an investigation to see whether or not they are giving that benefit to labor?

Mr. OVERMAN. I think the Finance Committee of the Senate has investigated that matter and made its report. We will have a full opportunity to discuss the matter at the proper time. The Senator is speaking only from what he has read about it; I do not say he is telling an untruth as he is only giving what he read, but there have been many thousands and thousands of misrepresentations in the matter. To say that I am against the American Federation of Labor is not true. I have just stated that I believe it is a patriotic organization that has done much for the uplift of the workmen and has done great good in this country. I have said that I believe Mr. Green is a patriot and a leader who stands for right and for justice and for his country. That is what I say about them. I am denouncing those people who came down to North Carolina from New York and New Jersey, these communists and foreigners who are misleading our people and stirring up strife and trouble down there.

Mr. WHEELER. They could not mislead the Senator's people if his manufacturers would pay their workmen a living wage and give them decent working conditions.

Mr. OVERMAN. There is only one small coterie that is being misled. We are willing to have an investigation and show that our people are receiving splendid wages and are satisfied.

Mr. WHEELER. We have been trying to get that ever since last April. We have been trying to get such an investigation, but who has been stopping it?

Mr. OVERMAN. I have.

Mr. WHEELER. Why not have the investigation?

Mr. OVERMAN. I stopped consideration of the Senator's resolution, and the committee stood back of me. I am not going to let the Senator's resolution come up for consideration until I have an opportunity to tell the country some of the things I know about what has been going on down in North Carolina and what it is proposed to do all over the South. They are sowing their seeds of revolution, sowing their seeds of atheism,

sowing their seeds of free-loveism, and trying to throw our people into a state of revolution.

Mr. WHEELER. The Senator misunderstood me. I am not charging the Senator from North Carolina with denouncing the American Federation of Labor.

Mr. OVERMAN. No; and the Senator had better not do so.

Mr. SMOOT. Mr. President—

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

Mr. WHEELER. I yield.

Mr. SMOOT. The Senator said he was going to ask unanimous consent that his resolution be considered.

Mr. WHEELER. Yes; I said I was going to ask unanimous consent.

Mr. OVERMAN. I object.

Mr. SMOOT. We have been in session 4 hours and 10 minutes now for the purpose of considering the tariff bill, and not one word has been said on the tariff bill during all that time.

Mr. WHEELER. I beg the Senator's pardon. I was talking about the tariff bill a moment ago when I said to the Senator from North Carolina that here is a bill pending before us at this time asking for an increased tariff for the benefit of the manufacturers of textiles, while the poor unfortunate individuals down in South Carolina are working night and day—

Mr. SMITH. Where did the Senator say? [Laughter.]

Mr. BLEASE. Which Carolina did the Senator say? [Laughter.]

Mr. WHEELER. North Carolina—I beg the Senators' pardon. I might properly include them both, because I do not know about conditions in South Carolina.

Mr. SMITH. The Senator said "South Carolina." He should correct himself.

Mr. WHEELER. I meant to say North Carolina. I will now ask unanimous consent—

Mr. SIMMONS. Mr. President—

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

Mr. SIMMONS. I wish to occupy about five minutes.

Mr. WHEELER. First let me submit my unanimous-consent request and then the Senator may occupy all the time he wishes. I ask at this time unanimous consent that the tariff bill be temporarily laid aside and that the report of the Committee on Manufactures with reference to the resolution which I introduced for investigation of the textile industry be taken up.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. OVERMAN. I object.

The PRESIDING OFFICER. The Senator from North Carolina objects.

Mr. SIMMONS. Mr. President, I do not care to cover the ground which my colleague [Mr. OVERMAN] has discussed, but there is one phase of the matter that I wish to call to the attention of the Senator from Montana. The Senator from Montana seems to be laboring under the impression that the troubles which have arisen in the North Carolina cotton mills are due to low and inadequate wages that are paid in those plants. The telegram which he read from the very able president of the American Federation of Labor would seem to indicate that he, too, is under the impression that those troubles have their root in the low wages that it is alleged are paid in this industry in North Carolina. Mr. President, I do not think that is the basic cause of the trouble that exists down there.

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

Mr. SIMMONS. Let me elaborate and finish my statement.

I do not mean to say that the wage scale in the South is all that it should be, but I do mean to say that the wage scale paid in the cotton industry, when we take into consideration certain advantages that the employees enjoy in the cotton mills of North Carolina, is approximately as high as that paid in the New England textile factories.

The first trouble which arose in the North Carolina mills was not, except incidentally, on account of unsatisfactory wages and living conditions, although that was made a pretext. The troubles and disturbances of a day or two ago had primarily little or no relation to wages, so far as I am advised, and I have tried to keep up with these outbreaks in the State as best I could.

In Gastonia—that is the place where this difficulty originated—the strike has been adjusted upon terms that are, as I understand, satisfactory to the laborers in the factories concerned. There has not been, so far as I have been advised, any increase over the wages which were paid in those plants before the outbreak. In other words, the strike has been adjusted; but wages have not been advanced in those mills, which

very strongly indicates that it was some other cause than the wage scale which brought about that trouble.

What is that other cause? The situation in the Marion mills furnished the answer as to that other cause. The Senator, I believe, said that on day before yesterday there was something like a riot in the factory at Marion in North Carolina; that men were killed; that men were injured; that there was a pitched battle. It was not a pitched battle between sympathizers of the employers and their employees; it was a battle between the strikers and the men continuing their employment in the mills. The sheriff interfered simply for the purpose of averting further conflict and maintaining peace and order. It was the result of a quarrel between labor involving questions of closed and open shop and the right of labor unions to control employment; in other words, a quarrel between union men and nonunion men.

In other words, the real cause, as I understand, leading to the conflict which occurred at the Marion mills of a day or so ago, so regrettable, so much deplored both by myself and my colleague, and by every good man and citizen of North Carolina, was antagonism growing out of the question of whether when an employee was discharged the employer had a right to substitute for him in his factory a man who was not affiliated with a labor union.

Mr. WHEELER. Mr. President, will the Senator from North Carolina yield to me?

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

Mr. SIMMONS. I yield.

Mr. WHEELER. The Senator from North Carolina has made the statement that the controversy did not arise out of a question of wages; that it was not that which caused the trouble. I noticed a statement in a newspaper the other day by Governor Gardner to the effect that, as I recall it, the employees desired shorter working hours in North Carolina; and he also made some reference, if my recollection serves me aright, to the wages. I likewise read a confirmation of that statement in an editorial from the New York Journal or the Wall Street Journal commenting upon that statement of Governor Gardner.

Let me say to the Senator that when we held the preliminary hearing before the Committee on Manufactures it was there disclosed very clearly that some of the mills in North Carolina were working children who were under the age of 16 years; that they were working them from 10 to 12 hours a day; and that they were working those children for a wage that has been declared by the Secretary of Labor and by the Labor Department of this Government as not being a living wage.

Mr. SIMMONS. Mr. President, I deny that the mill owners of North Carolina are working child labor in the mills of that State. We have laws in that State forbidding that, and I think that those laws are very rigidly enforced. As my colleague has said, there have been a great many misrepresentations made about this matter. At times it has looked as if there were an organized effort from some source to discredit and bring into disrepute the textile industries not only of North Carolina but of the South.

As my colleague has also stated, recently a great newspaper sent a correspondent of national reputation to North Carolina for the purpose of investigating and reporting on the existing mill situation. He has published the result of his investigation, which indicates very clearly and unequivocally that living conditions in North Carolina among the employees of the cotton mills there are far better than those in the best-regulated mill communities in New England. The correspondent to whom I refer is Mr. Barry, a man of character, a man of reputation as a reporter. As the result of a very thorough investigation, he not only pointed out that the houses provided by the cotton-mill companies for their operatives were much more comfortable and much better supplied with the conveniences of modern requirements than were those of New England, but that the rents charged by the mill owners for their use and occupation were very reasonable.

I do not mean to say that the wages paid in the mills of North Carolina are all they should be; neither do I believe that the wages paid in New England are as high as they should be; but to undertake to single out North Carolina and other States of the South and to condemn them as paying starvation wages, wages away below the scale that has been established in the industry in other sections of the country, is taking a position for which there is no foundation in fact. I hope those wages may be increased.

Mr. WHEELER. The Senator from North Carolina, then, contradicts the statement of the Labor Department with reference to what mill owners are paying their operatives in North Carolina?

Mr. SIMMONS. I have not contradicted any of the statements of the Labor Department, because I do not know what the Labor Department has said, but I do say that the facts are—

and they have been established—that, taking into consideration the additional advantages which are afforded the employees in the cotton mills of the South, the compensation in wages and added material advantages they receive is approximately equal to that paid in the textile industry in other parts of the United States.

The Senator laid great stress upon what is happening in North Carolina. As I have said to him, the trouble that is occurring at Marion, N. C., and upon which he has animadverted with such severe implications is not due, if at all, to but a limited extent to any controversy over low wages. There was a question raised as to the inadequacy of the wages in that mill, but that question had been adjusted; that question was supposed to be settled; the mills were running on full capacity; there was no indication of any dissatisfaction on the part of the employees who had taken the place of such as had abandoned their employment, when all at once, without notice, the employees, when they sought to return to their work in the factory, were met by strikers who had left their jobs and had not been reemployed. I repeat, the trouble is a labor trouble; largely it grows out of a contest going on in this country between union and nonunion labor.

A new labor organization known as the American Textile Union has begun to operate in North Carolina. It enunciates, as I understand, the doctrine that the labor union should control employment conditions in the mills in which they work. They question both the right of the employer to exercise his judgment as to whom he shall employ and the right of the individual citizen to freely accept employment in certain industries. They resent the exercise of these rights either by the employer or the individual citizen. That is the cause of the trouble. Nobody says that the fight, the row, the riot which took place the other day, about which the Senator spoke, was due to low wages; it was due chiefly to the efforts of one of these elements, a new labor organization, based upon entirely different principles from that of the American Federation of Labor, trying to control and dominate that factory, and force its employers to employ only men who belong to their union or some other union, and, at the same time, denying the right of North Carolina citizens to work in those mills unless they belong to these unions.

#### REVISION OF THE TARIFF

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

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

Mr. WATSON. Mr. President, I think if we might content ourselves with discussing the matter before the Senate, continue until 5 o'clock, and then take a recess until 11 to-morrow, in all human probability we could take a recess to-morrow at not later than 2 o'clock until Monday. It is hoped that Senators will so confine their remarks in debate that that program may be carried out.

Mr. SMOOT. Mr. President, I am about to ask unanimous consent that when the Senate recesses to-day it recess until 10 o'clock to-morrow morning. If that is done, I hope we shall be able to get through the discussion by 12 o'clock, or before lunch time, and give the afternoon to Senators for catching up with the work that has piled upon them during the week.

I now ask that when the Senate recesses to-day it recess until 10 o'clock to-morrow morning.

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

Mr. BLAINE. Mr. President, reserving the right to object—

The VICE PRESIDENT. The Chair had stated that he heard no objection, and unanimous consent was given; but if the Senator desired to object, the Chair will withdraw the announcement.

Mr. BLAINE. It is utterly impossible for a Senator to object unless he has time in which to object. Where the Chair states a proposition in a continuity of statements, I know of no way to object except to sandwich the objection in.

The VICE PRESIDENT. The Senator from Wisconsin is recognized.

Mr. BLAINE. I merely want to inquire of the Senator if he contemplates, if we shall not be through at 12 o'clock, that the session will run on continuously during to-morrow afternoon?

Mr. SMOOT. Yes; that is what we should like to do; until we act upon the few amendments that are left in the administrative provisions.

Mr. BLAINE. Then, Mr. President, I object to meeting at 10 o'clock. I am willing to stay here to-morrow from 11 o'clock

until 5, but I am not willing to stay here to maintain a mere fictitious session of the Senate while many of my brethren are out enjoying their healthful game of golf or viewing the baseball game.

The VICE PRESIDENT. The Senator from Wisconsin objects.

Mr. GEORGE. Mr. President, I send to the desk an amendment that I propose to offer at a suitable place in the bill, and ask that it be printed and lie upon the table.

The VICE PRESIDENT. That order will be made.

Mr. SMOOT. Mr. President, the amendment now to be considered by the Senate is found on page 308, line 5, striking out "seven" and inserting "six."

Mr. SIMMONS. I know of no objection to that amendment upon this side, Mr. President.

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

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment passed over.

The LEGISLATIVE CLERK. The next amendment passed over is, on page 308, line 9, where it is proposed to strike out beginning with the words "No person" down to the period in line 14, and to insert:

Not more than three of the commissioners shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable.

Mr. NORRIS. Mr. President, we discussed this amendment yesterday at considerable length. I do not intend to take up the time in going over again the ground that we went over yesterday. From the discussion that took place yesterday, I think it was quite evident that a majority of the Senate is in favor of the committee amendment.

My argument yesterday was directed in opposition to the committee amendment. Personally, I believe that in all of the various laws we have passed, where this kind of a provision has been put in, its effect has been the opposite of what was really intended by the Congress in putting it in. It undoubtedly is the intention of the Finance Committee and of those who are in favor of the amendment on both sides of the Chamber that we should try to bring about the abolishment of party influences in the official actions of this commission. That is what I am trying to bring about in my opposition to the amendment; but, believing that the majority of the Senate is in favor of the amendment, it of course becomes necessary for those of us who feel differently to acquiesce and to make the best of it.

Mr. President, I am going to offer an amendment. As it is an amendment to the committee amendment, it is in order at this time. The object of it is to state as nearly as I am able to state in concrete terms the thing that it is apparent we are all anxious to bring about; that is, that in passing upon matters that come before it the Tariff Commission should act in effect as a court; that it should find facts and determine results regardless of the politics that may be involved.

I send to the desk the amendment which I propose, and ask that it be read. I ask Senators to remember that this amendment, if it is agreed to, will be added to the committee amendment. The committee amendment strikes out some of the House text, and inserts in lieu thereof these words:

Not more than three of the commissioners shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable.

Then the amendment follows.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to add, at the end of the committee amendment, the following:

It is hereby declared to be the intention of Congress to provide that the Tariff Commission, in all its official functions, shall act judicially, and that in the determination of any matter submitted to it, no consideration whatever shall be given to partisanship or party policy; and the President is hereby requested, in making appointments to the commission, to endeavor to select persons who, in good faith, will carry out the legislative intention herein expressed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska to the amendment of the committee.

Mr. SMOOT. Mr. President, the only objection I have to that amendment is the last provision. I hardly think we ought to refer to the President in the amendment. Outside of that, I have not the least objection to it.

I mean this, Mr. President: I now have a copy of the amendment. Down to the words "partisanship or party policy" it

seems to me that the amendment is a very splendid one; but it then continues:

And the President is hereby requested, in making appointments to the commission, to endeavor to select persons who, in good faith, will carry out the legislative intention herein expressed.

I think we ought to take the position that the President would do that anyway. I do not think that ought to be expressed in law; and I should like very much to have the Senator consent to the modification of the amendment in that respect. I am in hearty sympathy with the rest of the amendment.

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

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

Mr. SMOOT. I do.

Mr. REED. Is it not true that the President is bound to enforce the laws that are passed, and is sworn to do so; and is this not tantamount to requesting him to perform a duty which he is sworn to perform?

Mr. SMOOT. That is the way I should construe it; and I hope the Senator will allow the amendment to be modified.

Mr. NORRIS. Mr. President, the language that we are striking out by this committee amendment reads as follows:

No person shall be eligible for appointment as a commissioner unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of tariff problems and efficiency in administering the provisions of Part II of this title.

That is all on the same principle that is involved, I think, in the last clause of this amendment. I do not believe that anybody can successfully charge that this is in any way, even indirectly, disrespectful to the Chief Magistrate. I have no such intention.

Think of the debate that has taken place here while we have had the administrative features of this bill under consideration, when Senators have said, "Why, this is a partisan question. It always has been. It always will be. We never will get it out of politics." Everybody conceded that it would be better if we could get it out of politics, but it was agreed that we never could take it out; that it would always remain in. This is only a step—it may not be effective, I concede—in the direction of trying again to take it out. We have adopted an amendment that has that in view. The committee amendment, I take it, has that in view; and yet in reality the committee amendment is an instruction to the President.

The Constitution of the United States says that all officers of the United States shall be appointed by the President; and I have an idea that it is impossible for Congress to take that power away from the President. The question arises, How far can we modify it? I am not arguing that the committee provision is unconstitutional, but it is starting in that direction. I think myself that it is perfectly constitutional; but, after all, suppose the President says, "Congress has said that I must not appoint more than three members from one party, and I will proceed to do as I please. Here is the name of the fourth man from this party." What would we say about it? What would happen?

A very strong argument could be made to the effect that the President, if he took that step, would be perfectly and completely within his constitutional rights; but he would have a right to do it because he is President, and upon him is devolved the right and the authority to appoint all officials not otherwise provided for by the Constitution, with the exception that Congress, as I remember the Constitution now, can give to the courts the power to make appointments, and to heads of departments. Neither of those instances, of course, is involved in this particular provision.

Now, I go a little further. This is advisory only, and I concede it; but I want to make the theory of Congress prominent. I want to have it stand out. Perhaps I am overzealous in it because of the discussion that has gone on, where it has been said that it can not be done, and that it never will be done; and I do not want to take any chance of not going as far as we possibly can. Why should we not say to the President that we realize that he can not always do it?

I realize that fully. The President, in very faithfully trying to select a man who will carry out this law, may be fooled. He may get somebody that he thinks will do it, and the man will not do it. He will take some other course. We can not insure that it will be done; but if this provision is in the law it will help the President, if the man he appoints is inclined to go wrong on this question, to be able to say to him, "I have selected you because the law of Congress directed me to try to pick a man who would carry it out"; and he will make some investigation about the ability and the desire and the willing-

ness of the appointee to carry out this provision of law that he perhaps would not make if we did not have this language in the amendment.

Mr. EDGE. Mr. President—

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

Mr. NORRIS. I yield to the Senator.

Mr. EDGE. Will not the Senator agree that, after all is said and done, if the President should disregard the plain intent of the first part of the Senator's amendment, our only remedy would lie in the fact that all such nominations must be confirmed by the Senate?

Mr. NORRIS. We could reject the nomination, of course.

Mr. EDGE. We could reject it. In other words, that is presumably acceptably the Senate's opportunity to express its acquiescence or otherwise.

Mr. NORRIS. Yes.

Mr. EDGE. Now, if the first part of the Senator's amendment, which clearly indicates the type of man to be selected, should be ignored, of course the same remedy exists with the Senate.

Mr. NORRIS. The Senator is correct, of course. We could reject the nominee. We do that on all nominations. We ought to exercise our judgment; and if, in our judgment, a nominee is not fit, we ought to reject him. That is true, no matter what President may make the nomination, or who the man may be.

The Senator must recognize that that is a negative power; only negative. We can not designate the nominee; we can not select the nominee; while we could, perhaps—although I do not suppose it has ever been done and never will be done—advise the President of the particular person we would like have him nominate. If we reject his nomination, he can make another one, and he can do the same thing over again as often as he wants to. While that is something, I admit, perhaps more than I think it is, at the same time, from its very negative nature, it seems to me it is not very much protection.

What is the objection? Why should we not say, "Mr. President, it is the intent of this law, when you are selecting a man to fill this position, that you should take a man who would carry out the intention we have outlined"?

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

Mr. KING. Let it be stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. Add at the end of the committee amendment the following:

It is hereby declared to be the intention of Congress to provide that the Tariff Commission, in all its official functions, shall act judicially, and that in the determination of any matter submitted to it no consideration whatever shall be given to partisanship or party policy; and the President is hereby requested, in making appointments to the commission, to endeavor to select persons who, in good faith, will carry out the legislative intention herein expressed.

Mr. KING. I am in sympathy with the purpose of the amendment offered by the Senator from Nebraska. It would be highly desirable to have a commission acting judicially, fairly, impartially, and, if I may use the expression, scientifically, for the purpose of ascertaining facts to aid Congress in tariff legislation. But the difficulty is to secure a Federal agency that measures up to this standard. While political questions are supposed to control both the domestic and foreign policies of our country, nevertheless economic questions influence, if they do not determine, what our political policies shall be. An important and, as many believe, a vital matter is involved in the question of taxation. This question has usually been regarded as a political question, at least where it involved the constitutional authority of the Federal Government, to collect taxes from tariff impositions. But this important question as a political issue is being subordinated to the supposed economic advantages or disadvantages resulting from tariff exactions. Political platforms are influenced, if not determined, by the economic views of the various political parties.

Members of the commission are appointed by the President of the United States, who is the head of the party to which he belongs. He is subjected to the pressure which the adherents of that party bring to bear. He is expected to carry out the platform declarations of his party and is influenced in his executive activities by the advice of the political leaders of his party. Under the Constitution he has the appointive power, and it is idle to say that his appointments are always free from party considerations or party influence. It is believed that the appointment of judges is too often dictated and controlled by politicians and representatives of the party in power. The judiciary of the Federal Government and of the States would

command a larger degree of confidence and respect if the people believed that the judges were selected solely upon merit and because of their high character and ability. I do not mean to state that, take it by and large, the judiciary of our country has not measured up to a very high standard. It is true, however, that there has been, particularly of late, much criticism of judges, and the charge is often heard that persons are selected for judicial positions because of party influences or political considerations.

The Senator from Nebraska has in mind a nonpartisan tariff commission, composed of persons who will act "judicially" and absolutely free from bias or prejudice or party considerations. His amendment contemplates the appointment of men of learning, of ability, of high moral and intellectual attainments; men who are acquainted with economic problems, with tariff questions, and who will be competent to honestly and fairly make the investigations called for in the law and to judicially weigh all the facts involved, and formulate, if so required, just conclusions based upon such facts, regardless of the consequences that might result therefrom, or from the carrying into effect of recommendations made by them. A commission so composed would command the respect and confidence of the people, and undoubtedly would be of advantage to Congress when it undertakes to write tariff laws.

President Roosevelt desired a commission of this character, or at least a Federal agency, that would study economic questions, and, by research, discover and correlate and present to Congress facts with which Congress should be made acquainted when it undertook to enact tariff measures. It was hoped by many and believed by some, that there could be found persons who would measure up to the requirements which I have described, and who would faithfully and courageously discharge whatever duties were placed upon them. I think that President Wilson believed that a body of men could be selected who would make of the tariff commission an important, if not an indispensable adjunct to the National Legislature. It is certain that he was desirous of selecting men of high character and recognized ability. I think it is conceded that his appointees were men of ability and integrity. They laid a solid foundation upon which to build a suitable superstructure. Undoubtedly the members of the commission brought to the discharge of their duties views and convictions resulting from their study of public and economic questions, and it is quite likely that in the consideration of the questions before them they were not wholly free views and predilections which, to some extent, had become a part of their very natures. Habits can not be thrown aside as a worn-out garment. Men who think and who are worthy of high place and responsible positions, are bound to have views and convictions. They would be of but little value in life were they otherwise.

Even political economists do not all agree, and with modern industrial development and the conflicting and confusing economic questions, and the cross currents of international trade and commerce, there are certain to be differences of opinion and a divergence of views among economists and students of taxation, tariff, and fiscal policies. But persons possessing these different views may act judicially, giving to that word the commonly accepted meaning.

The record of the commission during the past few years has been most unsatisfactory. The commission has disappointed its friends and lost, in part at least, the confidence of the people. It lacks prestige or influence and its wrangles, dissensions, unsatisfactory activities, and conclusions, have led many who formerly advocated the creation of a tariff commission to seek its abolition. I freely confess that if the Tariff Commission functions in the future as it has during the past seven or eight years I should vote to repeal the law creating it. Indeed, a number of years ago I offered a bill to repeal the Tariff Commission law.

I spent several days reading the hearings before the committee of which Senator ROBINSON was chairman, which investigated the Tariff Commission. I submit that a perusal of the more than 1,400 pages justifies the conclusion that the Tariff Commission, at least for a number of years, has been a failure. The testimony of Doctor Taussig and Commissioners Marvin, Dennis, and Brossard, and the testimony of former commissioners Page, Costigan, Lewis, Culbertson, Burgess, Glassie, and Lowell, as well as the testimony of others, together with the documents and data submitted, demonstrate that the Tariff Commission has failed to meet the expectations of the people or to measure up to the required standard. Doctor Taussig is one of the outstanding economists of our country. His reputation for integrity, fairness, and impartiality can not be questioned. When he was testifying he was asked whether a commission of experts dealing with the tariff alone might not act more justly than Congress, because of the pressure brought to

bear upon the latter. His reply in effect was that if the experts could maintain the position of "judicial experts" that might be true, but he said that the danger was that the appointments would not be free from pressure so that the appointees would not be judicial experts. As I recall, he stated that free-traders and protectionists would naturally be disposed to follow their views, as a result of which the judicial quality of the commission would be affected. He also stated that appointments had been made not "entirely with a view to ability or training or attainments"; and that it was his opinion that in recent appointments to the commission this process has been carried to a "dangerous and lamentable extreme." He stated, in substance, that some appointments seemed to have been made upon recommendations known to be acceptable to the party and administration in power.

One of the commissioners, Mr. Burgess, I believe, in his testimony, stated, in substance, that the commission had not functioned as a nonpartisan commission and had been a disappointment to its friends. As stated, a perusal of the record will show that the commission failed to justify its existence.

In many of its reports, when it was acting under the flexible-tariff provision, there was a division among the commissioners, conflicting views, different interpretations of the facts and the application of the facts. In reading the various reports submitted, and I have read most of them, I could not help being impressed with the view that some of the commissioners were biased, prejudiced, and partisan, and were more interested in carrying out supposed policies of the party to which they belonged than in fairly and judicially ascertaining the facts and basing their conclusions thereon.

One of the noted cases before the commission was the Log case, and the views of some of the commissioners were so untenable as to call for a very caustic criticism by one of the commissioners. He said, referring to the position taken by three of the commissioners, that—

Under the doctrine that hypothesis may be substituted for reality and inconvenient facts ignored, any commissioner may arrive at a predetermined judgment in any case. By a similar selective process one may spell from a box of lettered blocks any word he may desire.

Of course, such methods mean the destruction of the commission as a scientific fact-finding body \* \* \*. To the serious minded who still retain some faith in the commission as a valuable advisory board to the President, the doctrine referred to will bring only mortification and distress.

Such a doctrine is a species of sacrilege, since it breaks down the invisible altar of public trust in a governmental agency.

Three of the members of the select committee which investigated the Tariff Commission reported that Commissioner Page had resigned from the commission, in part at least, because he did not believe that the commission could function under the flexible provision; they also stated that if the Tariff Commission was to be continued its prestige could only be restored and maintained by safeguarding against appointing to the commission representatives of special interests or organizations concerned directly with the work of the commission.

Mr. President, the weaknesses of the commission and its wholly unsatisfactory record call for some drastic changes in the law or demonstrate that greater care must be taken, if the commission shall be continued, in selecting its personnel. The commission should be an agency in the legislative branch of the Government to aid Congress in the exercise of its legislative functions relating to customs duties. It should be composed of persons competent to investigate and ascertain facts, a knowledge of which Congress should possess when it formulates tariff legislation. The commission should be a fact-finding agency and selected because of the character, learning, ability, and scientific knowledge of its members.

The members of the commission should be able to discriminate and to weigh facts and to draw rational and just conclusions. An examination of the proceedings in some of the cases which have been considered by the commission and reported to the President reveal how puerile were some of the investigations and how absurd, if not silly, were some of the matters investigated.

Mr. President, much as I sympathize with the amendment of the Senator from Nebraska, I shall not give it my support. I shall vote to continue the Tariff Commission. I do so with some misgivings arising from the unfortunate, not to say deplorable, record which has been made by the commission during the past eight years.

Mr. NORRIS. Mr. President, after consulting with several Members of the Senate on both sides of the Chamber, I have concluded that I will modify my amendment by omitting the last clause, the one providing for a request of the President.

The VICE PRESIDENT. The Senator modifies his amendment to the amendment.

Mr. SIMMONS. Mr. President, let the amendment to the amendment be reported as modified.

The VICE PRESIDENT. The clerk will report the amendment to the amendment as modified.

The LEGISLATIVE CLERK. It is proposed to add at the end of the committee amendment:

It is hereby declared to be the intention of Congress to provide that the Tariff Commission, in all its official functions, shall act judicially, and that in the determination of any matter submitted to it no consideration whatever shall be given to partisanship or party policy.

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

The amendment to the amendment was agreed to.

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

Mr. KING. How will the amendment read as amended?

The VICE PRESIDENT. It will be the committee amendment as amended by the amendment proposed by the Senator from Nebraska. Does the Senator want to have it reported?

Mr. KING. Does that carry with it the provision for the salaries? It is not the entire provision that we are to vote upon?

Mr. SMOOT. No. This is on page 308, section 330.

The VICE PRESIDENT. The Secretary will report the amendment as amended, so that Senators will know what they are about to vote upon.

The LEGISLATIVE CLERK. On page 308, line 9, the committee proposes to strike out the following:

No person shall be eligible for appointment as a commissioner unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of tariff problems and efficiency in administering the provisions of Part II of this title.

And to insert the following:

Not more than three of the commissioners shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable. It is hereby declared to be the intention of Congress to provide that the Tariff Commission, in all its official functions, shall act judicially, and that in the determination of any matter submitted to it, no consideration whatever shall be given to partisanship or party policy.

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

The amendment as amended was agreed to.

Mr. MCKELLAR. Mr. President, may I make a parliamentary inquiry?

The VICE PRESIDENT. The Senator will state it.

Mr. MCKELLAR. Is it now in order to offer an amendment striking out "\$12,000," in line 15, page 309, and inserting a smaller amount? I want to offer an amendment to fix the amount at \$10,000.

The VICE PRESIDENT. That amendment will be in order after the committee amendments are disposed of. The Chair understands that there are two amendments at the bottom of page 308, which will be stated.

The LEGISLATIVE CLERK. On page 308, line 23, term of office of tariff commissioners, the committee proposes to strike out "seven" and insert "six."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The LEGISLATIVE CLERK. And in line 25, strike out "seven" and insert "six."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. The next section that was asked to go over is section 337, on page 326, unfair practices in import trade. The committee offers no amendment to that section, but I understand the Senator from Wisconsin [Mr. BLAINE] desires to speak upon the section and offer an amendment to it. Of course, that can be done now by unanimous consent, but I have no objection at this time of the day to take it up and, if we can, dispose of it to-day. I would like it if that might be done.

Mr. KING. Mr. President—

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

Mr. SMOOT. I yield.

Mr. KING. I would like to offer an amendment and have it read at this juncture, and I shall be very glad if the Senator from Wisconsin [Mr. BLAINE] will do me the honor of listening to the amendment. I do not know just what his amendment contemplates.

The VICE PRESIDENT. The clerk will report the amendment submitted by the junior Senator from Utah.

Mr. WALSH of Massachusetts. Mr. President, may I suggest that unanimous consent be given first to take up this section?

Mr. SMOOT. If it is going to lead to any debate, we will act on the committee amendments first.

The VICE PRESIDENT. Let the amendment proposed by the junior Senator from Utah [Mr. KING] be reported.

The LEGISLATIVE CLERK. Beginning with line 13, on page 326, strike out through line 6, on page 330, and insert in lieu thereof the following:

Sec. 337. Unfair practices in import trade: (a) Investigations of unfair practices: Upon its own motion or upon application of any interested party showing good and sufficient reason therefor, the commission shall investigate and find whether there exists any alleged unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry efficiently and economically operated in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States.

The commission shall transmit to the Congress, to the Attorney General, and to the Federal Trade Commission, as soon as practicable after the completion of any such investigation, a report upon the investigation and its findings therein. The report so transmitted to the Congress shall be accompanied by such recommendations as the commission deems advisable.

(b) Rules of procedure: No report shall be made by the commission under this section unless the findings of the commission with respect thereto are reached after an investigation by the commission during the course of which the commission shall have held hearings and given reasonable public notice of such hearings, and reasonable opportunity for the parties interested to be present, to produce evidence, and to be heard. The commission is authorized to adopt such reasonable rules of procedure as may be necessary to execute its functions under this section.

(c) Definition: When used in this section and in sections 338 and 340 the term "United States" includes the several States and Territories, the District of Columbia, and all possessions of the United States except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

Mr. KING. Mr. President, personally, I think the entire section to which my amendment relates should be stricken out, but out of deference to what I suppose to be the views perhaps of some Senators whose opinions I respect very much, I have offered the amendment. I should be very glad when the matter comes up for consideration and discussion if the Senate should take the view that the entire provision should be eliminated because it does not belong in a tariff bill, in my opinion. We have a Federal Trade Commission and we have our laws against unfair practices, the Sherman law, and the Clayton Act. To incorporate it a tariff measure a provision of this kind would seem to me to render the measure subject to the criticism that there are incongruities in the legislation.

Mr. SMOOT. I ask that the amendment may go over.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. SMOOT. Mr. President, there are three amendments to be offered to this section, since we struck out section 336, that I ask to have acted on now. They provide for the elimination of certain matters—

Mr. NORRIS. Mr. President, I want to ask the Senator a question first. Has section 336 been stricken out? The Senator made that statement.

Mr. SMOOT. It was amended.

Mr. NORRIS. I understood the Senator to say it had been stricken out.

Mr. SMOOT. I mean the provisions as reported have been amended. These other amendments have no possible reference to the amendments as now adopted by the Senate.

Mr. NORRIS. I expect to offer an amendment—I thought I would be able to do it to-day, but I will not—which I will probably designate as section 336-a, but that will not interfere with what the Senator is trying to do now.

Mr. SMOOT. Not at all. On page 339, lines 20 to 25, the House provided as follows:

(4) If there be any similar competitive article manufactured or produced in the United States of a class or kind upon which the President has made public a finding as provided in subdivision (b) of section 336 of this act, then the American-selling price of such article.

Section 336, giving the President power to make public the findings, was stricken out, and therefore I ask that we strike

out paragraph 4, page 339, lines 20 to 25, inclusive, which I have just read.

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

The amendment was agreed to.

Mr. SMOOT. In line 19, on the same page, strike out the semicolon and insert a period.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. KING. Mr. President, will my colleague yield?

Mr. SMOOT. I yield.

Mr. KING. Has the Senator any amendment to offer to section 334, page 318? For instance, in line 14 it is provided, "When directed by the President." It seems to me in view of the action on the part of the Senate a few days ago that phraseology might well be stricken out.

Mr. SMOOT. That is existing law and it has nothing to do with the Tariff Commission. When the President desires he may ask the commission to furnish certain papers, and so forth. The President can now request that of the commission. There is no change in existing law.

Mr. KING. It seems to me the President would not want authority now in view of the action taken the other day. However, I shall not press it.

Mr. GEORGE. Mr. President, may I ask the Senator from Utah if the amendment on page 340 has been agreed to?

Mr. SMOOT. The amendment on page 340 was not agreed to.

Mr. GEORGE. That has not been acted upon?

Mr. SMOOT. No. If the amendment relating to paragraph (b) on page 340 is agreed to, then, of course, the amendments on pages 396 and 402 should be agreed to striking out that language. But we have not agreed to the Senate committee amendment yet. Does the Senator want to take it up tonight?

Mr. GEORGE. I was merely inquiring whether the Senate committee amendment on page 340 had been agreed to.

Mr. SMOOT. No; it has not been agreed to.

Mr. GEORGE. To what other section did the Senator refer?

Mr. SMOOT. If this is disagreed to, then we will have to turn to page 396, notice of appraisement—reappraisement, section 501.

Mr. GEORGE. I did not know there was any objection to the Senate committee amendment on page 340.

Mr. SMOOT. I do not know that there is.

Mr. HARRISON. Why not take action on that now?

The VICE PRESIDENT. The clerk will report the amendment on page 340.

The LEGISLATIVE CLERK. On page 340 strike out lines 1 to 25, inclusive, and on page 341, lines 1 to 11, inclusive.

Mr. REED. Mr. President, I understand that a list of taxpayers has been furnished to the newspapers which is entitled "Request Made by Majority Members of Senate Finance Committee for Income Tax Information Under Senate Resolution 108."

I had believed that it was thoroughly understood that this list should be labeled "Request made by certain majority members of the Senate Finance Committee," and so forth. I understand it has gone to the newspapers in this form.

I think it is only fair to certain members of the committee, a minority of the majority members, to say that they do not concur in the request, but they regard the whole business of sending for tax returns as being about on a level with peeping through a keyhole. They have submitted no names and have taken no part in the making of this request.

Mr. HARRISON. Mr. President, is this list to be put in the RECORD the same as other lists submitted by the majority?

Mr. SMOOT. It will be put in the RECORD this afternoon.

Mr. HARRISON. Will the Senator state also the Senators of the majority of the committee who made the request?

Mr. SMOOT. No more than I have stated the Senators of the minority who made a similar request. I might as well ask now to have the list inserted in the RECORD. I ask unanimous consent that a certain list of companies be inserted in the RECORD, asked for under resolution 108 by a majority of the majority members of the Finance Committee; also a list submitted by the Senator from Oregon [Mr. STEWART] and an additional list submitted by the Senator from Massachusetts [Mr. WALSH].

The VICE PRESIDENT. Without objection, the lists will be printed in the RECORD.

The lists are as follows:

REQUEST MADE BY MAJORITY OF MAJORITY MEMBERS OF SENATE FINANCE COMMITTEE FOR INCOME TAX INFORMATION UNDER SENATE RESOLUTION 108

Coty (Inc.), New York City.

Houbigant Corporation, New York City.

Millville Bottle Works, Millville, N. J.

Eimer & Amend, New York City.  
 E. H. Sargent, Chicago, Ill.  
 Popper & Kline, New York City.  
 International Glass Co., Millville, N. J.  
 Combler Co. (Inc.), New York City.  
 Coudurier Sructus & Bescher, New York City.  
 Ducharne Silk Co., New York City.  
 I. S. Wolf & Co., New York City.  
 Belding Hemingway Co., New York City.  
 Amalgamated Silk Corporation, New York City.  
 General Silk Corporation, New York City.  
 C. K. Eagle & Co. (Inc.), New York City.  
 Grace & Schmidt, New York City.  
 Kastor Brothers, New York City.  
 Jackson Shear Co., Fremont, Ohio.  
 Henkle-Clauss Co., Fremont, Ohio.  
 F. H. Tieterman, New York City.  
 Schraeder & Ehlers, New York City.  
 Julius Schmid (Inc.), New York City.  
 Vulcanized Rubber Co., New York City.  
 Seamless Rubber Co., New Haven, Conn.  
 American Hard Rubber Co., New York City.  
 Boston Plate & Window Glass Co., New York City.  
 Semon Bache & Co., New York City.  
 Bremenfeld Glass Co., New York City.  
 W. P. Fuller, San Francisco, Calif.  
 Pyre Brothers Glass Co., Los Angeles, Calif.  
 Interstate Window Glass Co., Los Angeles, Calif.  
 Baker Bros. Glass Co., Okmulgee, Okla.  
 Harding Glass Co., Fort Smith, Ark.  
 Rolland Glass Co., Clarksburg, W. Va.  
 Blackford Window Glass Co., Vincennes, Ind.  
 Standard Plate Glass, Vincennes, Ind.  
 American Plate Glass, James City, Pa.  
 F. A. O. Schwartz, New York City.  
 B. Ilfelder, New York City.  
 Hayward & Homer, New York City.  
 Louis Wolf & Co. (Inc.), New York, N. Y.  
 Ives Manufacturing Corporation, Bridgeport, Conn.  
 Kirby Manufacturing Co., Middletown, Conn.  
 J. Einstein (Inc.), New York City.  
 Sam Shapiro, New York City.  
 F. Hecht, New York City.  
 Herman Loewenstein, New York City.  
 Leather DeLuxe Co., New York City.  
 American Hide & Leather Co., Boston, Mass.  
 Pfister & Vogel Co., Milwaukee, Wis.  
 Barnett Leather Co., Boston, Mass.  
 Toxaway Tanning Co., Brevard, N. C.  
 Grieffslager-Pfeger Tanning Co., Cincinnati, Ohio.  
 Cassell Kid Co., Camden, N. J.  
 National Leather Co., Boston, Mass.  
 Heinrich & Winterling, New York City.  
 Continental Ceramic Corporation, New York City.  
 Nogoya Seitoshu (Ltd.), New York City.  
 Knowles, Taylor & Knowles, East Liverpool, Ohio.  
 D. E. McNicol Pottery Co., East Liverpool, Ohio.  
 E. H. Sebring China Co., Sebring, Ohio.  
 Steubenville Pottery Co., Steubenville, Ohio.  
 Portland Stoneware Co., Boston, Mass.  
 Philadelphia Export Co., Philadelphia, Pa.  
 Carolina Portland Cement Co., Charleston, S. C.  
 Gulf State Import & Export Co., New Orleans, La.  
 Edison Portland Cement Co., New York City.  
 Pennsylvania-Dixie Cement Corporation, New York City.  
 Giant Portland Cement Co., Philadelphia, Pa.  
 Southern States Portland Cement Co., Rockmart, Ga.  
 Signal Mountain Portland Cement Co., Chattanooga, Tenn.  
 F. Schumacher & Co., New York City.  
 John & Faulkner Co., New York City.  
 M. H. Rogers, New York City.  
 Stroheim & Romann, New York City.  
 A. Theodore Abbott & Co., Allegheny Avenue, Philadelphia, Pa.  
 Vigilant Mills, Philadelphia, Pa.  
 Herbert B. Newton & Co., Philadelphia, Pa.  
 Craftex Mills (Inc.), Philadelphia, Pa.  
 Robert Lewis Co., Philadelphia, Pa.  
 Faichney Instrument Co., Watertown, N. Y.  
 MacGregor & Co., Needham, Mass.  
 Doniger & Co., New York City.  
 Clay & Adams, New York City.  
 Reid Bros., San Francisco, Calif.  
 Popper & Klein, New York City.  
 Fred S. Betz & Co., Hammond, Ind.  
 U. S. Syringe Manufacturing Co., Vineland, N. J.

New Jersey Syringe Co., Millville, N. J.  
 Wottrind & Co., Bethlehem, Pa.  
 East Rutherford Syringe Co., East Rutherford, N. J.  
 Geldroyce Manufacturing Co., Vineland, N. J.  
 Randell Faichney Co., Boston, Mass.  
 Rogers, Brown & Crocker Bros., Philadelphia, Pa.  
 R. D. Wood & Co., Philadelphia, Pa.  
 Phillips Bros., Philadelphia, Pa.  
 Morris Wheeler & Co. (Inc.), Philadelphia, Pa.  
 Berko Bros. Co., Philadelphia, Pa.  
 Mystic Iron Works, Boston, Mass.  
 Replogle Steel Co., New York City.  
 E. & Go. Brooks Iron Co., Birdsboro, Pa.  
 Delaware River Steel Co., Chester, Pa.  
 Emporium Iron Co., Emporium, Pa.  
 Warwick Iron & Steel Co., Pottstown, Pa.  
 Dodwell & Co. (Ltd.), New York City.  
 American Steel Export Co., New York City.  
 American Petrometal Corporation, New York City.  
 Allan Wood Iron & Steel Co., Philadelphia, Pa.  
 Milton Manufacturing Co., Milton, Pa.  
 Texas Steel Co., Fort Worth, Tex.  
 Herbert Kennedy Co., New York City.  
 R. D. Wood & Co., Philadelphia, Pa.  
 Warren Foundry & Pipe Co., Phillipsburg, N. J.  
 Donaldson Iron Co., Emaus, Pa.  
 Milbank, Leaman & Co., New York City.  
 E. H. Van Ingen & Co., New York City.  
 American Woolen Co., Boston, Mass.  
 Amoskeag Manufacturing Co., Boston, Mass.  
 Arlington Mills, Boston, Mass.  
 Cleveland Worsted Mills Co.  
 Pacific Mills, Boston, Mass.  
 United States Worsted Co.  
 Glendinning, McLeish & Co., New York City.  
 Lamb, Findlay & Co., New York City.  
 Amrein, Freudenberg Co. (Inc.), New York City.  
 Wonsetta Mills, New Bedford, Mass.  
 Neild Manufacturing Co., New Bedford, Mass.  
 Berkshire Mills, Adams, Mass.  
 Dartmouth Manufacturing Co., New Bedford, Mass.  
 Butler Manufacturing Co., New Bedford, Mass.  
 The Prang Co., New York City.  
 Talens & Sons, Inc., Irvington, N. J.  
 Lewis E. Myers Co., Valparaiso, Ind.  
 Hi-Jen Crayon Co., Valley Park, Mo.

## PHILADELPHIA, PA.

Rogers, Brount & Crocker Bros.  
 Billing & Co.  
 R. D. Wood & Co.  
 Phillips Bros.  
 Morris Wheeler & Co. (Inc.).  
 Belmont Iron Works.  
 Berko Bros. Co.  
 John B. Ellison & Sons.  
 Lippincott Johnson Co.  
 Alexander C. Ferguson & Co.  
 Philadelphia Export Co.  
 John Wanamaker.  
 Bonwit-Teller & Co.  
 Strawbridge & Clothier, Market.  
 Lit Bros.

## CHICAGO, ILL.

Laidlaw Bros.  
 Montgomery Ward & Co.  
 Sears, Roebuck & Co.  
 Mandel Bros.  
 The Fair.  
 Carson, Pirie & Scott.  
 Pitkin & Brooks.  
 Schiller, Arthur & Son.  
 Prang Co.

## MISCELLANEOUS

Gruen Watchmakers' Guild, Cincinnati, Ohio.  
 The China Importing Co., Cleveland, Ohio.  
 Prang Co., San Francisco, Calif.  
 Talens & Son (Inc.), Irvington, N. J.  
 W. T. Rawleigh, Freeport, Ill.  
 The W. T. Rawleigh Co., Freeport, Ill.  
 Jordan Marsh & Co., Boston, Mass.  
 Hickey Freeman Co., Rochester, N. Y.  
 B. Forman Co., Rochester, N. Y.  
 Sibley, Lindsay & Curr, Rochester, N. Y.  
 May, The Co., Cleveland, Ohio.

Filene & Co., Boston, Mass.  
 R. H. White & Co., Boston, Mass.  
 Jos. Horn & Co., Pittsburgh, Pa.  
 Ely Walker Dry Goods Co., Washington and Sixteenth Streets, St. Louis, Mo.

Kresge, S. S., Co., Detroit, Mich.  
 Stein-Bloch Co., The, Rochester, N. Y.  
 Stix-Baer & Fuller Co., St. Louis, Mo.  
 American Standard Watch Case Co., Providence, R. I.

## NEW YORK, N. Y.

Altman, B., & Co.  
 American Petrometal Corporation.  
 American Steel Export Co.  
 Amrein, Freudenberg, Co.  
 Best & Co.  
 Bill & Caldwell.  
 Bonwit-Teller & Co.  
 Borgfeldt & Co.  
 Botany Consolidated Mills.  
 Boulevir Watch Co.  
 Bourjois, A., & Co.  
 Burns Wolfe & Co.  
 Burroughs Wellcome Co.  
 Butler Bros.  
 Bulova Watch Co.  
 Bayer Pretzfelder & Mills.  
 Carib Co.  
 Giba Co.  
 Cinelli Hat Co., R. (Inc.).  
 Coty (Inc.).  
 Dodge & Olcott Co.  
 Dodwell & Co.  
 Dunhill, Alfred, of London (Inc.).  
 Dunther, Wagner (The Pelican Works).  
 Doshi Trading Co. (Ltd.).  
 Ellison, John B., & Sons.  
 Ely Walker Dry Goods Co.  
 French American Elastic Co. (Inc.).  
 Fritzsche Bros. (Inc.).  
 Gauert, R. W.  
 Geigy Co.  
 General Dyestuff Corporation.  
 Gimbel Bros.  
 Glendinning, McLeish & Co. (Inc.).  
 Grosser Knitting Machine Co.  
 Havalind, Theodore & Co.  
 Haviland China Co.  
 Houbigant (Inc.).  
 Illfelder, B., & Co.  
 Johnson & Faulkner.  
 Jaeger Watch Co.  
 Kastor, Adolph, & Bros.  
 Kayser, Julius, & Co.  
 Klipstein, A., & Co.  
 Kny-Scheerer Corporation of America.  
 Kohlberg, A.  
 Kuttroff, Pickhardt & Co.  
 Knickerbocker Watch Co.  
 Laidlaw Bros.  
 Lamb, Finlay & Co.  
 Lang-Kidde Co. (Inc.).  
 Langley-Whorton Co. (Inc.).  
 Lazarus & Rosenfeld.  
 Lazarus & Rosenfeld (Inc.).  
 Lionel Corporation.  
 Lionel Trading Corporation.  
 Lord & Taylor.  
 Macy, R. H., & Co.  
 McCreery, James, & Co.  
 Maddock & Miller.  
 Mali, H. W. T., & Co.  
 Manealoff & Co. (Inc.).  
 Marshall Field & Co.  
 May Department Stores Co.  
 Meakin & Ridgway (Inc.).  
 Metz, H. A., & Co. (Inc.).  
 Milbank-Leaman & Co.  
 Mogi, Mononoi & Co.  
 Morimura Bros. (Inc.).  
 Mundet & Son (Inc.).  
 Nakayama, G.  
 New York Merchandise Co.  
 Ovington Bros. Co.  
 Pastene, P., & Co. (Inc.).  
 Peck & Peck.

Pfaltz & Bauer (Inc.).  
 Pitcairne, W. S. (Corp.).  
 Prang Co.  
 Rogers, M. H., Co.  
 Rogers & Gallet.  
 Rosenthal China Co. (Inc.).  
 Saks & Co.  
 Sandoz Chemical Works.  
 Schmid, Julius (Inc.).  
 Schiering & Glatz.  
 Schumacher & Co.  
 Schwartz, F. A. O. (toyshop).  
 Sheet Piling Co. (Inc.).  
 Stein, S., & Co.  
 Steel Union Co. (Inc.).  
 Strohmeier & Arpe Co.  
 Syndicate Trading Co.  
 Synthetic Nitrogen Products Corporation.  
 Taiyo Trading Co.  
 Van Ingen, E. H., & Co.  
 Wanamaker, John.  
 Wetterwald & Pfister Co. (Inc.).  
 Winsor & Newton (Inc.).  
 Winter, Wolf & Co. (Inc.).  
 Woodworth (Inc.).  
 Woolworth, F. W., Co.  
 Westfield Watch Co.

## LIST OF NAMES SUBMITTED BY SENATOR STEIWER, OF OREGON, ON BEHALF OF THE OREGON DELEGATION, TO HON. REED SMOOT, CHAIRMAN SENATE FINANCE COMMITTEE, UNDER SENATE RESOLUTION 108 FOR INCOME-TAX RETURNS

Anderson & Middleton Lumber Co., Aberdeen, Wash.  
 Astoria Box & Paper Co., Astoria, Oreg.  
 A. & U. Lumber Co., Enumclaw, Wash.  
 Bay City Lumber Co., Aberdeen, Wash.  
 Bishop, E. K., Lumber Co., Aberdeen, Wash.  
 Bissell Lumber Co., P. O. box 72, Seattle, Wash.  
 Bohemia Lumber Co., Cottage Grove, Oreg.  
 Booth-Kelly Lumber Co., Eugene, Wash.  
 Brattle Bros. Mill Co., Ridgefield, Wash.  
 Bridal Veil Timber Co., Bridal Veil, Oreg.  
 Bryant Lumber Co., Seattle, Wash.  
 Buchanan Lumber Co., Olympia, Wash.  
 Canyon Lumber Co., Everett, Wash.  
 Carlisle Lumber Co., Onalaska, Wash.  
 Central Coal & Coke Co. (Oregon-American Lumber Co., Kansas City, Mo.).  
 Chambers, J. H., & Son, Cottage Grove, Oreg.  
 Chehalis Mill Co., Salkum, Wash.  
 Clark-Nickerson Lumber Co., Everett, Wash.  
 Clear Fir Lumber Co., Tacoma, Wash.  
 Clough Lumber Co., Stanwood, Wash.  
 Clough-Hartley Co., Everett, Wash.  
 Cobbs & Mitchell Co., Portland, Oreg.  
 Colby Lumber Co., Seattle, Wash.  
 Coos Bay Logging Co., North Bend, Oreg.  
 Coos Bay Lumber Co., Marshfield, Oreg.  
 Coyote Lumber Co., Eugene, Oreg.  
 Cressett Western Co., Wauna, Oreg.  
 Dickman Lumber Co., Tacoma, Wash.  
 Dolge, Ernest (Inc.), Tacoma, Wash.  
 Du Bois Mill Co., Vancouver, Wash.  
 Duncan Lumber Co., Portland, Oreg.  
 East Side Mill & Lumber Co., Portland, Oreg.  
 Eastern Railway & Lumber Co., Centralia, Wash.  
 Eclipse Mill Co., Everett, Wash.  
 Elliott Bay Mill Co., Seattle, Wash.  
 Eugene Transit Milling Co., Eugene, Oreg.  
 Fischer Lumber Co., Marcola, Oreg.  
 Glendale Lumber Co., Glendale, Oreg.  
 G. H. P. Lumber Co., Hillsboro, Oreg.  
 Giustina Bros., Eugene, Oreg.  
 Hankin Lumber Co., Sedro-Woolley, Wash.  
 Hulbert, William, Mill Co., Everett, Wash.  
 Issaquah Valley Lumber Co., Issaquah, Wash.  
 Juneau Lumber Mills (Inc.), Juneau, Alaska.  
 Ketchikan Spruce Mills (with Seattle office), Ketchikan, Alaska.  
 Knappton Mills & Lumber Co., Portland, Oreg.  
 Lewis Mills & Timber Co., South Bend, Wash.  
 Lewis-Peters Lumber Co., Eugene, Oreg.  
 Long-Bell Lumber Co., Kansas City, Mo.  
 Matlock, A. M., Veneta, Oreg.  
 McMaster, John, Shingle Co., Seattle, Wash.  
 Miller, E. C., Cedar Lumber Co., Aberdeen, Wash.  
 Miller, W. J., Monroe, Oreg.

Moore Mill & Lumber Co., Bandon, Oreg.  
 Mountain Lumber Co., Tacoma, Wash.  
 Mumby Lumber & Shingle Co., Bordeaux, Wash.  
 Murray & Co., D. P., Newberg, Oreg.  
 Mutual Lumber Co., Bucoda, Wash.  
 Nettleton Lumber Co., Seattle, Wash.  
 North Western Lumber Co., Hoquiam, Wash.  
 Oriental Lumber Co., Aberdeen, Wash.  
 Ostrander Railway & Timber Co., Ostrander, Wash.  
 Owen-Oregon Lumber Co., Medford, Oreg.  
 Pacific National Lumber Co., Tacoma, Wash.  
 Pacific Spruce Corporation, Portland, Oreg.  
 Pacific States Lumber Co., Tacoma, Wash.  
 Parker-Poyneer Lumber Co., Everett, Wash.  
 Penn Lumber Co., McGlynn, Oreg.  
 Polson Lumber & Shingle Co., Hoquiam, Wash.  
 Prouty Lumber & Box Co., Warrenton, Oreg.  
 Raymond Lumber Co., Raymond, Wash.  
 Robinson Manufacturing Co., Everett, Wash.  
 Seattle Cedar Lumber Manufacturing Co., Seattle, Wash.  
 Silver Falls Timber Co., Silverton, Oreg.  
 Skagit Mill Co., Lyman, Wash.  
 Snellstrom Bros. (Inc.), Eugene, Wash.  
 Snoqualmie Falls Lumber Co., Snoqualmie Falls, Wash.  
 Southeast Portland Lumber Co., Portland, Oreg.  
 Springer Mill Co., Olympia, Wash.  
 St. Paul & Tacoma Lumber Co., Tacoma, Wash.  
 Stimson Timber Co., Seattle, Wash.  
 Stimson Mill Co., Seattle, Wash.  
 Umpqua Mills & Timber Co., Reedsport, Oreg.  
 Wagner Lumber Co., Monroe, Wash.  
 Wallace Lumber & Manufacturing Co., Sultan, Wash.  
 Walton Lumber Co., Everett, Wash.  
 Walville Lumber Co., Walville, Wash.  
 Washington Lumber & Spar Co., Renton, Wash.  
 Washington Veneer Co., Olympia, Wash.  
 Western Lumber Co., Westfir, Oreg.  
 Western Lumber Manufacturing Co., Tacoma, Wash.  
 Westport Lumber Co., Westport, Oreg.  
 West Waterway Lumber Co., Seattle, Wash.  
 Weyerhaeuser Timber Co., Tacoma, Wash.  
 Whatcom Falls Mill Co., Bellingham, Wash.  
 White River Lumber Co., Enumclaw, Wash.  
 Willapa Lumber Co., Portland, Oreg.  
 Williams Fir Finish Co., Seattle, Wash.  
 Wood, E. K., Lumber Co., Anacortes, Wash.  
 Wood & Iverson (Inc.), Hobart, Wash.  
 Woodward, W. A., Lumber Co., Cottage Grove, Oreg.

ADDITIONAL REQUESTS MADE BY SENATOR WALSH OF MASSACHUSETTS,  
 MINORITY MEMBER, SENATE FINANCE COMMITTEE, FOR INCOME-TAX  
 RETURNS UNDER SENATE RESOLUTION 108

American Lead Pencil Co., New Jersey.  
 Blaisdell Pencil Co., Philadelphia, Pa.  
 Joseph Dixon Crucible Co., Jersey City, N. J.  
 Eagle Pencil Co., New York.  
 The Essex Lumber Co., Stockton, Calif.  
 M. A. Ferst (Ltd.), Atlanta, Ga.  
 Eberhard Faber Pencil Co., Brooklyn, N. Y.  
 General Pencil Co., Jersey City, N. J.  
 Houston & Liggett (Inc.), Lewisburg, Tenn.  
 Hudson Lumber Co., San Leandro, Calif.  
 Musgrave Pencil Co., Shelbyville, Tenn.  
 Rite-Rite Corporation, Chicago, Ill.  
 Springfield Cedar Co., Oakland, Calif.  
 United States Pencil Co., Philadelphia, Pa.  
 Wallace Pencil Co., St. Louis, Mo.  
 American Crayon Co., Sandusky, Ohio.

Mr. LA FOLLETTE. Mr. President, I wish the Senator from Pennsylvania would tell us which of his colleagues on the committee he thought were peeping through a keyhole.

Mr. EDGE. Mr. President, in line with the suggestion of the Senator from Wisconsin, so far as one of the colleagues of the Senator from Pennsylvania on the committee is concerned, I likewise join in the same viewpoint he has expressed. I have made no request whatever to the committee to have furnished the tax returns of any taxpayer. Personally I feel, after careful consideration and some investigation, that so far as it would be useful in the making of a tariff bill, the Senate will be very much disappointed with the information available. I do not think it will contribute in any material degree to a businesslike consideration of the rate problem before us, and for that reason I have not asked for any returns on my own account.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

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

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

Mr. EDGE. I yield to the Senator from Pennsylvania.

Mr. REED. I am requested by the Senator from Vermont [Mr. GREENE] to say that he shares the views which have been expressed by the Senator from New Jersey [Mr. EDGE] and myself; and I know that if the Senator from Connecticut [Mr. BINGHAM] were present he would say that he shares in those views.

Mr. HARRISON. Mr. President, will the Senator from New Jersey now yield to me?

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

Mr. EDGE. I yield the floor.

Mr. HARRISON. The Senator from Pennsylvania [Mr. REED] has answered my question. I had understood from what the Senator from New Jersey said that the Senator from Pennsylvania disclaimed any cooperation in the making of this request. I now understand that their ranks have been augmented by two other Senators, and that the other members of the majority of the Finance Committee made the request.

Mr. EDGE. Of course, the Senator from Mississippi may make his own deductions. I have no further information to give. I merely speak for myself.

Mr. HARRISON. Is not what I have stated the only deduction that I could make?

Mr. SMOOT. Mr. President, these names have been suggested by a number of Senators, and the committee acted upon them just as we acted upon the names which were suggested by the minority members of the committee. The names of the Senators making the request we have never submitted, whether the request was that of the minority members of the committee or of a minority of the majority members of the committee.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Utah yield to me?

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

Mr. SMOOT. Yes; I yield.

Mr. WALSH of Massachusetts. Mr. President, I respectfully beg the Senator's pardon, but on three different occasions he has publicly announced on the floor that I have submitted lists of names. I am not ashamed of the fact that I did make such requests, and the Senator had a perfect right, whenever I did so, to make the fact public; but his statement that he has never mentioned the names of the members of the committee who have asked for these returns is not correct.

Mr. SMOOT. I think that at the time I mentioned the Senator's name I stated that the names that I submitted at that time were furnished by him and him only. That may have happened.

Mr. WALSH of Massachusetts. I think the names of all Senators who request information as to income-tax returns ought to be made public. No Senator ought to be ashamed to let it be known whose income-tax returns he is asking for.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 340.

The amendment was agreed to.

The VICE PRESIDENT. The next committee amendment passed over is on page 342. The amendment will be stated.

The LEGISLATIVE CLERK. The next amendment of the Committee on Finance is, on page 342, line 18, after the word "value," to strike out "having regard for differences in quality and other differences, based on the price at which merchandise, whether domestic or imported, comparable in construction or use to the imported merchandise, is so offered for sale," and insert "based on the price at which merchandise, whether imported or domestic, comparable in construction or use with the imported merchandise, is so offered for sale, with such adjustments as may be necessary owing to differences in size, material, construction, texture, and other differences," so as to read:

(d) United States value: The United States value of imported merchandise shall be (1) the price at which such or similar imported merchandise is freely offered for sale, at the time of importation of the imported merchandise, packed ready for delivery, in the principal market of the United States to all purchasers, in the usual wholesale quantities and in the ordinary course of trade, or (2) if such or similar imported merchandise is not so offered for sale in the United States, then an estimated value, based on the price at which merchandise, whether imported or domestic, comparable in construction or use with the imported merchandise, is so offered for sale, with such adjustments as may be necessary owing to differences in size, material, construction, texture, and other differences.

Mr. HARRISON obtained the floor.

Mr. WATSON. Mr. President, will the Senator from Mississippi yield to me until I can make a unanimous-consent request?

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

Mr. HARRISON. I yield.

Mr. WATSON. I ask unanimous consent that when the Senate concludes its session to-day it recess until 10 o'clock to-morrow morning; that the session then be held until 1 o'clock p. m., and that at 1 o'clock p. m. a recess be taken until 11 o'clock Monday morning.

Mr. SIMMONS. Mr. President, what time did the Senator from Indiana fix for the Senate to meet to-morrow?

Mr. WATSON. I have asked that when the Senate concludes its business to-day it take a recess until 10 o'clock to-morrow; that it remain in session to-morrow from 10 o'clock until 1 o'clock p. m., and then take a recess from 1 o'clock until 11 o'clock on Monday morning.

The VICE PRESIDENT. Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

Mr. HARRISON. Mr. President, I had hoped and other members of the minority had hoped that the majority members of the Committee on Finance would, in connection with the amendment on page 342, move to strike out the clause as to estimated value, so that there should not be put a value upon articles comparable in use and construction. If the majority members of the Finance Committee shall not take that position, we desire that the amendment shall go over for the present.

Mr. SMOOT. Then, Mr. President, it may go over to-night.

Mr. HARRISON. The Senator from Utah does not think that the majority members of the committee would agree to an amendment to strike out the provision and leave it as in the present law?

Mr. SMOOT. I have not the authority to say so to-night.

The VICE PRESIDENT. Without objection, the committee amendment will be passed over.

Mr. SIMMONS. Mr. President, I wish to ask the Senator from Utah [Mr. SMOOT], the chairman of the Finance Committee, if he will not consent now to take up the amendment which I have submitted to him?

Mr. SMOOT. Does the Senator from North Carolina refer to the amendment on page 314?

Mr. SIMMONS. Yes; at the bottom of page 314.

Mr. SMOOT. I have no objection to taking up the amendment.

Mr. SIMMONS. I offer the amendment which I send to the desk.

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

The LEGISLATIVE CLERK. The Senator from North Carolina proposes an amendment, on page 314, after line 24, to insert the following:

(g) In investigating differences in costs of production for any purpose the commission shall obtain such costs for a normal and representative period. In connection with any such investigation of differences in costs of production the commission shall inquire into the following matters and shall include in its report upon such investigation a summary of the facts with respect to such matters:

(1) The efficiency and economic operation and location of the domestic industry under consideration;

(2) The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is utilized, and the extent of unemployment;

(3) The extent to which adverse conditions of production may be due to foreign competition or to other specified factors;

(4) The extent to which adverse conditions of production may be remedied by adjustments in the tariff laws, taking into consideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any other pertinent competitive factors; and

(5) The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the United States.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina.

Mr. SMOOT. I have no objection to the amendment, Mr. President.

Mr. KING. I should like to have the Senator from North Carolina explain a little more fully than the text of the amendment indicates what is meant by the expression "or to other specified factors," and likewise what would be included within the clause "taking into consideration the substitution of articles." Does that mean that one article may be substituted for another, giving to the commission the right to determine

whether substitution of one article for another would be a proper method of meeting the disparity in the cost abroad and the cost at home?

Mr. SIMMONS. Mr. President, that part of the amendment does not call for any recommendation by the commission. It merely calls for an investigation and report of facts. They are to report as to "the extent to which adverse conditions of production may be remedied by adjustments in the tariff laws, taking into consideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any other pertinent competitive factors."

It was merely for the purpose of ascertaining all the facts which should be taken into consideration in determining rates. First, we want the commission to report with reference to industries which are efficiently and economically operated and located, and, second, the matter of profits and losses and the extent to which productive capacity is utilized, and the extent of unemployment.

These are facts which we are asking the commission to ascertain. The amendment does not confer upon the commission any power with reference to the matters that are referred to in the amendment; it merely suggests to them that they ascertain the facts in respect of those matters and report them to the Congress.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina.

The amendment was agreed to.

Mr. SMOOT. Mr. President, on page 384, I move to strike out beginning with line 11 down to and including line 3, on page 385, and inserting in lieu thereof the amendment which I send to the desk. The amendment proposes to strike out the whole of section 487 as found in the House bill, and is virtually the existing law.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 384, beginning in line 11, it is proposed to strike out down to and including line 3, on page 385, and in lieu thereof to insert the following:

The consignee or his agent may, under such regulations as the Secretary of the Treasury may prescribe, at the time entry is made, or at any time before the invoice or the merchandise has come under the observation of the appraiser for the purpose of appraisement, make in the entry such additions to or deductions from the cost or value given in the invoice as, in his opinion, may raise or lower the same to the value of such merchandise.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

Mr. GEORGE. Mr. President, I should like to have the Senator offer a word of explanation of the amendment and to point out the exact changes it proposes to make in the existing statute.

Mr. SMOOT. I will be glad to do so. Section 487 of the 1922 act provides that the consignee may make in the entry additions to or deductions from the cost or value given in the invoice at any time before the invoice or the merchandise has come under the observation of the appraiser for the purpose of appraisement. This has been construed by the courts to permit amendment at any time before the invoice or the merchandise comes under the personal observation of the appraiser himself. Under the House bill no amendments in the entry are permitted after the invoice or the merchandise has come under the observation, not only of the appraiser but of the assistant appraiser, the examiner, or the examiner's clerk, for the purpose of examination or appraisement. The bill as reported from the Senate committee retained this provision in the House bill. The amendment just sent to the desk restores substantially the existing law. It is believed that there is very little, if any, fraud perpetrated under the present law which, of course, permits importers, after entry and prior to the final statement of the value in the entry, to discuss the value of the merchandise with customs officers engaged in examination or appraisement. As a matter of fact, it has been brought to the attention of the committee that customs officers profit very greatly from the practice of having frank discussion with the importers. This procedure has, since the court decision, become firmly established. The advantages of the present system greatly outweigh any possible disadvantages.

Mr. GEORGE. I understand the purport of the amendment and have no objection to it.

Mr. HARRISON. Mr. President, I was just looking over the list of names submitted by the Senator from Utah on behalf of a majority of the Finance Committee, at least three of the majority members having disclaimed any participation in the nefarious work.

Mr. SMOOT. Four of them.

Mr. HARRISON. I counted the Senator from Vermont [Mr. GREENE]. Of course, the Senator from Connecticut [Mr. BING-

HAM] has not said anything, but another Senator has spoken for him, and so there are four who decline to join in the request. At the same time the Senator from Utah incorporates in this document a list of names at the top of which he puts these words:

Additional requests made by Senator WALSH of Massachusetts, minority member, Senate Finance Committee, for income-tax returns under Senate Resolution 108.

I am just wondering if it is not a little bit peculiar that the Senator, in furnishing this long list of names, says "a majority of the majority," and refuses to tell us what Senators made the request, but incorporates at the head of this list the name of one of the members of the minority who makes a request with regard to six or eight names.

Mr. SMOOT. Mr. President, I presume the reason that was done was that that was the only one submitted by the minority of the committee. I had not any idea of making any discrimination between the Republicans and the Democrats in this respect.

Mr. HARRISON. Oh, I am sure it was just an oversight; but may I say to the Senator from Utah that in looking over this list I notice the name of W. T. Rawleigh, of Freeport, Ill., and the W. T. Rawleigh Co., of Freeport, Ill. Mr. Rawleigh, a Republican, appeared before the committee and made a very splendid presentation of the matter on which he spoke, and told the committee frankly that he had contributed quite liberally in employing experts to prepare data respecting his various rates, and so forth, and had them prepared and published, and sent them here to Members of the Senate, and performed a great work. I can not imagine that the Senator from Illinois [Mr. DENEEN], for instance—a member of the committee—made the request that Mr. Rawleigh's name be put on this list, although we are up in the air as to who did make the request for that particular name.

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

The amendment was agreed to.

Mr. SMOOT. Mr. President, the amendment on page 396, section 501, ought to be agreed to. It goes with section 402 (b).

The VICE PRESIDENT. Will the Senator indicate where the amendment is?

Mr. SMOOT. Page 396, section 501, the amendment in line 18; first, the word "or." Let us agree to that amendment now.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. Then the amendment on line 20, beginning with the word "value," down to and including the word "Treasury," and inserting the word "value" after the word "the," followed by the word "The." I ask that that amendment be agreed to.

Mr. KING. Does the Senator mean to reject the committee amendment?

Mr. SMOOT. No. As section 402 (b) was agreed to, this should be agreed to also. If this is not agreed to, then section 402 (b) should not have been.

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

The amendment was agreed to.

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

The LEGISLATIVE CLERK. The next committee amendment passed over is on page 398, line 10, where the committee proposes to insert the following:

In all proceedings instituted under this section—

Mr. SMOOT. Mr. President, I am quite sure that we can not dispose of that amendment to-night.

Mr. HARRISON. Mr. President, in order to save time and avoid a long discussion, will not the Senator and his colleagues agree to strike out the representative of labor in this matter as well as the representative of the manufacturers, and eliminate the whole proposition? Of course if the manufacturer can send his representative there, and tie up this body, and delay it and harass it, probably labor should have its representative present; but it would seem that the whole matter ought to be stricken out, and we should have such faith in the officials of the Government as to know that the right thing will be done.

Mr. SMOOT. Mr. President, I have no instructions from the committee to do that, and I could not do it now.

Mr. HARRISON. Let it be passed over for the present.

Mr. SMOOT. I asked that it go over.

Mr. KING. Let me say to my colleague that if that amendment is insisted upon, I shall offer an amendment that the consumers' clubs of the United States, and all organizations interested in protecting the consuming public, shall likewise have an opportunity to be represented. I should like the consumers to have some voice if the manufacturers are to control, so far as

they have influence, the action of the authorities of the Government. I have confidence in the integrity of the Government; and I think such legislation as suggested in this amendment is very unwise.

Mr. SMOOT. Mr. President, the amendment on page 399 will have to go over, because it is connected with the labor question.

The VICE PRESIDENT. The amendment will be passed over.

Mr. REED. Mr. President, when is the Senator going to take up these amendments?

Mr. SMOOT. When we take up the labor amendment.

Mr. REED. Why do we not take it up now?

Mr. SMOOT. I am quite sure we could not dispose of it this afternoon, judging from the number of Senators who have already told me they are going to speak on it; and I do not want to have it considered in part and then reconsider it on Monday or to-morrow.

Mr. EDGE. Mr. President, did I understand the Senator to mean that the consideration of the amendment will go over until Monday? I thought the Senator's present plan was to finish these matters to-morrow.

Mr. SMOOT. No; I said "Monday or to-morrow."

Mr. REED. Mr. President, I shall be compelled to be absent part of the time to-morrow. I think this provision regarding intervention by manufacturers and workmen is one of the most important things in the bill, and I certainly should like to be here when it is discussed.

Mr. SMOOT. Can the Senator be here until 1 o'clock?

Mr. REED. I can not be here until one.

Mr. KING. I think the Senator will be safe in not being here until after one.

Mr. REED. The Senator's reassurance is very welcome.

Mr. KING. I am sure the matter will not be taken up, so far as we are concerned, without the Senator's presence.

The VICE PRESIDENT. Will the Senator from Utah indicate the next amendment he would like to have taken up?

Mr. SMOOT. On page 402, lines 3 and 4, the next amendment appears. As we have agreed to section 402 (b), this amendment should be agreed to also.

Mr. KING. Let it be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 402, line 3, it is proposed to strike out the words "or on request for review by the Secretary of the Treasury on basis of value."

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

The amendment was agreed to.

The LEGISLATIVE CLERK. On the same page, line 7, it is proposed to strike out the words "or on such review by the Secretary of the Treasury."

Mr. SMOOT. That is the same thing.

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

The amendment was agreed to.

The LEGISLATIVE CLERK. On the same page, line 9, it is proposed to strike out the words "after due diligence and inquiry on his part."

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

The amendment was agreed to.

Mr. SMOOT. The next amendment is on page 411. It begins with the last two words on page 410.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 410, line 25, it is proposed to strike out the words "such determination" and insert:

In all proceedings instituted under this section an American manufacturer, producer, or wholesaler, or a representative of an American labor organization or labor association shall, with the permission of the court, granted in its discretion, have the right to appear, to offer evidence, to cross-examine witnesses, and to be heard, as a party in interest, under such rules as the United States Customs Court may prescribe. The determination of the court—

Mr. McKELLAR. Let that amendment go over.

Mr. WALSH of Massachusetts. That should be taken up with section 501.

Mr. SMOOT. Yes; let that go over.

The VICE PRESIDENT. The amendment will be passed over. Will the Senator from Utah indicate the next amendment he would like to take up?

Mr. SMOOT. The next amendment is on page 416; but that is the American labor-organization proposition again.

The next amendment is on page 421, the Customs Court.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 421, under "United States Customs Court," the committee proposes to insert the following:

All functions of the Secretary of the Treasury with respect to the appointment and fixing of the compensation of the clerks and other employees of the United States Customs Court, and with respect to the official records, papers, office equipment, and other property of such court, are hereby transferred to the Attorney General. All unexpended amounts allotted from any appropriation for collecting the revenue from customs, available for expenditure by the Secretary of the Treasury for the payment of the salaries of the judges of the United States Customs Court, including judges retired under the provisions of section 518 of the tariff act of 1922, and for the expenses of operation of the United States Customs Court, are hereby transferred to the Department of Justice, to be available for expenditure by the Department of Justice for the same purposes for which such allotments were made.

Mr. SMOOT rose.

Mr. KING. Mr. President, I was about to make an inquiry; but I will withhold it, because the explanation the Senator is about to make may answer what I had in my mind.

Mr. SMOOT. Yes; I will explain the matter.

The amendment on page 421, beginning with line 12, transfers to the Department of Justice the functions of the Secretary of the Treasury with respect to the Customs Court. Under the present law the expenses of the court are paid from the appropriation for collection of revenue from customs, and recommendations for appointment, promotion, or otherwise affecting the clerical force are made by the presiding officer of the court, but the appointments are made by the Secretary of the Treasury. These functions the committee deemed wise to repose in the Attorney General and the Department of Justice. The Congress has seen fit to change the name of this body from the Board of General Appraisers to the Customs Court, and it would seem proper to have it, so far as practicable, under the Department of Justice.

Mr. KING. Mr. President, is there any intention to supersede officials who are now serving in these respective positions?

Mr. SMOOT. None whatever.

Mr. KING. Are they all under the civil service?

Mr. SMOOT. They are, all of them.

Mr. McKELLAR. Mr. President, this is just to put their general control under the Department of Justice instead of the Treasury Department?

Mr. SMOOT. That is all there is to it. When a new appropriation is made, of course it will be made directly to that department.

Mr. McKELLAR. Hereafter?

Mr. SMOOT. Yes.

Mr. KING. I was wondering whether there would be any dislocation of the activities, whether there would be any confusion. These officers have been trained and have contacts with the Treasury Department; and I was wondering whether or not there would be any confusion resulting from the transfers.

Mr. SMOOT. To-day all that the Treasury Department does is to pay their salaries. That is all the responsibility the Treasury Department has. Why not let that be done by the Department of Justice, which handles all of these matters outside of this one?

Mr. KING. I have no objection.

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

The amendment was agreed to.

Mr. SMOOT. Mr. President, the next amendment is on page 480, section 646, "Review of decisions of Court of Customs and Patent Appeals."

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 480 it is proposed to insert a new section, as follows:

SEC. 646. Review of decisions of Court of Customs and Patent Appeals: (a) Review on application of either party: So much of section 195 of the Judicial Code, as amended, as reads "in any case in which there is drawn in question the construction of the Constitution of the United States, or any part thereof, or of any treaty made pursuant thereto, or in any other case when the Attorney General of the United States shall, before the decision of the Court of Customs Appeals is rendered, file with the court a certificate to the effect that the case is of such importance as to render expedient its review by the Supreme Court," is hereby repealed.

Mr. SMOOT. Mr. President, how far down did the clerk read—to line 9?

The LEGISLATIVE CLERK. Paragraph (b), "Application by American manufacturer or American labor."

Mr. SMOOT. Paragraph (b) must go over.

The VICE PRESIDENT. The amendment will be passed over.

Mr. SMOOT. Paragraph (a), of course, ought to be agreed to.

Mr. KING. What page is that?

Mr. SMOOT. Pages 480 and 481. Paragraph (b) has reference to the American manufacturer or American labor. That will go over to be considered at the same time as labor under the other provision of the bill.

Mr. WALSH of Massachusetts. Section 501.

Mr. SIMMONS. It is a necessary accompaniment.

The VICE PRESIDENT. Does the Senator desire to take up paragraph (a) at this time?

Mr. SMOOT. Yes; I should like to have paragraph (a) agreed to, and paragraph (b) passed over.

Mr. KING. I should like to ask the Senator if subdivision (a) is not related to the two subdivisions which have gone over which provided for representatives of labor and of manufacturers participating in the controversies?

Mr. SMOOT. Not (a); but (b) is, Mr. President. All I am asking now is to agree to (a), and let (b) go over to be considered at the same time when the other labor sections of the bill are up for consideration.

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

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

Mr. SMOOT. I yield.

Mr. CONNALLY. I want to inquire of the Senator from Utah whether it is intended, under this subdivision (a), to make the Customs Court's decisions final in all matters?

Mr. SMOOT. No; it is not.

Mr. CONNALLY. It would repeal that part of the judicial code which allows an appeal.

Mr. SMOOT. I will be glad to make a statement explaining the amendment.

Mr. CONNALLY. I will be glad to have the Senator's explanation, because it occurs to me that the very decision about which we had the debate under the flexible tariff provision might never have gotten to the Supreme Court if we had had this provision in the law.

Mr. SMOOT. Section 195 of the Judicial Code provides that final decisions of the Court of Customs and Patent Appeals, in cases appealed from the Customs Court, may be reviewed by the Supreme Court upon application by either party, in any case in which a constitutional or treaty question is involved, or in any other case if the Attorney General of the United States files a certificate to the effect that the case is of such importance as to render expedient its review by the Supreme Court. The effect of this limitation on the classes of cases which may be reviewed is to make the right of one party to a review dependent upon the will of the other party. Your committee, while it is advised that no injustice has been done importers or other private parties by making their right to appeal dependent upon the decision of the Attorney General, believes that as a matter of principle this arrangement is objectionable. There is, therefore, inserted as subdivision (a) of section 646, in the bill as reported, a provision repealing this limitation upon the right to petition for review, the result of such repeal being to permit either party to apply in his own discretion.

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

The amendment was agreed to.

Mr. SMOOT. On page 482, after line 6, I offer an amendment to insert the following language: "Hereafter customs attachés shall be known as Treasury attachés."

The amendment was agreed to.

Mr. SMOOT. Has the change in section number on page 485 been agreed to?

The VICE PRESIDENT. It has not been agreed to.

Mr. SMOOT. Then I ask unanimous consent that wherever an amendment has been made in the bill requiring the changing of a section number the clerk be authorized to make the change without any further action on the part of the Senate.

Mr. GEORGE. I suggest that that consent be given with reference to the whole bill.

Mr. SMOOT. That is what I have asked.

The VICE PRESIDENT. Without objection, the Secretary will be directed to make the necessary corrections.

Mr. WALSH of Massachusetts. Mr. President, if the Senator has finished with all the amendments he cares to present, will he be kind enough to suggest what provision of the bill he will ask to have taken up to-morrow?

Mr. SIMMONS. Mr. President, while the Senator from Utah is looking into that matter, I send to the desk an amendment which I offer, to be considered at the proper time.

The VICE PRESIDENT. Does the Senator desire to have the amendment reported?

Mr. SIMMONS. Yes; I would like to have it reported.

The VICE PRESIDENT. It will be read.

The LEGISLATIVE CLERK. On page 326 insert, after line 12, after the amendment previously adopted, the following:

(8) Definition of costs of transportation: Costs of transportation for the purposes of this section shall be held to include, in so far as applicable, freight charges and all other charges incident to transportation, including transit insurance, costs of loading and unloading, and port charges and landing charges. These costs shall be computed to such principal market or markets of the United States as may most nearly insure equal competitive opportunity to domestic articles and like or similar foreign articles in the principal consuming region or regions of the United States. If this purpose may be best accomplished thereby, such costs or domestic articles and on like or similar foreign articles shall be computed to different principal markets of the United States.

The VICE PRESIDENT. Does the Senator desire to have the amendment printed and lie on the table?

Mr. SIMMONS. Yes, Mr. President.

The VICE PRESIDENT. That will be done.

Mr. SMOOT. Mr. President, in answer to the inquiry of the Senator from Massachusetts, I would say that the first amendment that will be taken up to-morrow morning will be the amendment found on page 342, beginning with line 18 in subdivision (d), "United States value."

Mr. WALSH of Massachusetts. I thank the Senator.

Mr. VANDENBERG. Mr. President, I offer an amendment, which I send to the desk to be proposed later, and ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. SMOOT. Mr. President, there are no other amendments in Title IV except those which have been passed over that we can consider this evening. Therefore I move that the Senate take a recess until to-morrow, as provided in the unanimous-consent agreement.

#### RECESS

The motion was agreed to; and the Senate (at 4 o'clock and 50 minutes p. m.), under the order previously entered, took a recess until to-morrow, Saturday, October 5, 1929, at 10 o'clock a. m.

## SENATE

SATURDAY, October 5, 1929

(Legislative day of Monday, September 30, 1929)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

#### VISIT OF PRIME MINISTER MACDONALD TO THE SENATE

The VICE PRESIDENT. The Chair desires to make an announcement. He is advised by the officers of the Senate that Prime Minister MacDonald will visit the Senate about 12.15 p. m. on Monday next.

#### BILLS INTRODUCED

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

By Mr. HALE:

A bill (S. 1820) granting a pension to Henrietta H. Fish (with accompanying papers);

A bill (S. 1821) granting an increase of pension to Maria L. Sawyer (with accompanying papers);

A bill (S. 1822) granting an increase of pension to Martha A. Wentworth (with accompanying papers);

A bill (S. 1823) granting an increase of pension to Emma Small (with accompanying papers);

A bill (S. 1824) granting an increase of pension to Luella M. Peterson (with accompanying papers); and

A bill (S. 1825) granting an increase of pension to Marietta Fowler (with accompanying papers); to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 1826) providing for the payment by the Government of attorneys' fees in certain suits growing out of governmental insurance policies issued to service men or ex-service men; to the Committee on Finance.

#### INVESTIGATION OF SALES OF UNITED STATES SHIPS

Mr. McKELLAR submitted the following resolution (S. Res. 129), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That a special committee of five Senators, to be appointed by the President of the Senate, is authorized and directed to make a thorough investigation into all the acts and doings of the United States Shipping Board and Merchant Fleet Corporation, and especially into the question of sales of ships by the board, the prices secured, the terms under which ships have been sold, the character and responsibility of the purchasers, the change in terms, and all other facts relating to the conduct of the board and of the Emergency Fleet Corporation.

For the purposes of this resolution such committee or any duly authorized subcommittee thereof is authorized to hold hearings, to sit and act at such times and places during the sessions and recesses of the Senate until its report is submitted, to employ such experts and clerical, stenographic, and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony and make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of the committee, which shall not exceed \$10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The VICE PRESIDENT. The Senate resumes the consideration of the unfinished business, House bill 2667.

#### REVISION OF THE TARIFF

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

Mr. SMOOT. Mr. President, the amendment passed over last evening that we desire to take up this morning is found on page 342, beginning in line 18, striking out certain language and inserting in lieu thereof certain other language.

Mr. BRATTON. Mr. President, I was unable to hear the Senator. Will he repeat the page and line at which the amendment appears?

Mr. SMOOT. Page 342, line 18.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. In section 402, page 342, beginning at line 18, the committee report to strike out:

having regard for differences in quality and other differences, based on the price at which merchandise, whether domestic or imported, comparable in construction or use to the imported merchandise, is so offered for sale.

And to insert in lieu thereof:

based on the price at which merchandise, whether imported or domestic, comparable in construction or use with the imported merchandise, is so offered for sale, with such adjustments as may be necessary owing to differences in size, material, construction, texture, and other differences.

So as to read:

(d) United States value: The United States value of imported merchandise shall be (1) the price at which such or similar imported merchandise is freely offered for sale, at the time of exportation of the imported merchandise, packed ready for delivery, in the principal market of the United States to all purchasers, in the usual wholesale quantities and in the ordinary course of trade, or (2) if such or similar imported merchandise is not so offered for sale in the United States, then an estimated value, based on the price at which merchandise, whether imported or domestic, comparable in construction or use with the imported merchandise, is so offered for sale, etc.

Mr. SMOOT. That is the amendment pending before the Senate.

The VICE PRESIDENT. Does the Senator from Utah desire to make a statement in reference to the amendment?

Mr. SMOOT. I shall make just a brief statement.

Mr. President, the House enlarged the definition of "United States value" so that it can be determined in practically every case, if necessary. This was accomplished by permitting, in any case where a United States value as now defined can not be ascertained, an estimated value based upon the domestic wholesale selling price of a domestic or imported article comparable in construction or use, with appropriate adjustments for differences between the imported article and the article used as a basis for the comparison. Cost of production has been found to be an unsatisfactory basis for valuation owing to the extreme difficulty and inconvenience encountered in cost-of-production investigations in foreign countries.

The revised definition of "United States value" contained in the bill as passed by the House is retained, with two changes. In order to make certain that due consideration will be given by the appraisers to all the differences between the particular imported merchandise and the comparable merchandise being used as a basis, the provision of the House bill is extended to include differences in size, material, construction, and texture, as well as any other differences. Inasmuch as comparable imported merchandise will, in the absence of "such or similar" imported merchandise, ordinarily be used as a basis, rather than comparable domestic merchandise, because of the fact that fewer adjustments will in all probability have to be made, the order of the phrase, "whether domestic or imported," has been transposed to read "whether imported or domestic." It should be