

Pleasant; Branch 1380 of the National Polish Alliance, and United Groups of the National Polish Alliance, of Jeanette; H. M. B. Stanislaus Group, No. 1143, of Forbes Road; National Polish Alliance, No. 791, of East Vandergrift; 78 members Knights of the White Eagle, of Mount Pleasant; and National Polish Alliance of Monessen, all in the State of Pennsylvania, against Smith-Burnett immigration bill; to the Committee on Immigration and Naturalization.

By Mr. KONOP: Petition of Carl Hermann and other citizens of Oconto, Lawrence, and Brown Counties, and citizens of Marinette, Wis., favoring resolution to prohibit export of war material; to the Committee on Foreign Affairs.

By Mr. LONERGAN: Petition of John Gwozdz, Thompsonville, Conn., relative to Smith-Burnett Immigration bill; to the Committee on Immigration and Naturalization.

By Mr. MCGILLICUDDY: Petition of National German-American Alliance, of Lewiston, Me., favoring the prohibition of the sale and export of munitions of war; to the Committee on Foreign Affairs.

By Mr. MAGUIRE of Nebraska: Petitions of sundry citizens of Plattsmouth, Elmwood, Alvo, Greenwood, and Murdock, Nebr., favoring passage of House joint resolution 377, to prohibit the export of war material; to the Committee on Foreign Affairs.

By Mr. MAHER: Petition of Board of Aldermen of New York City, favoring S. 3672, providing for exchange between Federal Government and State of New York of certain waterways; to the Committee on Rivers and Harbors.

By Mr. MILLER: Petitions of sundry citizens of Littlefork and Hibbing, eighth district of Minnesota, favoring bill to prohibit export of war material; to the Committee on Foreign Affairs.

By Mr. MOTT: Petition of National German-American Alliance, of Oswego, N. Y., favoring passage of House joint resolution 377, to prohibit export of war material; to the Committee on Foreign Affairs.

Also, petitions of citizens of Cazenovia, N. Y., relative to world federation for the adjudication of international disputes; to the Committee on Foreign Affairs.

Also, memorial of branch of the Polish Alliance of America, Oswego, N. Y., protesting against the literacy test in the immigration bill; to the Committee on Immigration and Naturalization.

By Mr. REILLY of Connecticut: Petition of citizens and organizations of Connecticut, against literacy test in immigration bill; to the Committee on Immigration and Naturalization.

By Mr. ROUSE: Petitions of 305 and more citizens of Kentucky, favoring resolution to prohibit export of war material; to the Committee on Foreign Affairs.

By Mr. SABATH: Memorial of sundry societies of Chicago, Ill., favoring House joint resolution 377, to prohibit the export of war material; to the Committee on Foreign Affairs.

Also, memorial of St. Samalaw Br My Society and Pulaski, Washington, and Kosciusko Society, of Chicago, Ill., protesting against the passage of the Smith-Burnett immigration bill; to the Committee on Immigration and Naturalization.

By Mr. TOWNSEND: Petitions of the Eleventh and Fifteenth Ward Branch, Socialist Party, Newark, N. J., protesting against treatment of striking workmen at Roosevelt, N. J.; to the Committee on the Judiciary.

By Mr. UNDERHILL: Petitions of citizens of Cohocton, N. Y., favoring passage of bill to prohibit export of war material; to the Committee on Foreign Affairs.

SENATE.

WEDNESDAY, January 27, 1915.

(Legislative day of Tuesday, January 26, 1915.)

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

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Gronna	Overman	Smith, Mich.
Bankhead	James	Page	Smoot
Bryan	Jones	Perkins	Stone
Catron	Kenyon	Pittman	Thornton
Chamberlain	Kern	Ransdell	Tillman
Clapp	La Follette	Root	Townsend
Culberson	Martin, Va.	Saulsbury	Vardaman
Dillingham	Martine, N. J.	Shafroth	White
Fletcher	Nelson	Sheppard	Williams
Gallinger	O'Gorman	Sherman	

Mr. JAMES. I was requested to announce that the Senator from South Carolina [Mr. SMITH] is detained from the Senate on account of illness in his family.

The VICE PRESIDENT. Thirty-nine Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. HARDWICK, Mr. HOLLIS, Mr. LANE, Mr. MCLEAN, Mr. REED, Mr. SHIELDS, Mr. THOMAS, and Mr. THOMPSON answered to their names when called.

Mr. SMITH of Arizona, Mr. SMITH of Georgia, Mr. McCUMBER, Mr. BRADY, and Mr. NORRIS entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-two Senators have answered to the roll call. There is a quorum present.

PENSION BILLS.

Mr. SMOOT. Mr. President, I ask unanimous consent that we may take up the bills granting pensions and increase of pensions to certain soldiers and sailors of the Civil War. I will state to the Senator from Florida [Mr. FLETCHER] there are only about a half dozen of those bills on the calendar, and it will not take very long to pass them. I believe that this would be a very good time to take them up, if there is no objection. Some of them are Senate bills and I know the other House is waiting to make up an omnibus pension bill, and they ought to be given an opportunity to do so in order that they may be passed upon at this session of Congress. I ask the Senator if he will not allow this to be done. I do not mean general legislation, but simply the bills granting pensions and increase of pensions to the soldiers and sailors.

Mr. SMITH of Arizona. Not to affect the status of the pending bill.

Mr. SMOOT. Not to affect the status of the pending bill, of course.

Mr. FLETCHER. Mr. President, I would not like to do that now. I think it is very important that we should proceed with the pending bill. The Senate yesterday did not sit as many hours as it might have done, and I hope the Senator from Utah will not ask me to yield now. One thing leads to another and we do not know how much time we would lose. I feel constrained to object at present. It may be that at some later time we can arrange it.

Mr. SMOOT. Would the Senator object to simply taking up the Senate pension bills at this time so that they can be sent to the other House?

Mr. FLETCHER. I do not feel justified in consenting to any variation from the regular order at this time. I am sorry, but I must ask for the regular order.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the Speaker of the House had signed the enrolled bill (S. 5614) for the improvement of the foreign service.

THE MERCHANT MARINE.

Mr. GALLINGER. I ask that the unfinished business be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, Senate bill 6856.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia, to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

Mr. GALLINGER. Mr. President, when I yielded the floor on yesterday for a motion to go into executive session I was presenting the report of the directors of the Boston Chamber of Commerce, one of the most instructive documents that has been issued on the subject now before the Senate. Before concluding the reading of the report I beg to inquire what the question before the Senate is at the present time.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Massachusetts [Mr. LODGE] to the original bill.

Mr. GALLINGER. I ask that the amendment be read, as I may want to address myself to it.

The VICE PRESIDENT. The Secretary will read the amendment.

The SECRETARY. It is proposed to add to the bill the following proviso:

Provided, That no vessels shall be purchased under this act which are the property, in whole or in part, of or which are in any manner controlled or subsidized by any of the nations now at war, nor shall

any vessels be purchased under this act which are the property of any of the subjects or citizens of said belligerent nations.

Mr. GALLINGER. Mr. President, I made the inquiry for the reason that I wanted to ascertain whether the amendment now under consideration is embraced in the new draft of the bill reported on yesterday.

Mr. NELSON. Mr. President—

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Minnesota?

Mr. GALLINGER. I yield.

Mr. NELSON. I will say to the Senator that it is not included in the substitute that was reported yesterday.

Mr. GALLINGER. I have just discovered that fact.

Now, Mr. President, I will conclude the reading of the report of the Boston Chamber of Commerce:

The proposed bills profess, in general language, to provide Government-owned ships only for "the foreign trade," but this profession is thrown to the winds by an amendment adopted in the Senate Committee on Commerce which includes Hawaii among the regions to which a Government-owned fleet shall operate. Hawaii is not a foreign country. It is not a dependency like the Philippines or Guam. It is a regularly organized Territory of the United States, and its ports are ports of the United States, exactly as are Boston and New York and Philadelphia and San Francisco. Trade with Hawaii is and has been since 1900 American coastwise trade, in which none but American vessels may lawfully participate. There has not been a word of suggestion or complaint that the war in Europe affected in any way the transportation of merchandise between Hawaii and the American mainland, for which a large, new, and increasing American fleet is available. The inclusion of Hawaii among foreign ports in foreign trade is without a shadow of excuse; all interested in the American merchant marine will rightfully regard it as an ugly menace, as an "entering wedge" to Government competition in the entire great coastwise commerce of this country, reserved for more than a hundred years to American ships and American owners, and now employing a vast shipping of upward of 7,000,000 tons. Any plea that the help of the Government is needed in this mighty trade is wholly baseless and indefensible.

Mr. President, the amendment in the nature of a substitute submitted to the Senate on yesterday proposes to do to a certain extent precisely what the Boston Chamber of Commerce feared would be done in the matter of this legislation. It opens, to a certain extent, the coastwise trade to these ships that are to be built by the money of the Government, breaking down the laws that relate to the coastwise trade of the United States which have been on the statute books for over a century, and to my mind, next to the matter of Government ownership, that is one of the most serious conditions which confront us in this proposed legislation.

Mr. NELSON. Mr. President—

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Minnesota?

Mr. GALLINGER. I do.

Mr. NELSON. I would inquire of the Senator if the Hawaiian line—I do not recall its corporate name—

Mr. PERKINS. The American-Hawaiian Line.

Mr. NELSON. I ask the Senator if the American-Hawaiian Line is not one of the most prosperous steamship lines that we have in this country?

Mr. GALLINGER. It is one of the most prosperous and one that, perhaps, does more credit to the American merchant marine, such as it is, than any other line now in operation. The Senator from North Dakota [Mr. McCUMBER], sotto voce, asks me if they are able to supply the demand. There has never been any suggestion that they need additional ships between the ports of the United States and Hawaii, and there is not any excuse for breaking down the coastwise laws, so far as Hawaii is concerned.

The report concludes as follows:

The amendment added to the bill in the Senate Committee on Commerce authorizing the Government to charter, lease, or transfer its ships to private corporations is a frank recognition of the force of the criticism which the original plan has met with everywhere from the representative mercantile bodies of the United States. But this modified proposal also is essentially unsound. So long as merchant ships cost more to operate under the American flag than under foreign flags no Government-owned ships will be chartered by experienced ship-owners unless the amount of this additional cost of operation is subtracted from the charter price, leaving that price merely nominal. Under such conditions the Government, of course, will actually be paying a concealed subsidy, which might much better be a frank, open, and stated one.

The committee on merchant marine of the Boston Chamber of Commerce therefore disapproves the bills pending in both Houses of Congress (H. R. 18666 and S. 6856) for Government ownership and operation of vessels in the foreign trade for the following reasons:

(a) It is a sound principle that the Federal Government should not engage in a business which, under suitable conditions, can be conducted to equal or better advantage by private enterprise.

(b) Such an undertaking would be an unwise departure from the traditional policy of the American people, would involve a wasteful expenditure of public money, and would imperil our neutral position in the great European war.

(c) No present emergency justifies the Government in embarking in the ocean shipping business; increased governmental facilities for marine insurance will largely solve the immediate problem of the cotton trade; Government ownership could not immediately add to the number of ships afloat upon the seas; and wherever there is a real need for

vessels they can be as easily supplied by other means without resorting to this unsound and hazardous experiment.

(d) The proposed legislation would discourage private capital and personal initiative, and thereby indefinitely defer the development of an American ocean shipping industry, so vital to the commercial progress of Boston, of New England, and of the whole United States.

We make the following suggestions as to methods for the creation of a strong and enduring merchant marine, which would be preferable to Government ownership and operation as proposed in the pending bills, and urge their consideration by Congress:

SUGGESTIONS.

1. The establishment in the Department of Commerce of a shipping board of five members, after the example of the British Board of Trade and similar organizations of other maritime governments, such a shipping board to be composed of the Commissioner of Navigation, a representative of the ship-owning interests, of the shipbuilding interests, of the shippers in water-borne trade, and an expert in marine insurance, this board to have general supervision of the American merchant marine.

2. A prompt revision and modernizing of our navigation laws and regulations, so far as they unnecessarily increase the cost of operating American ships as against foreign vessels.

3. An amendment of the ocean-mail law of 1891 so that the compensation now paid to 20-knot ships to Europe can be paid to ships of less speed—of the second class—suitable to establish regular mail, passenger, and fast-freight services in naval reserve ships on the longer routes to South America, Australasia, and the Orient.

4. In place of an investment of \$40,000,000 in Government ownership and operation a Federal fund of the same amount, to be administered by the shipping board above referred to for the purpose of guaranteeing mortgages examined and approved by the board or for careful loans upon shipping built or purchased for over-seas trade and fitted for auxiliary naval service.

The sum of \$40,000,000 devoted to ownership and operation of a Government-owned fleet would produce only a relatively small fleet, but a proper use of a Government fund in the manner indicated would provide a large one, of far greater value to the commerce of the Nation.

5. Annual retainers of a proper amount to citizen officers and men of merchant vessels of the United States, after the practice that has proved so successful, particularly in the British mercantile marine, and special compensation to steamships not under contract for carrying mails, but built on designs approved by the Navy Department and pledged to the service of the Government as fuel ships, supply ships, or transports, so that the Government may be able to control an adequate American auxiliary fleet and a naval reserve of officers and men in time of need.

6. To meet a present condition an extension of the powers of the existing Bureau of War-Risk Insurance to cover marine insurance on hulls and cargoes, with the understanding that this bureau shall be discontinued when the war is ended.

Respectfully submitted,

ELWYN G. PRESTON, *Chairman.*

EDWARD E. BLODGETT.

L. A. COOLIDGE.

PAUL E. FITZPATRICK.

FREDERICK FOSTER.

THEODORE JONES.

WINTHROP L. MARVIN.

ROBERT S. PRABODY.

GEORGE F. WILLETT.

The special committee on the American merchant marine in the foreign trade of the Chamber of Commerce of New York has submitted an interesting and instructive report. It is in line with the declaration of almost every commercial body of the country, and conclusively proves that the business interests of the United States are absolutely and unreservedly opposed to the proposed legislation.

On that point, Mr. President, I desire to say that, so far as the commercial bodies of the United States are concerned, I know of none—unless we except the dispatch which came here from a citizen of Chicago the other day, who stated that the executive committee of the Chicago Board of Trade had passed a resolution in favor of this legislation—I know of no other body that has passed resolutions of that kind, while, on the other hand, from the Atlantic to the Pacific the boards of trade and commercial organizations, representing the business interests, shipping included, have passed strong and forceful resolutions condemning it unreservedly.

The report of the special committee on the American merchant marine in the foreign trade of the Chamber of Commerce of New York, to which I have referred, is as follows:

To the Chamber of Commerce:

The war in Europe has centered attention in this country upon our lack of a merchant marine. The problem, while present in the public mind to some extent for years, had not been brought home forcibly to all parts of the country as has been done by the partial tying up of the commerce of the world, and the consequent inability of this country to find neutral tonnage to carry its products to foreign markets. This sudden shortage of vessel tonnage resulted in an abrupt advance in freight rates, making it possible for the first time in years for American vessels to engage profitably in foreign trade.

The conditions to-day are recognized by all to be abnormal, and to some extent unsafe as a permanent basis for the reestablishment of our merchant marine; but they are certain to continue, so long as a state of war exists in Europe, and probably, because of the wastage of vessel property during the conflict, for several years after it ends.

The return to normal conditions in Europe must be gradual. Industries, to-day prostrate, must be reconstructed. Cities which have been laid waste must be rebuilt. The products of Europe will not equal the demands of that Continent; and the cost of shipbuilding which has already advanced 20 per cent in England, will continue for some time upon a higher level than has been normal in the past. It seems, therefore, that the immediate future affords an opportunity that ought to be availed of to reestablish our foreign merchant marine and the shipbuilding industry of this country.

Mr. FLETCHER. Mr. President, may I make an inquiry of the Senator in regard to the report of the New York Chamber of Commerce from which he is reading? I take it that is the report which was submitted some days ago to the Chamber

of Commerce, in which the committee recommend as a remedy for the present situation the guaranteeing of bonds issued by private concerns that might engage in the shipping business. That is the remedy proposed, as I understand, in the report from which the Senator is quoting.

Mr. GALLINGER. This is the report of the special committee on the American merchant marine in the foreign trade of the New York Chamber of Commerce. I propose to read it with some care, and the Senator will be able to ascertain exactly what the special committee recommends. I have not as yet examined it, and hence am not familiar with its recommendations; but whatever they are, they are worthy of our consideration.

Mr. FLETCHER. The reason I was inquiring was because I think there was a subsequent report, although I am not certain about that, and I did not know from which one the Senator was reading.

Mr. GALLINGER. The report continues:

The problem under the most favorable conditions is difficult; but it is rendered less difficult by the unusual conditions which now exist. That a merchant marine is to-day desired by the American people can not be denied. There are some who, while recognizing all of the difficulties, believe that our shipping should be reestablished by Government aid, no matter what the cost may be. There are others who think that the industry should be left to work out its own future and be reestablished only if it can be done without Government aid. A third element, representing perhaps the greater part of the people of the country, believe that reasonable Government aid should be extended to reestablish so important an industry, and are willing that substantial Government assistance be extended during the development period, if a wise method can be suggested.

Your committee, while sharing to the fullest extent the desire of all citizens to see the American flag and American shipping again upon the high seas, recognizes that the problem is one of business; and that an American merchant marine to be permanent must justify itself in competition with ships of foreign nations. Your committee believes that American shipping can justify itself upon this basis, once the development period has been passed, and feels that advantage should be taken of the present exceptional opportunity to place American vessels in competition for the commerce of the world.

Before proceeding to a discussion of the methods which seem practicable, we desire to place ourselves on record as opposed to Government ownership and Government operation of vessels. We do not base our opposition to this principle upon the ground that a Government department can not operate vessel property as cheaply as private owners, although we have grave doubt of the ability of the Government to meet the economic standards of successful private enterprise. We base our objections on the much more fundamental principle in this instance that Government competition in this field of industrial effort will, in our belief, defeat the ends which it is sought to attain.

The American people desire not only to see the American flag upon the high seas, but to see American commerce restored to a position of supremacy. England alone has over 4,000 steamers engaged in foreign trade.

Some estimates have placed the number at twice that figure—and to meet and ultimately outdistance competition of this character will require an enormous investment of American capital and energy. It is impossible to conceive that Government ownership and operation can be successfully extended to cover so vast a field, and the moment it is invaded by the competition of public capital American private capital and energy, so essential to the successful restoration of our merchant marine on any adequate scale, will decline to enter the field. We have in New York City an example of the operation of this principle. The municipality has begun the construction of wharves and piers for the accommodation of freight vessels. Private enterprise has refused to meet the competition of public capital and unfixed property, and the construction of wharf property through private effort has ceased. The city has been unable to keep pace with the demands of shipping, and commerce is already beginning to suffer from a shortage of pier property.

Certain officials in Washington who are deeply interested in the experiment of Government ownership and operation of vessel property reply to all objections with the statement that private capital has failed to take substantial advantage of the amendments already made to the shipping laws, and that unless American ships are forthcoming from private capital they conceive it to be the duty of the Government to secure them by the use of public credit. It may be urged in reply to this statement that American ships have not been produced by private capital at this juncture, both because the finances of the world have been in deadlock since these amendments have been passed, so that capital investments have not been made in ships or anything else and also because this temporary legislation has only partially paved the way for the investment of American capital in vessel property.

The steamship man must obtain his capital for American ships from American investors. The American investor knows little of the value of securities of steamship companies beyond the repeated statements in the public press that it costs 40 per cent more to operate an American vessel than one owned abroad, and that, consequently, competition is impossible without a heavy subsidy.

These statements are not calculated to attract American capital to vessel securities. The recent difficulties of the railroads in securing capital for needed extensions illustrates the importance of maintaining public confidence in the value of securities which must be sold to provide the transportation facilities vital to the welfare of this country, and it seems pertinent to ask how it can be expected to interest private capital in vessel property if public competition be substituted for public regulation.

In the olden days of sailing ships the cost of a vessel was comparatively small, and it was the custom to divide the ownership among the members of a community. The captain, perhaps, owned a thirty-second, some one else a sixty-fourth, and those who had money to invest took the balance in accordance with their means. The larger capital requirement of modern business has brought into existence the corporation, and to-day all important enterprise is financed by the sale of stocks or bonds secured by the property owned.

At the outset it must be recognized that one of the most important parts of this problem is to satisfy the investing public that they can safely buy bonds secured by vessel property. Otherwise the steamship man is helpless, and can do little to restore our shipping, no matter what inducements may be held out to him.

Your committee will, therefore, first address itself to suggestions for a solution of this portion of the difficulty. A suggestion which has frequently been put forth is that the Government guarantee the bonds of steamship companies. This the committee does not favor, for if a Government guaranty be extended to all owners public credit will be employed to an extent to cause grave concern to conservative men; and, on the other hand, if the guaranty be limited to the bonds of a few individuals or corporations a feeling is sure to exist that favoritism has been shown. Whatever form of guaranty is offered it should be available to all whose character and standing entitle them to it and a distinct limit should be placed upon the extent of the obligation assumed by the Nation.

The present administration has suggested that \$30,000,000 be invested in Government-owned vessels. If this be done, a small fleet will be created, but the feeling that the Government may from time to time add to this fleet and enter more extensively into competition for the ocean-carrying trade will prevent the participation of private enterprise in solving this problem.

Your committee submits that the same sum, if set aside as a guaranty fund and invested in Government bonds or other income-bearing securities, to be administered by a central board, having the same fostering relationship to the building up of our commerce and shipping as the Federal Reserve Board has to our finance and banking, will accomplish infinitely greater results. This guaranty fund could be administered along lines which have been in successful operation in a different field for a hundred years, namely, in relation to mortgages upon real estate. The Credit Foncier in France and other companies which guarantee mortgages upon property in Argentina, Canada, and elsewhere are well known, but the best illustrations for local purposes are the various mortgage guaranty companies of this country. A loan is perhaps made at 5 per cent. The mortgage is guaranteed by the company and sold upon a 4½ per cent basis, the guaranteeing company making one-half of 1 per cent annually upon each mortgage as a compensation for its guaranty and its services. Its services consist in collecting the interest, seeing that taxes and assessments are paid, and that the insurance is maintained.

An example of the successful operation of such a company is the Bond & Mortgage Guaranty Co. of this city. That company began its operations 22 years ago with \$1,000,000 capital and a small surplus. It has guaranteed within that period about \$750,000,000 of mortgages, many of which have, of course, been paid off. It has outstanding approximately two hundred and fifty millions of guaranteed mortgages. Its present capital is \$5,000,000 and the combined capital and surplus exceeds \$10,000,000. It has paid its own way, made good some losses, and added more than \$5,000,000 to capital and surplus from earnings of one-half of 1 per cent upon mortgages guaranteed. In addition it has occupied a useful field of enterprise. An occasional loss is of course made, but the income from invested capital, together with the percentage set aside annually out of the interest rate, makes good all losses and, under conservative management, leaves a satisfactory margin of profit.

As applied to the construction of a ship, the guaranty would, of course, cover only a part of the vessel's cost, and a guaranty fund of \$25,000,000, conservatively administered, could safely guarantee several hundred million dollars of steamship bonds, and thus do far more to reestablish our shipping than would be the case if a similar amount was permanently invested in vessel property. If this plan be adopted an attractive security can be offered to the public; the responsibility of the Government can be limited, the Government would be paid for its guaranty, and a central board having supreme authority over shipping matters can be established. Such a board could approve construction plans, such as the building department of New York approves building plans, and approve the standing and character of the men behind a steamship enterprise, much as the Federal Reserve Board approves indorsers of notes and bills of exchange. It could be useful in many ways and should assure a high grade of public intelligence in charge of this important department of public welfare.

Notwithstanding the objections which many advance to public commissions, your committee has developed by inquiry among steamship men that such a commission would be welcomed by them as an aid in eliminating difficulties which now exist in shipping matters. The board should be made equal in dignity to the Federal Reserve Board, and it should be considered a high honor to serve upon it.

Your committee will not attempt to take the time necessary to do more than outline the general functions of such a board, and to affirm its belief that the suggestion offers a practical method of enabling steamship men to secure a substantial part of the money necessary to reestablish our shipping at a rate of interest much lower than is available at present, while at the same time safeguarding the public credit and fostering shipping in the interest of public welfare.

All shipping matters should be placed under the control of this board, and there is now pending in Washington legislation, which, if enacted into law, will require the most careful supervision of men of high intelligence who should devote all of their time to the work. This legislation covers the general field of governmental regulation of steamship rates, government license of ocean carriers, and many other measures designed to safeguard public welfare, but which, as applied to ocean commerce, are untried, and about which there exists a radical difference of opinion among many people.

Among other items which should receive its consideration is the maintenance of standards for the personnel of the officers and men of the merchant marine. The school ships maintained by Massachusetts and New York are educating officers for the merchant marine. They are doing a most useful and necessary work. Thousands of young men throughout the country are ready for the call of the sea, and are animated by the same spirit which filled the fore-castle and quarter-decks of the American vessels 50 years ago. Other ships of this character should be established and the course of training amplified to make the graduates fit, both for the merchant marine and the Navy. There are discharged from the Navy each year about 4,000 young men who have enlisted from all parts of the country. These men have had a most valuable training in the Navy and should be encouraged to go into the merchant marine service. Many foreign nations encourage the creation of such a naval reserve by paying a small additional wage to men honorably discharged from the Navy, who continue a seafaring life and hold themselves in readiness as naval reservists. This practice is worthy of serious consideration.

The second step in reestablishing our shipping consists in creating conditions which will attract steamship men to make use of the credit

machinery thus established, and to create the vessel property so urgently desired. This again divides itself into two parts; regular lines carrying passengers and mails, and freight steamers.

We will discuss the regular lines. Public attention seems centered at the moment upon trade with South America, and we will, therefore, take lines to that part of the world as a type for consideration, although a similar service may be established to many other countries with the same class of vessel.

We desire first to point out that there has been a general misunderstanding of the added cost of operating American vessels as compared with the same vessel under a foreign flag. It has been frequently stated and generally accepted that the operation under the American flag will cost from 40 to 50 per cent more. We believe this percentage should be applied to wages alone, for the cost of fuel, supplies, insurance, and upkeep is substantially equal for the same vessel in the same trade, regardless of flag.

On passenger ships, where the wage item may be a larger percentage of the total operating cost, the difference in favor of foreign vessels is somewhat greater; but with strictly freight carriers your committee is informed that the disadvantage under which American tonnage must labor is 5 and 10 per cent of the total operating cost. Even in passenger vessels of a type suitable for South American trade, the disadvantage probably does not greatly exceed 10 per cent. These estimates take no account of the difference in interest, if the American vessels be constructed in this country, for that subject will be treated under a separate heading.

This difference in operating cost, while less important than has been generally understood, is still sufficient to discourage the operation of American ships, and is frequently the margin between profit and loss. Your committee therefore is of the opinion that it is idle to expect that American lines of passenger and mail steamers can be established, even though credit machinery, to make easy their financing, be created, without some measure of Government aid. It must be borne in mind that the new lines must enter into immediate competition with long-established foreign-owned lines, with experienced agents at ports of call, and with contracts which can not be easily disturbed. The new lines must fight their way into the trade.

It seems desirable that as few changes in existing laws be made as is possible. The present ocean-mail act permits the payment of \$4 per mile to mail vessels of 20-knot speed. A speed of 20 knots is in excess of any yet established in the South American trade and beyond present reasonable requirements. The cost of maintaining such speed upon long voyages is to-day prohibitive. A vessel capable of making 16 knots, and running regularly at 15, will meet all requirements and be slightly better than competing lines under foreign flags. In services of this character it is not so much extreme speed which is required, but regularity of service.

We therefore suggest that the requirements be reduced to a trial speed of 16 knots and the compensation be left as at present. There are many countries to which an even less speed will answer all purposes, and we suggest that the speed requirements for vessels of the second class be reduced from 16 knots to 12 knots and the subvention of \$2 per mile left in force. It must be remembered that these subventions are not payable to all vessels, but only to lines operating under contract a service asked for by the Government. We have been assured by steamship men of experience and standing that if this be done, there can be no doubt that advantage will be taken of the credit machinery before outlined and a number of lines established.

A reason for the extreme speed heretofore provided for has been the desire of those connected with the Navy to see constructed vessels of sufficient speed to be of use as commerce destroyers in time of war. Your committee would point out that if such vessels are necessary, it is not a sound economic policy to operate them in a trade for which they are not suited at a large annual loss. They should be either constructed for the trans-Atlantic service, where such speed is necessary, or built and maintained by the Government for naval uses. Your committee expresses no opinion as to the necessity for such vessels, for it is not considered a part of the economic question under consideration. We desire to point out, however, that there is only one line of American mail steamers between this country and Europe. These steamers are approximately 20 years old and are rapidly wearing out. The time is not far off when the service must be discontinued or new vessels provided. If commerce destroyers are a necessity, it may be desirable to arrange for new vessels for a trans-Atlantic service. If this be done, your committee sees no other method to adopt than to provide for the payment of a sufficient subsidy to maintain in service such vessels as the Government may require. The construction of such vessels would assure the Government an American mail service to Europe, gratify national pride, and meet naval requirements. They are not, we repeat, a necessary part of the present problem.

In making these suggestions we are not unmindful of the apparently deeply rooted objection in the minds of many of the citizens of this country to the payment of subsidies. It is a practice susceptible of such abuse that we suggest, rather than recommend, the only method which seems to promise the immediate construction of passenger and mail steamers and at the same time conform to economic standards.

Your committee desires to make clear that it has endeavored to avoid the pitfalls of recommending radical legislation. It recognizes that there is a wide difference of opinion as to the best method to be employed to reestablish our merchant marine. It has given consideration to all methods which have been suggested, and the creation of preferential duties, under which our merchant marine flourished during the first half of the nineteenth century, has been carefully discussed. A preferential duty of 5 per cent has been authorized by Congress, and the question of the legality of the measure is now before the Supreme Court of the United States. In due course a decision will be rendered, and it seems useless to discuss such a measure until such decision has been handed down. We have also given earnest consideration to the arguments of those in favor of the Alexander bill as it now stands (Jan. 1). We recognize that this bill is considered an administration measure and has been approved by President Wilson. For this reason we have endeavored to convince ourselves of its merit, but have been unable to agree that a sufficient crisis exists to warrant the enactment of a law which departs from established economic standards and may do grave injustice to those citizens who already own vessel property. It is stated that the people of this country are against taxing themselves in order to provide subsidies for steamship lines, and it is suggested that they tax themselves to operate Government-owned lines admittedly at a loss. We fail to see the difference, except that the latter plan carries with it evils far worse than a lack of American ships on the sea.

Government ownership of ocean lines can not bring to our aid a single vessel except by building. Every steamship in the world is working to-day except those interned in neutral ports. If these can be transferred to our flag without international complications, there will be no difficulty in financing the transfer of those suitable for freight carrying, for their earnings will justify the purchase. If they can not be transferred without trouble with England and France, it is certain we do not wish the United States to become their owner.

The construction of vessels designed to carry freight only is, we believe, attended with less difficulty than the establishment of regular passenger and mail lines. As we have pointed out, the item of wages on vessels of this character represents a smaller percentage of the total operating cost, and the disadvantage under which American vessels labor is in the neighborhood of 5 per cent of the total operating cost. Under conditions existing in the past even this difference would prevent the engaging in foreign trade of American tonnage, but it is the conviction of your committee that conditions will not again be normal for a number of years, and that if credit machinery be created to enable the steamship men to finance American steamship enterprise, sufficient inducements will exist to assure the construction of a substantial tonnage of freight vessels without the payment of subsidy.

In any event, it is the opinion of your committee that it is not necessary at the present time to provide subsidies for freight vessels. Their earning power, so long as the war continues, will be more than ample, and the slight disadvantage in operating cost is at least partially offset by economies in interest made possible through an application of our plan to guarantee steamship bonds. There is, of course, a wide divergence of opinion as to how long the war will last and of the probable condition of foreign shipping at its close. A large tonnage has already been destroyed, and it is the opinion of some experienced steamship men that the operating cost of foreign vessels will be higher than it has been in the past, for years to come.

Your committee has been advised of plans for the establishment of certain freight lines, which are already under consideration, without subsidy. The difficulties which lie in the way of the immediate carrying out of these plans are twofold: First, fear of Government competition; and second, the difficulty in interesting American investors in the securities. If these two difficulties are removed, we feel confident a beginning will be made, and the consideration of any subsidy for freight vessels may be safely postponed for a year, at least, when the matter can be again taken up and judged from the standpoint of conditions existing at that time.

You will note that no reference has been made as to whether the proposed tonnage should be constructed in American or foreign yards. Discussion of this matter has been omitted for two reasons: First, amendments have already been made in shipping laws, permitting the acquisition of foreign-built tonnage for a limited period; and second, it is quite possible that a condition may arise in the near future which will make competition for vessel construction by the yards of this country much less difficult. If a substantial tonnage is to be created, it is idle to suggest that it be entirely constructed in this country, for the facilities do not exist for the work. The building up of a shipbuilding industry, like the construction of a fleet, will require time. If a large tonnage built abroad is placed under the American flag, the necessary repair work will be an important aid in establishing American yards upon a basis where they can compete with foreign shipbuilders. The inability of the American shipbuilder in the past to compete with foreign yards has been partially due to the fact that there has been but a limited demand, and only for vessels of special construction.

The American manufacturer in many fields of industry has shown his ability to compete with and outdistance the foreign manufacturer of any article which can be standardized and produced largely by machinery. The automobile industry is a recent illustration of this principle. The raw materials needed for ship construction are all available, and it is the opinion of your committee that if a demand arises for the construction of a large number of freight vessels more or less of the same general type, and, therefore, standardized in character, the American shipbuilder will have less difficulty in competing for ship construction, the foreign cost of which, as we have already pointed out, is 20 per cent higher than at the beginning of the war.

Your committee is not unmindful of the fact that this view may be unduly optimistic, but, in view of all the circumstances surrounding the present situation, we are inclined to recommend that the specific provision that part of the tonnage to be operated under the American flag be constructed in American yards be deferred until the immediate future can be more clearly foreseen and we approach the time limit set by the recent amendments permitting the acquisition of foreign-built tonnage.

Many other phases of this question have also been considered and discussed by the committee, but we have kept always in mind our desire to present only practical suggestions for taking a substantial step forward.

Mr. President, that is a most interesting presentation of the subject. It opens up a new field of inquiry and investigation. It is a matter that I apprehend not a single Senator has given serious thought to, and it ought to be considered before any permanent legislation on the question of the American merchant marine is adopted by the Congress of the United States. I feel that the time I have taken in presenting that document to the Senate has been justified, and I commend it to the careful and serious consideration of Senators who feel an interest in the pending legislation.

Mr. President, I have said already that this proposed legislation is condemned by the best thought of the country. It is condemned almost universally by commercial organizations, it is condemned almost universally by the business men of the land, and it is condemned almost universally by the great newspapers of the United States. There probably never has been a measure presented to Congress involving a great public question such as this that has met with so little support and such almost universal condemnation as has this bill.

In this connection, for the purpose of justifying the statement I make, I propose to read some editorials from prominent newspapers scattered throughout the land, showing precisely

how those great purveyors of news, those great newspapers which enlighten public opinion and blaze the way to a large extent for legislation, feel on this subject.

An article has already been read into the RECORD from the Chicago Tribune, one of the greatest papers in the United States, published in the second city of the United States, carrying a weight of influence that can scarcely be estimated, and for that reason speaking with authority to a certain degree as to the sentiment of the community in which it is published. This morning I was handed a copy of the Chicago Tribune of date January 25, only a few days ago, in which is another editorial which the Senate ought to give heed to and which I propose to submit. The caption of the article is "The case against the shipping bill." It says:

The Democrats have decided to let the opponents of the shipping bill do all the discussing and "debating" on the floor of the Senate. They are charging a filibuster, which is absurd—since there has been no real discussion of the bill in Congress—and thus furnishing an excuse for their silence.

Whom do they expect to deceive? The case against the bill is so strong and so conclusive that the silence of its sponsors can but be construed to mean sheer inability to defend it or to meet the many objections that have been raised against it by business bodies, by leading newspapers, including Democratic organs, and by sound thinkers in and out of public life.

Let us briefly state some of these objections. The bill spells serious complications with foreign powers, seizures, and captures that may lead to perilous war agitation. It is a "purchase" bill, and it is plain that ships now in profitable use can not be purchased and ought not to be purchased, for they would add nothing to available facilities, and the cost of purchase would be excessive and abnormal because of the war and the ill-timed appearance of our Government as a purchaser of ships. On the other hand, to buy idle, interned ships is to offend certain powers and to invite seizure, delay, strife, and hazard. It is to take a leap into the dark zones of international law and belligerent policies. The French, for example, have never recognized the right to sell or buy an interned ship during progress of a conflict.

The bill is neither an emergency measure nor a permanent one. It has the faults of both kinds of crude shipping legislation and the merits of neither.

It is based on a misrepresentation of the facts. There is no "lack of carrying facilities." What difficulty there is due to the war, and that can not be magically removed by a Government line of ships.

As to trade with Latin America, what is wanting is credit, banking, advertising facilities, knowledge of Latin needs and tastes, and the wherewithal to pay for our goods. If we had cargoes to carry there and back, the ships would be forthcoming.

The bill does not remedy a single defect in our navigation laws. It can not develop a merchant marine, because it falsely diagnoses the trouble and prescribes the wrong and futile remedy—nay, it prescribes a remedy that would aggravate the trouble. The bill has discouraged and, if enacted into law, would handicap and stop private enterprise where the great need admittedly is the fostering and stimulating of such enterprise. Private capital can not compete with the Government, as the latter neither counts cost nor keeps books properly and pays deficits out of taxation.

Should the war end soon, the "emergency" theory of the bill would fall to the ground, while the "permanent" theory would simply fail to stand up and take its place. The Government would find itself in a business for which it is not fitted, and politics and spoils would prevent its letting go and acknowledging its egregious blunder.

This is the worst of all possible times to plan or legislate for "permanent" upbuilding of a merchant marine. Everything in foreign trade and shipping is abnormal and artificial, and "the wisdom of Congress" is grotesquely unequal to the task of separating the accidental obstacles from those attributable to our own laws, our safety standards, our wages, our financial conditions, our national habits, and ideas of investment and profit.

Ever since the President declared his purpose to recommend and press legislation of this kind the newspapers of the country have criticized and condemned it. I have extracts from newspapers dating back as far as August last; but naturally we are more interested in the observations of those papers of recent date, and so I read from the Boston Transcript of January 23 a most interesting editorial. The Boston Transcript is one of the old, conservative, and reliable papers of New England. It treats of business and finance in a conservative and intelligent way, and when it utters a voice of warning it is always safe to give it careful thought. The caption of the article is "Not 'Government ships or nothing.'" The Transcript says:

It is a counsel of weakness and folly that it must be "the Government ownership bill or nothing"—that there is no other way in this world war crisis to enlarge our merchant marine. Such a plea, the last desperate resort of the advocates of the administration scheme, would not, we think, except in loyalty to the President, receive the sanction of our neighbor, the Springfield Republican. Who outside the ranks of the Socialists urged Government ownership and operation of ocean steamships as the only method to secure such ships before the present war? And it was no nearer to being the only method than it is now. Three principal expedients advanced before August last to restore our ocean shipping were: (1) Preferential tariff rates on goods imported in American ships—the "policy of the fathers"; (2) free ships, with a revision of our navigation laws; (3) ocean mail subventions. The first two were distinctively Democratic plans; the last the Republican method. Under this administration the two Democratic plans have been embodied in law.

The Simmons-Underwood tariff allows a discount of 5 per cent of the duties on imports in vessels of the United States, provided this does not abrogate or impair treaties with foreign Governments. Secretary McAdoo, speaking at Chicago January 9, cites the Attorney General as holding that these treaties make the plan "unworkable"; it has never been enforced.

At this point, Mr. President, I may be pardoned for observing that the Merchant Marine Commission took into most careful consideration the question of differential or discriminating duties, a majority of the commission at the outset being in favor of that plan; but after carefully considering it, looking at it from all angles, the commission decided that it was an unworkable plan and called attention to the very thing that has obstructed the enforcement of the provision in the Underwood-Simmons tariff law. It was that we had entered into thirty-odd commercial agreements with foreign nations—unwisely, as some of us thought—which, unless they were abrogated, would stand in the way of carrying out that doctrine of the fathers which worked so well in the early days of the Republic. The enforcement of the provision in the tariff law has been held up on that ground alone, and I understand that the question as to whether or not it can be enforced, regardless of those conventions and treaties, is now before the Supreme Court of the United States. It seems to me that we can not hope to get any relief in that direction.

The editorial continues:

Free ships for foreign commerce were provided in the Panama Canal act of August 24, 1912. The plan proved an utter failure. Not one foreign-built ship was added to our fleet before the war. An emergency act of August 18, 1914, exempted foreign-built ships from the requirement of carrying American officers and of complying with our inspection and measurement laws. About 100 vessels of a total gross tonnage of 400,000 have sought our flag since—nearly all of them were American-owned before the war opened. This small result is confessed by the Democratic leaders to be an utter disappointment. In other words, the Democratic doctors "have tried two prescriptions"; both have failed. Now they invoke the new and desperate remedy of Government ownership. Can they reasonably expect the country to heed and follow them again? Why should it be "Government ships or nothing"?

About the Republican plan of ocean mail and other subsidies there is nothing strange. Like the gold standard, such subsidies are the common practice of the mercantile world. The Bureau of Navigation has lately shown that \$45,000,000 annually was being expended in mail and other subsidies and bounties by foreign Governments—about \$10,000,000 by Great Britain alone. Our own expenditure is a little more than \$1,000,000 annually under the almost forgotten but useful ocean mail law of 1891. This ocean mail law is responsible for almost all of the regular steamship service in foreign commerce under the American flag. It has undeniably worked well so far as it goes. At a cost of about what the British Government gives to a single line the American legislation provides a line to Europe, two or three to the West Indies, and one across the Pacific to Australia. Why not take immediately the estimated profit on our foreign mail service of between \$3,000,000 and \$4,000,000 a year and apply this at once to the creation of more services?

Later on, Mr. President, I shall call attention to the fact that a bill is now before the Committee on Commerce, introduced by me, which proposes to accomplish precisely that result. We have an average profit of about \$2,000,000 a year from our ocean mail service, and it has seemed to some of us that that amount of money, or a less amount of money perhaps, in addition to what is now granted, might well be invested in ocean mail pay, so as to create a larger fleet than we have at the present time operating under the provisions of the act of 1891.

The editorial concludes as follows:

But the ships would have to be built? Not all of them would have to be built. Some large coastwise steamers could temporarily be utilized. Under the Panama Canal act, if proper foreign steamships were available, they could be purchased. All these vessels, accepting the subsidy, would be under contract with the Government. As to routes and regularity of sailings they could be utilized where they were needed most. This would provide every possible advantage of Government control without any of its perils and embarrassments. It would be a saving of time and money both. Trained steamship organizations already existing could secure the ships and undertake the service. Because of superior knowledge, efficiency, and economy, they could do this at far less cost than any semipolitical Government board that would have to build up an organization beforehand.

Great Britain has 30 subsidized steamship services to all quarters of the globe—the backbone of her merchant marine. There is no reason why the United States should not have as many, and it can get them more quickly and cheaply by cooperation with private capital and enterprise than by any groping amid the darkness and dangers of Government ownership and operation. Requirements of high speed can be temporarily waived in favor of capacious tonnage, and if it is necessary Congress can go a step further and grant naval retainers to thorough-going cargo ships suitable for fuel and supply ships after designs approved by the Navy Department.

How many recall that proposed Republican subsidy bills, which were merely an extension of existing ocean mail law, were defeated only by a political filibuster once in the Senate and by a margin of a few votes in the House of Representatives? There can be no doubt that if the same Congresses were to vote on the same legislation now, in the illumination which this war gives of the need and value of an American merchant marine, the bills would be enacted by a huge majority. But it is a Democratic Congress and a Democratic administration, making professions of hate of subsidy and yet providing in this Government-ownership scheme for the hugest and most extravagant subsidy of all. Both Massachusetts Senators have ably exposed the economic folly and the foreign menace that merge in this measure. Next week Senator Root will prove its conflict with the law of nations. Meantime the protests of Great Britain, France, and Russia show the world's attitude toward this trouble-bearing scheme.

The New York Times is a newspaper which carries tremendous weight throughout the reading world. It is not a Republican newspaper; it never has been a Republican newspaper, but in dealing with great public questions it takes a broad and con-

servative view. I wish to read a brief editorial from that paper under date of January 23, only a few days ago:

Senator HORN SMITH is reported as saying of the rural-credits bill and the shipping bill: "These two measures will be passed and appropriation bills be allowed to go over to an extra session." That is a perfect program for those who think these bills are good for them and are indifferent to the protests against the enactment of one of them on the merits or of both of them in preference to the passage of the bills for the support of Government.

At the other end of the Capitol there is another sentiment. Members are appealed to by their leader to avert an extra session by diligence at this session. "If I am any judge of public opinion, the last thing the people want is an extra session of Congress," said Mr. UNDERWOOD.

I have no doubt that that great leader of Democratic thought [Mr. UNDERWOOD] expresses the feeling of ninety-nine one-hundredths of the Democratic Party in the country, and I am also impressed with the feeling that he represents the real feelings of a majority of the Democrats in this body. The Times editorial continues:

That is certainly true of this Congress and may be taken as true of the next Congress. It is because the people have had too much of this Congress that there is so little enthusiasm for taking a chance on a change of Congress. The more Congresses change the more they are just the same. The idea that Congress could earn thanks by letting things alone has not yet dawned at the Capitol or at the other end of the Avenue. The idea that the more Congress does the worse off the people are is more general among the people than among the Congressmen.

The country's bills must be paid, but what popular sentiment is there for writing "must" on any other project of legislation? To put the Government shipping bill before the appropriation bills is to substitute the opinion of Washington for the opinion of the country. To force an extra session is something abhorrent to the sentiment which shrinks from new laws as a psychological obstacle to optimism. "Let us have peace" is the weary cry, as was proved by the applause which from both sides of the House greeted Leader UNDERWOOD'S remarks. Pass the appropriations and quit is all that the country wants Congress to do.

The shipping bill was not dreamed of when this Congress was elected, and it will be forgotten before the next Congress meets.

Mr. SMITH of Michigan. It was not in the Baltimore platform, either.

Mr. GALLINGER. The Senator from Michigan, who always makes wise observations, suggests that it was not in the Baltimore platform, either; but even if it had been it would probably have been disregarded by the party in power and by the President, as most of the other planks in the platform have been.

The editorial concludes in these words:

The rural-credits bill has merits, but the farmers can worry along with their \$10,000,000,000 of new wealth at least as well as they have in harder years than this. The country will forgive the past if it is not asked to forgive any more. Congress will best commend itself to the country by doing as little as possible beyond passing the appropriation bills.

How wise that advice is! As I said a day or two ago, there is one great appropriation bill ready to be reported to the Senate; there is another great appropriation bill which will be ready to be reported in a day or two, so I am informed; other appropriation bills have come over from the House and are now before the committees of the Senate under consideration. In all the history of the Government I venture to say that no such spectacle as this has ever been presented; that in a short session of Congress the appropriation bills are thrown aside for the consideration of a controverted question, which, in all probability, will consume the entire time of the session in its consideration. The minority is not responsible for it; the minority echoes the expression of the New York Times, that the country is demanding what the majority of this body is opposing.

The New York Journal of Commerce, under date of January 8, a great trade paper, has this to say about the pending bill:

Alba B. Johnson, president of the American Manufacturers' Export Association and head of the Baldwin Locomotive Works, of Philadelphia, when asked for his opinion as to the attitude of the exporters of the country on the Government ship-purchase project yesterday, said that the association at its recent annual convention adopted resolutions condemning the proposition, and practically as a unit the 300 members which the organization has are vigorously opposed to the plan. The feeling of the exporters, Mr. Johnson explained, is that for the Government to embark in a field which belongs strictly to the private commercial interests of the Nation at this time is neither commercially wise nor reasonably sure of success.

Mr. Johnson said that the provisions of the bill are such that if enacted into law they will provide a formidable weapon for political use with which to create great havoc among legitimate existing shipping interests. The advocates of the measure, he continued, advance the theory that shipping facilities for the transportation of our exports abroad under existing conditions are inadequate, but they apparently overlook the testimony of experienced and practical men that the present situation is due mainly not to any extensive lack of vessels, but to the present unstable foreign exchange operations, scarcity of foreign labor for handling commerce, and particularly the high cost of marine insurance, and that with relief in these directions greater activity will follow and the present and future requirements of our commerce, if properly encouraged through a satisfactory revision of the American navigation laws, will be amply met by private enterprise.

The pending bill in Congress which provides that our Government invest the sum of \$50,000,000 in merchant ships, Mr. Johnson said, has many vicious features, not the least of which is that no private

enterprise, however capably and economically managed, where the management is accountable to stockholders, can compete with the Government in the same industry. Furthermore, he pointed out, the bill would create a shipping board composed of the Secretary of the Treasury, Secretary of Commerce, and the Postmaster General, which could subscribe to the capital stock of any existing steamship lines for the purpose of purchasing, constructing, and operating a fleet of merchant vessels to any part of the world or in the port to port traffic of the North American and Central or South American coasts; that under our elective system of government the personnel of the offices is subject to change every four years, and it is not likely, therefore, that with such flexible and uncertain management the public could be expected to invest its capital in an enterprise in the control of which it can for all time hold only a minority interest. Such a proposition is hardly a feasible one for the President of the United States to stand for at this time, judging from the commercial outlook for success, he added.

A practical suggestion for the American Government to adopt in the ship-promoting activity which it has apparently determined upon, Mr. Johnson continued, is that the \$50,000,000 which it intended to use for the direct purchase of the lines which the Government proposes to operate should be loaned out to private American steamship interests at a similar small interest rate to that exacted by the British Government, thus permitting the private and more experienced companies to buy up and operate all available steamers under the direct supervision of the Government. This plan of bringing about an adequate American merchant fleet to cope with the needs of the time in the trans-Atlantic trades, Mr. Johnson maintained, would come as near to insuring the success of the Government's venture and purpose as any plan which could be adopted at this time. It would likewise overcome the danger that under the pending bill for Government owned and operated ships that lines would be established where they would most likely prove unprofitable and even unnecessary, and avoid the dangerous and unwarranted interference with the existing privately owned and operated American lines.

The British marine credit plan, which Mr. Johnson declared he favored for adoption by our Government in place of the pending ship-purchase measure, by an interesting coincidence was also put forth by Charles M. Muchnic, foreign manager of the American Locomotive Co. Mr. Muchnic has just returned from Europe after a two months' business trip. When asked for his opinion as to the desirability of the Government embarking in the operation of a fleet of ocean freight carriers, he asserted that from what he had learned of the proposition thus far he was absolutely opposed to any such plan.

I have already read an article from the New York Times of recent date. I now want to read a brief article from the same paper published a little time ago. It is as follows:

The proposal to put \$25,000,000 into Government merchantmen bristles with puzzles for those who like to back their Government through thick and thin. Would Americans in general prefer to have the project fail or succeed? If it succeeded, of course there would be an end of any other sort of American merchant marine, and the various other proposals with that end in view should be abandoned. No one is going to compete with the Government in anything, and no more in steamships than in railways in Alaska. An attempt is made to justify this venture by analogy with the Panama Railway. The suggestion is unfortunate from the viewpoint alike of the Government steamships and of those who would have to use them in default of any others. The operating cost ratio of the Panama Railway began to rise from the day the Government took control. It costs nearly twice as much to operate the easily managed Panama Railway as to operate the Pennsylvania, which has more difficulties than any other. The operating cost being high, necessarily the rates are high. They are five times higher than the rate on the average private railway. It would cost \$33 to send a ton of freight from New York to Chicago on the scale of the Panama line. A shipper who would like to see the arguments for Government ownership realized must shudder when he thinks of what would happen to him if he were committed to the tender mercies of Government steamships or railways, or perhaps both. He could hope for no relief from any regulating commission. Uncle Sam allows no such interference with his affairs.

Mr. MARTINE of New Jersey. Mr. President, just there will the Senator from New Hampshire allow me to interrupt him?

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

Mr. GALLINGER. I always yield to the Senator from New Jersey with pleasure.

Mr. MARTINE of New Jersey. I do not want to take the Senator off the floor—

Mr. GALLINGER. I will not allow the Senator to do that.

Mr. MARTINE of New Jersey. But in reference to the Panama Railroad, the Senator from New Hampshire refers to the private ownership and the present Government ownership. Is the Senator not aware that under the private ownership of the Panama Railroad passengers were charged \$25 apiece for first-class passage and \$10 apiece for second-class passage to cross the Isthmus, the distance being, I think, 47 miles; and the freight charge was 50 cents a cubic foot? Is not the Senator also aware that under those charges the Panama Railroad, under private ownership, declared on an average 25 per cent dividends; that, in addition, there were frequent stock benefactions to stockholders, and that the stock of the railroad stood at 385? Is he not further aware of the fact that since this railroad has been taken over by the Government and operated under Government ownership, instead of the charge for a first-class passage across the Isthmus being \$25, as was the case under private ownership, under public ownership the fare is \$2.40, and the freight rates have been reduced as well? There is the condition which prevails under Government ownership, so that the statement which the Senator has quoted, it seems to me, falls flat in comparison.

I say the passenger fare of \$2.40 under Government ownership is an extravagant charge, even yet, for it amounts to about 6 cents per mile, and there is no railroad in our land charging as much as that. So, even at that rate, the Government is charging an enormous rate, but far less than the \$25 which was charged for passage across the Isthmus when the railroad was under private ownership.

Mr. GALLINGER. Well, Mr. President, I am not well versed in the affairs of the Panama Railroad when it was under private ownership.

Mr. MARTINE of New Jersey. I happen to have known in days gone by both the president, Mr. Hoadley, who is now dead, and the secretary and treasurer, Mr. Charles Smith. Those facts have been well established and are easily gotten at, being matters of record.

Mr. GALLINGER. I do not know, Mr. President, as a matter of history, what the trials and tribulations may have been of those who built that road or how expensive it may have been to construct. Very likely that fact might throw some light on the subject and modify the statement the Senator from New Jersey has made.

Mr. MARTINE of New Jersey. But the fact that the stock of that railroad stood in the market at 385 and that 25 per cent dividends were declared upon it can not be controverted nor gotten away from.

Mr. GALLINGER. Mr. President, that may be so. It is a small and insignificant railway, at best.

Mr. MARTINE of New Jersey. True.

Mr. GALLINGER. And if it had remained in private ownership, it would have, in the nature of things, very soon have gone out of commission because of the building of the Panama Canal.

Mr. MARTINE of New Jersey. I only cite it because the Senator brought it to mind.

Mr. GALLINGER. I do know, Mr. President, that the freight charges on that road are enormous at the present time.

Mr. MARTINE of New Jersey. The freight charge was 50 cents per cubic foot under private ownership.

Mr. GALLINGER. So that, if the charges were reduced to the point the Senator from New Jersey thinks they ought to be, there would doubtless be a loss to the people of the United States.

The editorial from the New York Times continues:

The public aspect of the enterprise is no more alluring. It is a proposal in the interest of peace, but it is peculiarly adapted to embroil the United States with every belligerent. It would be obnoxious to have a Government vessel compelled to submit to an examination regarding its cargo, and it would be embarrassing to the last degree if a piano should turn out to be machinery for war against the nation making the discovery. A cargo of food might become cause for hostilities, and goods which were innocent when laden might become contraband on the voyage. The taking of a Government merchantman into a prize court would be a novelty without attractions for those who like a quiet life. As this is a "hurry-up" measure, it follows that this \$25,000,000 can not be used for the encouragement of American shipbuilding. The money must be spent for foreign-built vessels, of which the best offering are German. For the Government to buy such boats might offend our friends among the allies opposing Germany. The \$25,000,000 which seems so considerable is a mere drop in the flood of expenditure that would gush through the opening thus made. Terminals would be necessary, costing as much more at least, and the building up of a freight business is a matter of years. Only the inexperienced could dream of starting a steamship business on a commercial basis with \$25,000,000, a small fraction of the capital of each of many private companies.

A worse time for such an adventure could not be chosen. The ocean passenger trade for either tourists or immigrants is prostrated, and the freight business is worse. There will be no incoming freight on any attractive scale, and the glut of outgoing freight will not be enduring. When the emergency is over what will have become of the \$25,000,000, and what will be done with the remnant, if any? If Americans can not compete with foreign vessels, how much less can the Government do so? And what a horde of embarrassing questions are suggested by competition between vessels of the United States and private ships of other countries, whose Governments may be trusted to defend them against the aggression of our Government freighters and passenger boats. The idea was debated in the House before it was launched by the President, but none of the speakers showed the least appreciation of the practical aspects of the question, so enamored were they with their patriotic dreams.

The New York Journal of Commerce, from which I have already quoted, treats the subject further under the head of "Stupid shipping legislation."

War has caused a sharp awakening to the deplorable situation of our mercantile marine. According to a statement carefully prepared by this paper, not less than 5,800,000 gross tons of ocean-going ships have been withdrawn from service since the war began. About 3,500,000 tons represent German and Austrian shipping and 1,700,000 tons British vessels chartered by that Government. In addition, over 600,000 tons are known to have been destroyed or captured. This sudden withdrawal of such a vast amount of tonnage, approximating 13 per cent of the world's total, has created a temporary ocean freight famine. This is one of the exigencies of war that can not be avoided, and would have occurred even had we already possessed a respectable merchant marine. The difficulty, though temporary, is a real one and warrants any rational and effective means of relief that can be devised.

One of the most puerile proposals that has yet been offered is that of Government ownership. A bill has been introduced at Washington,

which the administration is expected to support, authorizing the creation of a \$10,000,000 shipping corporation, of which the Government shall own a controlling interest. The Government is also authorized to issue bonds to the extent of \$30,000,000, making a total available capital of about \$40,000,000.

How much relief would a plan of this sort afford? There is good reason for estimating the cost of building a 10,000-ton ship in the United States at about \$425,000, compared with \$325,000 in an English shipyard. At present the cost of building in a British yard ranges from \$45 to \$75 per ton. If we take \$50 per ton as the cost of a good freighter, this would allow investment in about 800,000 tons, or about 23 per cent of the amount already withdrawn. But where are these 800,000 tons of ocean vessels to be procured? It would be sheer folly to attempt to build such a fleet, even in part, because the war would probably be over before such ships could be put into commission, and they would enter the market at a time when transportation would be depressed by exhaustion from the war and when the supply of tonnage would already be excessive. In other words, if the Government built such ships it could not provide the relief immediately needed, but would only aggravate a bad situation later on, not to speak of incurring a heavy loss to the Government. The only means of relief possible would be for the Government to purchase foreign vessels now lying idle in various portions of the world. This involves grave risks, risks that private capital is not willing to undertake, and that, if assumed by the Government, might easily involve us in serious international disputes. Besides, the German ships are probably not for sale. The whole proposal of Government ownership in ships is so visionary, inadequate, and dangerous as to be utterly unworthy of an intelligent administration. The situation does not warrant such paternalistic and socialistic methods. As a precedent it is highly dangerous, and as a cure for a bad situation it can only be classed as stupid.

There is still a lamentable amount of ignorance about American shipping. The urgent necessity for its revival is beyond question, and when Congress repeals the laws which deny American shipowners a fair chance and prevent them from entering the business under the same terms and conditions as their rivals, then we may expect a genuine and permanent restoration of our prestige on the seas, and not before.

The Boston Herald, an old-established and influential newspaper, circulating all over New England and possibly other portions of the country, has this to say about the bill:

President Wilson has felt the weight of public criticism of a Government-owned merchant marine. The plan of his message is a modified and diluted plan. "It," he declares, "is not a question of the Government monopolizing the field. It should take action to make it certain that transportation at reasonable rates will be promptly provided, even where the carriage is not at first profitable; and then, when the carriage has become sufficiently profitable to attract and engage private capital, and engage it in abundance, the Government ought to withdraw."

The same reasoning would have justified and forced the Government years ago, when iron mills and cotton mills and woolen mills were few, to create such mills by direct Treasury appropriations, and to operate them until they could have been sold out to capitalists. And the same thing would have been true of the construction and operation of railroads. We should then have had a delightful state of socialism, with the Government conducting all the main activities of life. Could such a step have been retraced and all these activities turned over to private ownership?

Asking this question is to answer it. A Government-owned merchant marine in the beginning would inevitably mean a Government-owned merchant marine in the end. And let us remember that, counting in our vast coastwise fleet, we have already, without Government ownership, the second greatest merchant shipping in the world. On June 30 last, according to the Navigation Bureau report, the United States had a merchant tonnage of 7,928,000.

There is manifestly no lack of American ships where American laws have established just conditions. If there is a lack of American ships on certain routes, which the President particularizes as "to our neighbor States of America," may there not be a cause for it that can be overcome without the rash expedient of Government ownership? Indeed, as the Herald showed the other day, American steamers are already appearing on the routes to Brazil, Argentina, Chile, and Peru, where a preferential war risk affords the equivalent of subsidy. Now the President of the United States proposes to put the Federal Government into competition with the enterprise of private owners—and, of course, to drive them off the seas.

The zeal of the President for a merchant marine is splendid. No Republican Executive has spoken on this theme with keener emphasis. But Mr. Wilson has chosen the wrong road to the right goal. Government ownership will not be necessary if we treat our ships as England and France and Japan and Germany and Spain and Italy have treated theirs. Even Norway and Sweden have recently put lines of their own on South American routes by direct State aid to experienced and responsible shipowners. Why not follow the sound, proved policy of the world instead of an expedient that has only failure written on it?

Our so-called Government line to Panama—an incidental result of the canal purchase—earned only 2 per cent a year in 10 years, without allowing a cent for interest, insurance, or depreciation, which would have turned that small profit into an enormous deficit. The Government line of Western Australia lost \$114,000 the first year and \$96,000 the next. These are the sum of such experiments up to date, and both disastrous.

President Wilson has already modified his Government-ownership project from a permanent scheme to a brief, temporary device. Why not take one more step and abandon it altogether?

To vary the reading somewhat, I have here an editorial from the Macon (Ga.) Telegraph, which I will read. It is very brief:

The welcome report comes from Washington that there is no expectation of the passage of the ship-purchase measure. Even in an hour of panic following the paralysis of commerce caused by the first shock of the European war the country was startled by the proposition of a Government-owned merchant marine, and, in view of the continually improving conditions that have followed, it is no surprise to hear that the unpopular measure has been practically abandoned.

The ship-purchase measure being hopeless, a proposition of Government aid to persons going into the shipping business will be pressed, it is stated. The Democratic leaders of the past have been opposed to ship subsidies, and undoubtedly there are objections to the policy, but there can be no question that it is greatly to be preferred to that of a Government-owned marine.

The New York Herald, under the heading "Is Government ownership impending?" says:

Forecasters of the President's forthcoming message to Congress agree in predicting that he will strongly advocate the Government going into the business of buying and operating merchant steamships.

In an interview published in the Herald Mr. James A. Farrell, president of the United States Steel Corporation, said of the shipping situation:

"At present there is no lack of shipping facilities, as there are more ships than cargoes to all parts of the world. We are now sending ships from one port to another in ballast, because we can not get cargoes for them. We need more trade, not more transportation."

If this is the situation—and surely Mr. Farrell should know the facts—what possible reason can there be for Government ownership of steamships? With the burden of taxation already too great, where is the wisdom of adding to more taxation for doubtful experiments.

If the Government is to take a plunge into the mercantile-marine business, what steamships is it going to buy? German steamships now interned in American ports? Can the President be sure there would be no danger in such purchases?

With every legitimate effort to build up our mercantile marine the American people will sympathize, but it seems improbable that they will support a policy of Government ownership.

The Davenport (Iowa) Times has this to say:

A comparatively few shipowners have availed themselves of the privilege of American registry under the recent emergency act. As a result of this, President Wilson is reported to be considering the advisability of urging again his plan for a Government-controlled merchant marine.

There is need for a merchant marine under the American flag that will blaze the way for an expansion of American commerce with South American countries. Merchant ships are missionaries of commerce. They develop trade. But if trade with South America is to be developed rapidly a number of ships will be required. At the beginning of the business they could get probably would not make their operation a paying project. Possibly that is why we do not now have such a fleet of ships.

Any plan by which the Government would own the ships or 51 per cent of the stock in such ships would be likely to result in the operation of the ships at the beginning at a loss, which the Government would be expected to make up, either in payments for mail contracts above present costs or in the form of waiving returns on capital invested.

But such a plan would be a form of ship subsidy. Why not try a direct subsidy, and know what the exact cost of developing a merchant marine is from year to year? If the Democrats are opposed to subsidy, they are likely to oppose the other plan as well.

The Muncie (Ind.) Press has an editorial headed: "Of All Sad Words." It is worth listening to:

Every schoolboy is familiar with that famous couplet which John Greenleaf Whittier put into "Maud Muller" to the effect that "of all sad words of tongue or pen the saddest are these: 'It might have been.'"

These words, which were penned first as the melancholy climax to a little love scene, have now become applicable to the condition of a great Nation—our own country, the United States.

Never in all history have we been better qualified to use the phrase "it might have been" than at present. We stand a great, united people, a hundred million strong, blessed with every facility that science, education, and nature have to give. Figuratively speaking, we have the world, or at least the markets of the world, at our feet.

The great nations of the world are engaged in a titanic struggle for mastery and perhaps even for existence. Practically all manufacturing and commerce in Europe has stopped. It is up to the United States to feed the people of the Old World and to provide them with all the necessities of life.

And yet we are about as well prepared to do this as a German dirigible is prepared to fly to the moon. The crisis has caught us un-awares. We have no merchant marine, no way to send our products abroad. To-day our principal seaboard cities are glutted with shipments for which cross-ocean transportation is not available.

In the past every effort toward building up the merchant marine of the United States on a scientific basis has been rejected. There has always been some little demagogue to spring up with a yell of "special privilege" and "graft." Now, when the golden opportunity has come, we have a special privilege indeed, and that is the privilege of kicking ourselves for having been so improvident in the past. And so at a time when we ought to be the busiest and most prosperous nation on earth, through a mistaken policy at home and abroad we find ourselves down at the heel, with half of our factories closed and the other half working men three days a week.

But, although the great opportunity found us asleep at the switch, the terrible struggle in Europe has at least benefited us in one way. It has cut off competition from abroad that ere this, under the present tariff law, would have driven us out of our own markets had not the general conflagration abroad shut off the production in the belligerent nations.

Even this elimination of European competition, however, has not been enough to offset entirely the result of the free-trade administration. Things began to slip badly before the European war, and they are not yet righting themselves with any degree of certainty.

Worst of all, of course, is the realization that we have overlooked the greatest opportunity that ever came to a civilized nation in the way of trade expansion. But unless some twentieth century necromancer can conjure a fleet of phantom ships out of the night there does not seem to be any help for it.

The Providence (R. I.) Bulletin treats of the subject as follows:

The supposed dire necessity for ships which inspired the Government ship-purchase idea proves with a little waiting to be nonexistent. Judged by his adherence to the proposal that the Government buy and operate merchant ships, the President's "single-track" mind extends straight out to sea. The metaphor may now be changed to "steering a straight course." But Mr. Wilson should tuck. Great Britain's merchant marine has not been driven from the sea. If vessels can be operated under foreign flags and laws between this country and foreign ports our Government can not order American over-seas commerce to be carried in its own bottoms, for this is a matter of international trade. Probably foreign shipowners can compete with our Government

as operators of merchantmen; their experience counts for much. But American shipowners will not compete with Washington.

The proposal to stifle private enterprise is the more intolerable because it is directed at the use of the sea, the gift of nature equally to all mankind. As an excuse for the restraints placed on private railroad operations the fact is pointed out that a railroad exists by virtue of the favor of right of eminent domain. No such argument applies to shipping.

This is not the only objection to the engagement by the Government in the furnishing of marine transportation. The resultant public debt will be burdensome. The business world will not be better served. The laws which the Government enacts for private shipowners do not bind it in its own operations. There is no Government department or service the efficiency of which would lead the shippers of the world to expect it to make a striking success of the merchant-marine business financially or in the facilities that it may be expected to furnish.

The Rutland (Vt.) Herald speaks as follows:

The greatest merit of the message delivered yesterday to Congress by President Woodrow Wilson is its brevity. As against a ponderous, unreadable document running into pages of a newspaper the President has written less than the equivalent of five columns of type, all readable, fairly timely, and couched in the Chief Executive's well-nigh faultless English.

Apart from the absorbing topic of national defense, evidently written as an afterthought, the next characteristic recommendation deals with the need of a merchant marine. Admitting, as everyone must, the sincerity of the President's purpose, it is impossible to escape the conclusion that the President has set his heart with a stubbornness almost childlike on a line of ships owned by the United States.

That was written more than a month ago; and from what we read in the press and what we have listened to from the other side of the Chamber it is very evident that the President's purpose is equally as insistent as it was when it was first broached.

The Herald and the great majority of the press of the United States will not be in accord with the President on this question. If the need of ships is as imperative as it seems from the message, the solution lies not in the handful of Government-owned vessels proposed in the pending bill but in a frankly subsidized merchant marine to restore the American flag to the seven seas.

The President, in fact, points the way to this consummation himself. He says:

"The case is not unlike that which confronted us when our own continent was to be opened up to settlement and industry, and we needed long lines of railway, extended means of transportation prepared beforehand, if development was not to lag intolerably and wait interminably. We lavishly subsidized the building of transcontinental railroads. We look back upon that with regret now, because the subsidies led to many scandals of which we are ashamed."

Mr. President, I think the scandals, great as they were at one time, were more than offset by the benefits that came to the people of the United States in the construction of those great transcontinental lines.

Naturally President Wilson is opposed to subsidies, but there is nothing in his reference to this great topic which contravenes the position of many practical students of the problem, which is that subsidies are practical and nationally profitable, the best and quickest means of getting results, and just as easily safeguarded from scandal as any other Government enterprise.

The Boston Post is one of the most aggressive and unrelenting Democratic newspapers in the United States. It is also one of the most prosperous and possibly the most largely circulated newspaper of New England. A month ago that paper said:

One of the two moot points in the President's message for which the Post said that there was by no means general approval in the country, and not even agreement in the Democratic Party, was that which repeated Mr. Wilson's approval of his plan for Government purchase and operation of merchant vessels.

The President has modified his scheme somewhat. The Federal ownership of the merchant marine is to be temporary, not permanent—when the carriage has become sufficiently profitable to attract and engage private capital and engage it in abundance the Government ought to withdraw.

But it is difficult to see how private capital can be stimulated to go into the merchant-marine venture in the face of Government competition, no matter if that is announced as to be only temporary. The President declares that the Government should "make certain that transportation at reasonable rates will be promptly provided, even where the carriage is not at first profitable"; that is to say, the Federal lines can afford to and will lose money on the venture. What earthly chance, then, would private owners have to get into the game at all? It is futile to suppose that they will engage in the business solely for recreation.

In speaking of the Boston Post, Mr. President, as one of the influential, widely circulated Democratic newspapers in New England, I did not mean to exclude from the calculation the Boston Globe, which is a long-established and potential Democratic paper, unflinching in its advocacy of Democratic principles, and giving its support without stint to the present administration, with the exception of the proposition embodied in the bill before us that the Government shall go into the purchase, ownership, and operation of steamships. Under date of January 6, this great Democratic newspaper, under the caption, "Not the time now for Government-owned merchant marine," published the following in its editorial columns:

The "Government" has its teeth so firmly set in the idea that it should own and operate merchant ships that it will not let go.

One of the first effects of the war in this country was to bring home to the American people, as years of agitation on the platform and in the press have not brought home, the vitalness of our merchant-marine problem.

The public knew in a general way that our foreign shipping had been falling behind year after year until only a very small fraction of the American foreign trade was carried in American bottoms. Just what this meant in practice it did not understand, and, as there appeared to be plenty of foreign ships for our imports and exports, it did not much care.

Still less did the public understand the reason for the decline of our shipping, though the prevalent idea was that our strict navigation laws and the high cost of shipbuilding in this country were to blame.

With the outbreak of the war, however, the problem became acute. The shipping of England's foes was driven from the seas, and a large part of British shipping was summoned to the service of the Government. Needed imports did not come to port; goods for export piled up on docks and in warehouses.

Then arose a loud cry for relief, especially in the form of admitting foreign ships to American registry. That, it was confidently believed, would save the day, since foreign owners must be only too glad to put their endangered or useless vessels under the safe American flag.

A long step toward "free ships" had been made in the Panama Canal act of 1912, and last August this act was enlarged to admit to registry for the foreign trade foreign-built ships without distinction of age. They were, moreover, exempted from compliance with American measurement and inspection laws and from the requirement that the officers should be Americans.

But as the first act had had no results, so the new one had very little. No real increase was made in our foreign shipping, and nearly all the ships that were brought under the American flag had been previously owned by American corporations. The proposed wholesale purchase of German liners found vigorous opposition from Germany's foes.

Yet still the need of more ships and better service continued, and a new expedient was proposed—that the Government should control and operate steamship companies, leaving a minority interest for private investment. Since the Government could not induce its citizens to become shipowners, it would become a shipowner itself for the public good.

It can not be denied that some good results could be secured in this way. There undoubtedly would be new American ships, possibly new trade routes and better service for exporters. There would be the needed auxiliary fleet in time of war.

The real question, however, problems of constitutionality aside, is whether the gain would be worth the cost and whether that method of attaining the desired end is the best.

American capital, estimated at from \$100,000,000 to \$200,000,000, is invested in the ocean trade under foreign flags, where a reasonable profit can be counted on. It has not been invested in American ocean trade evidently because it is not profitable.

The reasons are the higher wage level, certain restrictions imposed by our laws, and the fact that American shipping must compete against the subsidies and aids granted by foreign Governments to their liners.

Where private business can not make a profit, the Government certainly could not do so. When the Government enters business, it is to render services which the public requires and can not otherwise get, and to render them whatever the cost. Nobody expects Government operations to be economical; if they result in a deficit, the public accepts it because the public benefits by the service.

It is highly probable that Government ships, if they were able to get the trade, would handle it only at a loss. But it would not be for a service rendered to the whole people, but to the exporters and importers; in practice it would be taxing the whole people for the good of a part.

That sounds, Mr. President, like a subsidy. We have heard it iterated and reiterated that if we give any aid to the shipping industry of the United States we are going to tax the rest of the people for the benefit of the shipowners. So it seems, according to the view of this great Democratic newspaper, if this scheme goes through it will be for the benefit of the exporters and importers, not for the people at large.

More than this, it would force private enterprise out of foreign shipping instead of drawing it in, and so would defeat its own ends. The outcome would be a Government merchant marine, uneconomically managed, and nothing else. From any viewpoint the question of Government ownership of ships could not be fairly tested at this time.

Here, Mr. President, is a declaration from this leading Democratic newspaper that is worthy of serious consideration. The *Globe* concludes:

Better than this now is an open policy of Government subsidy. Better still a tariff discrimination in favor of American-carried goods. Either or both, coupled with free ships, should see a speedy growth in our shipping. And, if less speedy than the acquisition of a Government fleet, it would be of more enduring value.

I have already quoted from the *Boston Transcript* one editorial. That is a newspaper of such high standing, such is its acknowledged conservatism and as a purveyor of valuable information it is so reliable that I am going to quote an additional brief editorial:

The annual address of the President before Congress to-day is the longest delivery of his administration. In style it will not suffer by comparison with his previous utterances. The phrases of his alluring rhetoric lose little of their charm, familiar though they have become through frequent use. His cheerfulness of tone betrays, however, a chastened spirit upon which the verdict of the congressional elections was not wholly lost. Instead of combating that verdict we find him gracefully refusing to play the part of historian toward the record of the Congress now in its closing session, and, with an optimism equalled only by astuteness, suggesting that "our thoughts are now more of the future than of the past." If only the people could thus easily dismiss from their minds the hard times and the heavy taxes which constitute thus far their main inheritance from the present Congress they could more nimbly ascend the heights of the President's optimism, and view the future with his enthusiasm. Theirs, however, is not the task of the historian, and they, unlike the President, can not wish away the stern problems of the present.

That reminds me, Mr. President, that the Chief Executive at one time, when some business men called on him to point out the sad condition of the industrial affairs of the country, said

to them: "It is purely psychological; business is looking up." Promptly a bright newspaper of the country retorted, "The President is right, business is looking up. It is flat on its back, and it can not look in any other direction." Yet the President continues to have his optimism both as to the business of the country and as to the great advantage which is to result from this proposed shipping legislation, and he is wrong on both propositions. The Transcript continues:

To the pending shipping bill which provides for the purchase and operation by the Government of a merchant marine, we have on several occasions expressed our opposition, and so far from modifying that the President's discussion of the measure we believe will have the effect of confirming and strengthening previous criticisms. He favors the Government ownership of our merchant marine for a limited period only; in other words, long enough to destroy the nucleus that has survived and to discourage private business from making any other attempt to restore our flag on the seas. We hope the Nation will not be slow to speak its mind against any such ruinous nostrum. It lacks the advantages of Government and private ownership of shipping and combines the disadvantages of both.

Well, Mr. President, the Nation has not been slow to speak its disapproval of the bill we are now considering, and if by any misfortune it shall become a law the Nation will not fail to voice its disapproval of the political party that enacted it.

The Springfield (Mass.) Morning Union speaks as follows:

In his message to Congress President Wilson again urges governmental ownership as a means of developing an American marine and attempts to stem the agitation for an inquiry into the national defense by assurances that our military provisions are adequate. In neither case does his course of argument carry conviction. As regards the merchant marine he virtually concedes that governmental ownership is the only alternative to the granting of substantial subsidies and he contends stoutly for governmental ownership. "The Government must open these gates of trade," he says, "and open them wide; open them before it is altogether profitable to open them, or altogether reasonable to ask private capital to open them at a venture. It is not a question of the Government monopolizing the field. It should take action to make it certain that transportation at reasonable rates will be promptly provided, even where the carriage is not at first profitable; and then, when the carriage has become sufficiently profitable to attract and engage private capital and engage it in abundance, the Government ought to withdraw."

But in this the President fails to give us any hint as to how governmental ownership is going to prepare the way for successful private operation. By what magic will the Government so arrange matters that, after operating ships for a season, it may step aside and enable private concerns to compete successfully, though enjoying no subsidies and paying good wages for a reasonable amount of work under comfortable conditions, with carriers of other nations, liberally subsidized and operating at a cost incompatible with the maintenance of an American standard in respect to labor? That is the problem.

The President does not go into the causes that have reduced our merchant marine to its present low estate, possibly because he feared to make his message too long. But he ought at least to investigate those causes carefully himself before urging a remedy; and if he had done this with any thoroughness he would have seen the fallacy in his reasoning. The problem met with here is different from that involved in the building and operation of a railroad or a telephone system. In respect to these latter it is fair to anticipate that the developing-agent will be able to hold the business it has created. Franchises can be refused to concerns desirous of building competing lines. But in the case of foreign shipping there are no such natural and artificial restrictions. No costly tracks or wires are required for ocean commerce, and ships can be shifted readily from one route to another if trade conditions so dictate. Competition involves foreign agencies over which our Government can have no direct control. So that, even if the Government should build up a large shipping business and turn it over to private concerns that, unlike the Government, could not do the business at a heavy loss to itself, there would be no assurance that such business would not quickly be lost to the ships of other countries when the artificial props were removed. The President, in fact, gives us no basis for thinking otherwise than that this would be the natural and inevitable result.

Moreover, the President errs in assuming that to provide ships will of itself assure the speedy rehabilitation of our merchant marine. In order to make a successful merchant marine these ships must do a large business, and the acquisition of such business is one of our problems. This will require time, even with foreign shipping hampered as it is by the war, for foreign capital, buttressed with governmental support, has been years establishing this business, and it will take years, probably, to win it to the United States even if we can meet our rivals on an even footing. As a short-cut, quick-cure provision, the President's plan does not appear to be at all sound, when viewed as a device for getting permanent results. There remain other objections that the President ignores. He does not show wherein governmental ownership is more effectual than subsidized private lines in getting results. If the Government can not serve this field better than private capital can with reasonable assistance from the Government, why extend the Government's operations? Why extend them in any direction unless there is a good and urgent reason for it? It so happens, moreover, in this case that the policy of governmental ownership would involve special and unusual risk, particularly with foreign nations at war. Government vessels charged with carrying freight, and more or less of a contraband nature, would afford a peculiarly grave menace to our neutrality. Why incur this peril? Is it necessary? Is it practical as an economic remedy? The President has not demonstrated that it is.

Another brief editorial from the *Boston Herald*, under the caption "Boston does not like it," is as follows:

Boston shipowners have pronounced against President Wilson's shipping bill. The Boston Maritime Association, "whose members own the bulk of steam and sail tonnage in Massachusetts," protests to Congress against the measure as "entirely foreign to the purpose for which the movement exists," and as "distinctly a move toward general Government ownership."

This is the judgment of experts, who know their trade, and rightly object to the United States Treasury as a competitor. Whatever present difficulty there may be in securing tonnage, these practical ship managers say, is due mainly to inability to obtain insurance on cargoes or on ships, particularly if sent to mined and dangerous waters. As to South America, the business depression there, due to the war, has brought about a condition in which there are, temporarily at least, more ships than merchandise to fill them. These Boston shipowners have given to Secretary Redfield a list of ships representing over 200,000 tons of dead-weight capacity, which could be chartered foreign if there were sufficient business to employ them.

This Government-ownership bill is having a particularly bad effect upon Boston's maritime prosperity. For several years our Boston merchant fleet has been steadily increasing. Among the new ships are 24 steamers available for foreign as well as coastwise trade, embodying an investment of upward of \$8,000,000. Four of these ships are now on the routes to Europe and four more on the Pacific. But since the war began and President Wilson launched his Government-ownership project it is significant that Boston capital has turned from and not to the sea, building has ceased and no more new ship contracts have been awarded.

If the bill on which the President in his message insists with so much emphasis were really helpful to the merchant marine, no one would see and welcome it more eagerly than the alert and ambitious shipowners and builders of New England. But they are unitedly against it. So, apparently, are the actual shipping men all along the Atlantic and Pacific. One maritime or mercantile association after another condemns the administration plan, and not one upholds it from the great commercial States of either seaboard.

This, presumably, is the reason why the Government-ownership bill was "jammed through" the Senate Committee on Commerce without the accustomed courtesy of public hearings. The promoters of this unprecedented measure were afraid of the verdict of the men who know.

Mr. President, I have had several bills relating to the American merchant marine before the Committee on Commerce during my service in this body and in every instance hearings were accorded to the friends and to the opponents of the measure, but it happened for some reason or other that this particular bill was reported out of the committee without any hearings, and as a result the only means that the business men, the industrial interests, and the newspapers of the country have to protest is through the medium I am now employing.

A little time ago the esteemed Washington Post, under the caption "Government steamships—the danger of complications," had an editorial which I read with a good deal of interest at the time and which I think is worthy of reproduction. The Post said:

The present controversy with Great Britain is a warning against the enactment of the administration bill providing for Government-owned steamship lines.

A strong protest has been made, and it will be reinforced if necessary, against the unwarranted interference with American commerce. Some of the American cargoes are in foreign bottoms and some of them in ships under the American flag. The controversy is over the cargoes and not over the ships. But what would the situation be if Great Britain were to seize ships owned and operated by the United States Government? An acute quarrel would ensue, and the nations would be fortunate if they escaped war.

The ships owned by the United States under the proposed law would not be commanded by officers of the United States Navy, it is true, but they would be Government vessels, nevertheless. The United States could not permit such vessels to be stopped and searched on the high seas without a loss of self-respect. It would be compelled to resist such attempts. The people would expect any administration to defend the flag, and would assert themselves in no uncertain manner if the Government weakly yielded to a foreign power.

The entry of the United States Government into the ocean-carriage business would be an unfortunate mistake. The Government was not organized for money-making purposes.

It can not enter any commercial field without competing with its own citizens. Private steamship lines would have to go out of business, go under a foreign flag, or be absorbed by a Government monopoly. Instead of promoting a healthy, permanent merchant marine under the American flag the Government-ownership plan would kill off the existing merchant marine and make individual enterprise in that field impossible. At the same time, complications with foreign Governments would be inevitable. The Government ships would have to submit to search and possible seizure or refrain from carrying cargoes during war time. Therefore the establishment of Government lines at this juncture, when practically all the world is at war, is most ill-advised.

At a later date, that of January 6, the Post had another editorial headed "Government ships would be dangerous in wartime and costly in time of peace." Just think of it, Mr. President! We are going to enter into a policy that it is asserted would be dangerous in wartime and costly in time of peace, and I have no doubt that that assertion is fully justified by the facts. The Post said:

The minority report on the Government ship purchase bill is well worthy of serious consideration by the administration. At this juncture, when complications with Great Britain regarding the treatment of neutral cargoes remain to be settled, it is prudent that the United States should very carefully investigate conditions before it commits itself to the plan of purchasing foreign ships to be owned and operated by the Government, or under its auspices.

There is no shortage of ocean vessels. Very few of them have been destroyed. There are many tied up, particularly those under the German flag; but if the United States Government should purchase German ships and attempt to operate them it would find itself in hot water immediately. International law presumes that transfers of flag during hostilities are not made in good faith, but are merely a subterfuge to relieve vessels of a belligerent from the consequences of war. Of course the United States would not be a party to fraudulent or colorable transfers of ownership. The transfer would be genuine; but, nevertheless, Great Britain would raise objections to any plan that would release the German vessels. These vessels are put out of commission by war,

greatly to the damage of Germany. This is a legitimate advantage enjoyed by Great Britain, which she would not forego for the sake of assisting the United States to build up a competitive commerce.

In fact, Mr. President, to this intelligent editor's statement that Great Britain would resist the purchase of German ships by our Government because Great Britain is enjoying an advantage from the fact that they are interned in American ports he might have added that the entire history of the British Government has been to do everything possible to prevent the upbuilding of an American merchant marine. Great Britain has not been overcareful of the agreements she has made with the United States in that regard, and if Great Britain has failed to discover any means by which she could cripple the American merchant marine it has escaped the attention of some students of that subject. So Great Britain will have a double purpose in objecting to the purchase of these ships by our Government, one purpose being that she is crippling Germany by keeping them in our ports, and the other that she is unwilling to have us, by the purchase of ships from belligerent or neutral nations for that matter, which will tend to build up our merchant marine, thus become a competitor with her on the ocean.

The Post continues:

"Every craft set afloat by the Government would add one more risk of our being drawn into the present war," says the minority report. This is unquestionably true.

As for the operation of Government-owned ships after the war, how would they be made to pay? Since American vessels can not compete with foreign ships in the overseas trade, how long will Congress be willing to meet losses incurred by the Government lines? Is Congress willing to pay big sums for the sake of seeing the American flag on the seas, when vessels under other flags will carry American cargoes cheaper than our own vessels?

The more the Government ship-purchase bill is studied, the more serious appear to be the obstacles in the way of successful operation of Government-owned ships. It is a piece of paternalism that is dangerous in time of war and ruinously costly in time of peace.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). Does the Senator from New Hampshire yield to the Senator from Florida?

Mr. GALLINGER. With pleasure.

Mr. FLETCHER. May I ask the date of the editorial which the Senator from New Hampshire has just read?

Mr. GALLINGER. That was under date of January 6, 1915.

Mr. FLETCHER. I think, if the Senator will take the trouble to refer to an editorial of a few days ago, he will find that the Post then expressed a very different view upon it.

Mr. GALLINGER. That was probably written by a cub reporter, while this was written by the real editor of the Post. I was once connected with a newspaper in an editorial capacity. While I was away from home for a few days the office boy wrote an editorial which appeared in that issue, very much to my dismay when I returned. If an editorial of different tone has appeared in the Post it may be accounted for in the same way.

I want to say that I deserve the thanks of the majority of the Senate for not introducing more protests from the newspapers of the country against this bill. I have a bundle of them in my committee room which I might use, but I feel that what I have quoted ought to be a sufficient education for those who are unwise enough to advocate the passage of this measure.

Coming now directly to a consideration of the merchant-marine question I beg to call attention to the fact that whenever demands have been made to pass remedial legislation, such as enlarging the postal subventions to American ships, we have been met with the suggestion that the adoption of differential duties would solve the problem, and when the impossibility of securing relief from that source has been pointed out then the claim that the amendment of the navigation laws so as to admit of the purchase of ships abroad would be a panacea. The Merchant Marine Commission pointed out clearly that free ships would in nowise solve the problem, and for the purpose of testing it no opposition was made to incorporating in the Panama Canal act a proposition along that line. The discriminating-duties proposition is a part of the existing tariff law, but that has proved the failure that some of us pointed out it would, and no effort is being made to enforce it.

If the CONGRESSIONAL RECORD should be searched during the past 10 years it would be found that whenever an effort has been made to pass a bill that some of us believed would tend to rehabilitate the American merchant marine, we have been met by two objections from our Democratic friends. One was, that all we had to do to reestablish the American merchant marine, without the payment of a subsidy or subvention from the Government, was to return to the discriminating-duties policy of the fathers—Washington, Jefferson, and Madison. When that argument seemed to fail, then we were met with the other proposition—that if we would amend our archaic navi-

gation laws and allow the citizens of the United States to go into foreign countries, purchase foreign-built ships and put them in our overseas service the problem would be forever set at rest.

Well, Mr. President, neither of those propositions appealed to me, because I did not think that either of them would accomplish the desired result. The Merchant Marine Commission, which was composed of fairly good men, members of this body and of the other body, gave a great deal of time to the consideration of all these matters and reported on them. Here is what the Merchant Marine Commission said about the free-ship question—

Mr. FLETCHER. Will the Senator give us the number of the report from which he is about to read?

Mr. GALLINGER. I am quoting from Senate Document No. 225, Sixtieth Congress, first session, on page 56, entitled "The Free Ship Question." I have an impression that this particular statement may not be found in full in the report of the Merchant Marine Commission, although I am not certain as to that. That it received the concurrence of that commission, or at least a majority of them, I assert with confidence. This article says:

To repeal our century-old registry laws and allow shipowners to buy or build at low prices abroad the ships needed for our commerce seems at first glance an easy and inexpensive way of securing a large mercantile marine.

But it meets only one-half of the question. American ships now cost more to build than foreign ships, chiefly because American shipyard wages are higher, and only in very small part because of the cost of materials, which are free anyway for vessels for the foreign trade.

During the discussion of this matter it was rather interesting to find that very few public men understood that all the materials for shipbuilding, under the laws of the United States, could come in absolutely without the payment of duty; so that the materials themselves were free. As I say, that was not generally understood. The report continues:

But American ships also cost more to run after they are built, because of the higher wages on shipboard, and often, also, because foreign ships not only have low wages, but receive bounties from their governments.

"Free ships" would not solve this difficulty; they would not touch it.

Suppose two steamers, identical in size and cost, were built side by side in a British yard and sold, one to an American, the other to a British company, for the trade to South America. The steamer flying the British flag could procure its officers and crew at Liverpool for wages about 30 per cent less than the steamer flying the American flag could at New York or New Orleans.

This is a serious handicap, but the British steamer, carrying the British mails, would receive some thousands of dollars in subsidy, while the American steamer would receive either nothing at all or at most some few hundred dollars of United States mail pay.

Perhaps the British subsidy would be large enough to guarantee a handsome dividend on the British steamer, which could thereby carry freight at cost, while the American steamer, without the help of a subsidy, would either have to ask higher freight rates on American goods or forego a dividend altogether.

This illustration will show that "free ships," even if the policy were adopted, would not solve the shipping question; that there would still be left the difficulty of the higher American shipboard wages, and in some cases also of the foreign subsidies.

It would be very much as if a policy of free trade were adopted, for example, in the machinery of woolen mills. Of course, the immediate result of the entire removal of the protective duty would be to kill the manufacture of such machinery in the United States and reduce a number of skilled mechanics to idleness and want. But the woolen mills could import their machinery free of duty, and doubtless would get it for a somewhat lower price.

If, now, a protective duty were kept on woolen goods, it is probable that a great deal of "free" foreign machinery would be bought and operated. But if there were no protective duty whatever on woolen manufactures—just as there is now no protection for ships—it is probable that foreign woolens made with low wages would overwhelm our mills, and that even with machinery "free," very little, if any, machinery would be purchased.

In the matter of shipping, this is no mere conjecture. It is exactly what has happened in the maritime experience of the world. In the years between 1840 and 1860 the crisis of the transition from sails to steam and from wood to iron in shipbuilding, the British Government gave generous subsidies to steamship lines; at this date the chief part of British steamship tonnage was subsidized. One result was to give iron shipbuilding and steam-engine building such an impetus in British yards that no nation could compete with them. Foreseeing this, the British Government for the first time passed a "free-ship" law, shrewdly hoping that all other nations, especially the United States, would follow, and that soon all the ships of the world would be built of British iron by British workmen.

But the United States did not follow. After a time, however, France did, and Germany and Italy and Norway and other nations.

The result in France was that in 1881, after a long trial of the privilege of buying "free ships" in Great Britain, the French people found themselves with fewer ships (914,000 tons) than they had in 1870 (1,072,000 tons), while French shipbuilding had so nearly disappeared that it was difficult to get new battleships for the national defense without going to England for them also.

Of course, this weakening of the French navy was one of the results which British statesmen had sought when they gave their first subsidies to steamships and encouraged their neighbors across the channel to adopt a "free-ship" policy.

In despair at the disastrous consequences of the "free-ship" policy, and realizing how Great Britain had tricked her, France now adopted an elaborate plan of subsidies to French shipping, steam and sail, and

bounties to shipbuilding. The French subsidy system in many respects was a blundering one, though it has been much amended and improved.

But with all its faults of detail it has established French shipyards fit to build the heaviest armor clads; it has created a large naval reserve of merchant officers and sailors, and finally it has increased French tonnage (which shrank steadily under "free ships") from 914,000 in 1881 to 1,760,000 in 1904—very nearly double.

Germany also tried "free ships." Her merchants were allowed to buy all their seagoing vessels in Great Britain, but while this expedient increased German tonnage scarcely any (only from 1,098,000 in 1873 to 1,243,000 in 1881) it did smother German shipbuilding so effectively that there was not a yard in the Empire that could construct a man-of-war to protect the coasts, and the few armor clads which Germany possessed were bought of British builders.

In 1881 Bismarck appealed to the Reichstag to put an end to this and to give subsidies to German steamship lines after the British example. A subsidy of \$1,047,500 was given to the North German Lloyd for a service to Japan, China, and Australia, and of \$214,000 to another company for a line to Africa.

But the Reichstag would have no "free ships" for these new lines. It required, significantly, that the subsidized ships should be built in German yards, as far as possible, of German materials. Thus, these subsidies created the German shipyards that are now building Kaiser Wilhelm's battle line, and have built the monster *Deutschland* and other Atlantic flyers.

German shipping, which had made no notable increase under "free ships" alone, has grown wonderfully since Bismarck led the way for imperial encouragement. Besides these generous mail subsidies, the German State railways haul material at nominal rates for shipyards—a virtual bounty on shipbuilding—and these same State railways grant favorable rates on goods exported by German steamers.

That is a point which has been overlooked to a large extent in the discussion of the American merchant marine question. Germany, owing the railroads, carries materials for shipbuilding to German shipyards at a lower cost than it carries other commodities, and also makes more favorable rates on goods exported by German steamers than by other steamers. Germany's great wisdom in these matters is shown by the fact that a letter mailed in Washington for Germany will require a 5-cent stamp if it is not designated in writing on the envelope that it is to go by a German steamer. If it is to go by a German steamer, it will cost 2 cents. Germany in every way looks out for the upbuilding of her industries, and especially of her shipping facilities. Of course I am speaking of conditions existing before the war, and conditions which will exist after this horrible war comes to an end, which heaven grant may be before long.

The German merchant marine interests are fostered in every possible way, and though a "free-ship" policy still exists, relatively few German steamers are now bought abroad.

German tonnage, which was 1,243,000 in 1881, is now 3,393,000.

This was written in the year 1905. We talk about the free-ship policy of England. When the great steamships *Mauretania* and *Lusitania* were built in England, not only did the Government put up \$13,000,000 to build them, to be paid back through mail subventions, but the contract provided that they should be built in British shipyards. So that even England has not fully lived up to the free-ship policy which has been so often referred to in connection with that country.

Norway at first made best use of the "free-ship" experiment. The Norwegians are born sailors, and they work for almost the lowest wages. Between 1870 and 1880 Norway bought a great many American and British sail vessels, sold at a low price because they could no longer compete with steam, and Norwegian tonnage rose rapidly from 1,022,000 to 1,650,000.

But there it seemed to stop. While France, with very much less aptitude for the sea, increased her tonnage by help of subsidy from 1,104,000 in 1890 to 1,760,000 in 1904, Norwegian tonnage has scarcely gained at all, or only from 1,650,000 to 1,779,000.

But now Norway, though she is very poor and small, has followed the other nations in showing her dissatisfaction with "free ships" alone, and has begun to give small subsidies to regular mail lines and bounties to native shipbuilding.

Italy tried "free ships," as France and Germany did, with exactly the same experience. Her ships did not increase, and her shipyards vanished. Finally Italy also, to save her shipping trade, was forced to adopt a comprehensive system of subsidies to all ships, including bounties on construction.

The Italian merchant fleet has grown rapidly of late years, from 860,000 tons in 1894 to 1,259,000 tons in 1904.

Japan, too, has followed the same course. She tried "free ships" persistently, with the result that as late as 1894 she had only 200,000 tons of shipping of all kinds, and almost no shipyards.

The war with China in 1894 taught Japan a sharp lesson of the value of a merchant marine. She turned now to subsidies and bounties on a liberal scale, developing steamship lines and native shipyards, and possessed a merchant fleet of 830,000 tons in 1904, sufficient for her needs of transports and auxiliary cruisers in the greater war with Russia.

To sum up, therefore, it may be said that all the maritime nations of the world have tried "free ships" in the past, and, disappointed with the results of this expedient alone, have now all turned to some form or degree of subsidy, bounty, or subvention.

Even Great Britain has so little faith in "free ships" as an economic principle that her recent mail contract with the Cunard Line requires specifically that the subsidized steamships shall be "built in the United Kingdom."

That is a matter to which I have already referred.

Thus the "free-ship" idea is conspicuously flouted, though not formally abandoned, by the British Government. Other governments, as a rule, do not actually forbid a "free-ship" policy, but they do all they can to encourage their merchants to build their ships at home, and not add further to the maritime dominance of Great Britain.

European bounties on shipbuilding are, of course, a direct discouragement to "free ships" and a powerful protection to native industry. If the United States Government were to pay ten to twenty dollars a ton on every ship built in the United States, something might be said for the free registry of British-built vessels in America; but to practice "free ships" without any aid or encouragement to home building is something which is done now by not one of the maritime nations.

Even if the "free-ship" policy were applied in connection with a subsidy policy in the United States, the "free-ship" principle would be of very dubious advantage. If out of 100,000 tons of steamships subsidized and added to our merchant fleet in a single year 50,000 tons were built in this country and 50,000 tons bought in Great Britain, the 100,000 tons would undoubtedly cost less than if they were all of American construction.

But, on the other hand, to the extent of 50,000 tons we should then have developed the shipyard resources of the United Kingdom and should have deprived American yards of 50,000 tons of that experience which must be had before American ship prices can be reduced, as they must some day be reduced, to the level of our formidable competitor.

American shipyard wages are the highest in the world. But they are no higher than the wages in American locomotive works and bridge works, and American locomotives and bridges are competing in cost with similar British articles.

How, with our high wages, have we been able to bring down the price of American locomotives and bridges? Why, by keeping these works constantly employed to their full capacity, by standardizing their product, and by maintaining steadily an enormous volume of production.

To manage to do the same thing with our shipyards is finally to reduce the price of ships, and it is the only sure way in which this can be accomplished, except, indeed, by a reduction of American shipyard wages, which nobody would advocate.

But to buy ships in Great Britain under a "free-ship" policy instead of building the ships, even at a temporarily higher price here, is to hamper this process of industrial evolution and play directly into the hands of our great antagonist.

This fact is clearly seen by our British rivals. As the London Engineer not long ago said:

"Free ships would be a good thing for our English shipbuilders, for whether at first or at second hand the vessels purchased would be of English build for the most part. The development of a native American shipbuilding industry can be of advantage to neither builders nor owners here."

This is also the expert view of the practical ship merchants of America. Nearly all of the experienced shipowners of this country engaged in foreign trade testified in the course of the recent long and careful inquiry of the Merchant Marine Commission.

These practical men were asked: "Do you desire 'free ships'?" "If Congress changed our law and enabled you to buy ships abroad and run them in the foreign trade, would you do so?"

With only one or two exceptions these practical men emphatically replied that they did not desire "free ships"; that they could not buy foreign vessels and run them under the American flag at the American wage rate against the cheap wages and often the subsidies of their foreign competitors; that "free ships," if adopted, would prove to us, as to others, a delusion, and would be of no advantage whatever toward the real development of an ocean fleet in the United States.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Minnesota?

Mr. GALLINGER. I yield.

Mr. NELSON. I desire to ask the Senator a question. This may not be the proper place in his remarks to do so, but I should like to ask him if it is not a fact that the ocean rates on exports from this country are high because of the fact that the imports have fallen off to such an extent that vessels coming from the other side to this country get little or no freight, comparatively speaking, and they have to earn enough on the passage out to Europe to pay them for the round trip? Is not that one of the chief causes, in addition to the war risk and insurance rates, that has tended to increase rates?

Mr. GALLINGER. Mr. President, the Senator has undoubtedly made a wise suggestion in that regard. A great problem in establishing American lines across the oceans of the world has been to try to connect with ports where a return cargo could be secured. It would be disastrous for an American line of ships to go into the business when, although there are goods to be transported from our country, there are very few goods to be brought back, and no wise shipping man would engage in an enterprise of that kind.

In addition to the cause which the Senator from Minnesota [Mr. NELSON] has suggested as a reason for high rates, there is one other cause which might be stated, and that is that the European war has made labor so difficult of procurement that the wages of the men on the docks and in the warehouses, as well, have been largely increased, even if labor can be procured at all. That is one reason why we hear it said that American goods are lying at the ports of foreign countries without being unloaded.

Mr. NELSON. Mr. President, will the Senator yield to me further?

The PRESIDING OFFICER. Does the Senator from New Hampshire yield further to the Senator from Minnesota?

Mr. GALLINGER. I yield further.

Mr. NELSON. Would not an investigation disclose the fact that the rates on imports to this country by way of the ocean have not increased anywhere near as much as have the rates on exports?

Mr. GALLINGER. I understand that to be so.

Mr. NELSON. Is not that due to the fact that imports are comparatively slight and that vessels which ply to Europe are glad to get anything in the shape of a return cargo, and hence there has been little or no increase in that kind of traffic?

Mr. GALLINGER. I understand that to be a fact.

Mr. SMOOT. Mr. President—

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

Mr. GALLINGER. I yield to the Senator from Utah.

Mr. SMOOT. In that connection, Mr. President, I should like to ask the Senator if it is not also a fact that, on account of the great number of ships that, because of the war, have been withdrawn from actual service, the law of supply and demand is now working and the shipowners themselves are getting every dollar out of the trade that it is possible to get; so that they have increased rates sometimes 500 and 600 per cent, for the very reason that the ships are not procurable to carry the amount of exportations demanding shipment? Of course freights have advanced greatly, but the mere fact of the United States purchasing 30 ships from some other nation would have no effect whatever upon the ocean-freight rates charged the commerce of the world.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Florida?

Mr. GALLINGER. I yield to the Senator from Florida with pleasure, always.

Mr. FLETCHER. I simply wanted to ask the Senator if he claimed that the shortage of cargoes coming to this country would in any wise occasion such advances as are reported—that vessels are getting \$40,000 per month where before the war they were chartered for \$5,000 a month?

Mr. GALLINGER. It does not fully account for it. It accounts for it in part. The fact is that our people are not different from the other people of the world in matters of business. The opportunity has presented itself for shipowners of all the nations of the world to advance their rates. On certain routes there is ample reason why they should do so, because the hazards are great. On other routes very likely they have advanced them inordinately. I assume that to be true. But that the purchase or the construction of 30 or 40 ships by the Government of the United States could by any possibility have any great influence upon reducing the rates upon the 4,000 or more British ships which are traversing the ocean is beyond my comprehension.

In this connection I may use the simile of our friend and former colleague who stood directly behind me for so many years and guided the legislation of this body as few men have, the Senator from Maine [Mr. Hale], who used to say that "You might as well have painted ships on a painted ocean." I think you might just about as well put a fleet of painted ships on a painted ocean and expect them to reduce to any substantial degree the increased rates that are now charged as to expect 30 or 40 ships under the American flag to accomplish that result, even if we could get the ships. If we propose to buy them, where are we to get them? If we build them, we can not get them built in American shipyards to-day and I doubt if we can in foreign shipyards under 12 or 15 months. Then the emergency, we all hope, will have passed; the war will have closed; English and German and French ships will again dot the ocean. They are navigated at a much less cost than an American ship can be navigated, and this venture that we have made will go to the scrap heap. That is what will probably happen.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Florida?

Mr. GALLINGER. I yield with pleasure.

Mr. FLETCHER. I do not wish to interrupt the remarks of the Senator from New Hampshire.

Mr. GALLINGER. Oh, the Senator does not annoy me. I always yield with pleasure to the Senator from Florida.

Mr. FLETCHER. I have listened with interest to his address, but I should like to inquire of the Senator if he agrees with the view of the committee which reported to the New York Chamber of Commerce that the difference in the cost of operating vessels under the American flag and under foreign flags is from 5 to 10 per cent?

Mr. GALLINGER. I do not agree with that at all.

Mr. FLETCHER. That is the statement that was read here this morning.

Mr. GALLINGER. Yes; I read that statement for what it is worth. Every statement is worth just what the facts will justify. The truth is that the difference in the food supply as

between American ships and many foreign ships would probably be 5 per cent. The additional crew that we are required to carry is a very important item. Then there is the fact that we are compelled, under the laws of the United States, to pay the officers of the ship more than twice what is paid by foreign governments; the further fact that we are required to carry a portion of our crew of Americans, while they carry Lascars and Chinese and Japanese, and the lowest-paid laborers in all the world. Oh, I know the difference would not be as little as that. I do not know just what it would be, but it is enough to prevent our capitalists and our shipowners and shipbuilders from going into the business, and it always will prevent them from going into it until in some way we equalize the difference in cost between navigating an American and a British or German, Japanese, or French ship.

I will conclude the article I have been reading by quoting the closing paragraph:

Moreover, the Merchant Marine Commission caused a direct special inquiry to be addressed to the International Mercantile Marine Co. and other concerns, wholly or in part American, owning ships under foreign colors. The managers of these concerns, representing practically all of the American investments in foreign shipping, were asked point-blank if they would put their ships under the American flag providing Congress opened registry to them.

Without an exception, in reply to this specific question, they said they would not do so, unless, indeed, enough aid were given through subsidy or discriminating duty to enable these foreign-built ships to pay American wages to their crews and to offset subsidized competition.

Yet, if there were any actual benefit in "free ships," these American owners of vessels under foreign flags would be the prime beneficiaries. Their unanimous opposition, therefore, is exceedingly significant.

"Free ships" are not only discredited by the experience of the world but are overwhelmingly opposed by the trained judgment of American ship merchants.

Mr. President, notwithstanding that argument, which was presented to the Congress and particularly to the Senate, when a bill was introduced prepared by a majority of the Merchant Marine Commission, and not strenuously opposed by the minority, we were met by the assertion that if we would only revise or modify or repeal our "archaic navigation laws" and let Americans go to England, to France, to Germany, and to Italy and buy ships as freely as the citizens of those countries could buy them, we need not worry any further about upbuilding the American merchant marine. Well, we have yielded to that, those of us who did not believe in it; a free-ship law is on our statute books, and still the ships are not here and they will never come here under that policy.

Then, when that contention failed, our opponents fell back on the plea that the discriminating-duties policy of the fathers, a policy advocated by Washington, Jefferson, Madison, and the other great men of the early period of our history, was really the policy that we ought to adopt.

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

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Minnesota?

Mr. GALLINGER. I yield to the Senator from Minnesota.

Mr. NELSON. Would not this be a good occasion to apply the old-time principle of discriminating duties? It is a principle announced by the Supreme Court that a treaty may repeal a law, and a law may repeal a treaty. That part of the tariff law which provided for a discriminating duty operated to that extent as a repeal of existing treaties. Would not this be a good time to enforce that provision and resort to that practice? Would it not help to make up the difference in the cost of constructing the vessels and in the cost of operating them to have a discriminating duty of, say, from 5 to 10 per cent? I believe the old-time duty was 10 per cent.

Mr. GALLINGER. Yes.

Mr. NELSON. I should like to hear the Senator's views on those questions.

Mr. GALLINGER. Mr. President, I voted for that provision in the Underwood tariff law which allowed a differential duty of 5 per cent on goods transported in American bottoms; but I did it with a full conviction that if it was tried it would prove a failure. I will give my reasons for that belief. I regret exceedingly that it was held up. I regret that the law department of the Government ruled that, in view of the fact that we had entered into thirty-odd commercial agreements or treaties with foreign countries whereby we had promised not to adopt any policy that they did not adopt—in other words, reciprocity agreements—we could not enforce that provision of the tariff law in the face of those agreements, and that it ought not be attempted until such time as we annulled those treaties. I wanted to see the experiment tested.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Minnesota?

Mr. GALLINGER. I do.

Mr. NELSON. If the Senator will allow me another question, I will make a brief preliminary statement in order that the Senator may understand the question. A bill is now pending, commonly called the seamen's bill, by which we propose to impose upon sailors of foreign ships entering our ports the same regulations that we impose upon our own sailors. Now, if we have the power to impose such regulations and restrictions upon the sailors of foreign ships entering our ports, why have we not the like power to resort to discriminating duties, and what is the difference in principle?

Mr. GALLINGER. Mr. President, I had hoped we had that right, although I greatly doubted it, when the tariff bill passed. For myself, I should like to see it tried. I think it might be of some benefit. The Merchant Marine Commission considered that matter at very great length, however, and they have made a report on it, which I propose to read.

When the Merchant Marine Commission was organized a majority of the commission were in favor of discriminating duties, but after a thorough investigation of the subject, and seeing the difficulties that were in the way, they came to the conclusion that such a plan would not meet the requirements of the situation. As an illustration, in the early days we had a small import duty upon pretty much everything from all the countries with which we traded. We now are looking for trade with South and Central America, and the goods from those countries are almost all on the free list, so that the differential duty would not be of much benefit to the shipping interests of the United States, so far as those countries are concerned. The same is true of the Orient, where we are trying to extend our trade. Largely the goods are either on the free list or at a very low rate of duty, and we would get little benefit from that. We would get great benefit if we had ships across the North Atlantic—there is no question about that—where we could get the benefit of a differential duty on the goods that are brought from France, Germany, England, and Italy; but, unfortunately, this great country of ours, the richest in the world, leading all the nations of the earth in wealth, in manufacturing, in agriculture, and in mining, has exactly four second-class ships crossing the North Atlantic to-day. So that the great benefit we would receive if we had an adequate merchant marine traversing the North Atlantic would amount to very little in view of the fact that we have only those four lone ships as against the great fleets of Great Britain, France, and Germany.

Mr. STERLING. Mr. President—

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

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

Mr. STERLING. The Senator from New Hampshire speaks of a differential duty. For information, I should like to know if the Underwood bill, instead of speaking of it as a differential duty, did not make a discount of 5 per cent on the duty on all goods shipped in American bottoms?

Mr. GALLINGER. Yes; that is a differential or discriminating duty.

Mr. STERLING. Yes.

Mr. GALLINGER. On general principles it would inure to our advantage. But to get any particular benefit out of a differential duty in the case of the nations with which we are trading, where we have most of the products on the free list, we would have to resort to the expedient of putting them on the dutiable list, which would result in a storm of disapproval throughout the country that no political party could stand for.

The Senator from California [Mr. PERKINS], who really knows more about ships and shipping than any other man in public life, and who I wish were physically able to take my place in this discussion, calls my attention to what Secretary McAdoo said in his speech at Chicago before the Commercial Club on January 9. I may say, *en passant*, that I do not know exactly why Secretary McAdoo should be given the distinction of understanding this great question better than some of the rest of us, but he is put forth as the exponent and defender of the bill we now have under consideration. He was the only man called before the committee of the other House to discuss it, except two Members of the body, each of whom, I believe, had a bill of his own; and he is going out into the great cities of the country announcing his views, which are undoubtedly the views of the administration, telling the people of the beauties and advantages of this measure, which is being condemned by the business interests of the country from one ocean to the other. Secretary McAdoo briefly discussed this matter of discriminating duties in his Chicago speech, and I will read what he said about it:

A provision for discriminating duties is contained in the Simmons-Underwood tariff bill—

Says Secretary McAdoo. It should be "the Simmons-Underwood tariff law"—

enacted in 1913, but the Attorney General has held that it violates our treaty obligations with various foreign nations. This plan, therefore, must be dismissed as unworkable. Even if our treaties did not stand in the way, and we could enforce such discriminating duties in favor of our ships, it would be easy for other nations to retaliate with similar discriminations and thereby largely negative such a policy. Retaliatory reprisals of this character would only prove hurtful by creating irritation and ill will and prevent the building up of our trade under our own flag.

That was not done during the early days of the Republic, when we had discriminating duties. We had no difficulty in enforcing them and building up our own interests without any irritating controversies with foreign nations; but very likely foreign countries might undertake to retaliate.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Minnesota?

Mr. GALLINGER. I yield.

Mr. NELSON. Is it not in the power of the Government, under nearly all of these treaties, to denounce them, as it is called—to terminate them?

Mr. GALLINGER. They can be denounced by giving one year's notice.

Mr. NELSON. By giving one year's notice we could denounce all these treaties and get rid of them and resort to discriminating duties of 5 per cent—

Mr. GALLINGER. Yes; or 10 per cent, or any other per cent.

Mr. NELSON. Or 10 per cent; and if we resorted to that, and denounced these treaties, and did it during the continuance of the present war, would we not have a good opportunity to make a start of it and to build up our shipping and avoid the question of subsidy?

Mr. GALLINGER. I think if we were rid of those treaties, or agreements, as they are sometimes called, we would have taken a long step toward putting the question of discriminating duties to the test. I will say to the Senator from Minnesota that, whatever others may have done, after this exhaustive investigation on the part of the Merchant Marine Commission ended I took it upon myself to urge upon the then Department of State that it would be good policy for the Government to denounce those treaties and let us start anew. It was not done, however; and we are in exactly the same situation now, so far as those treaties are concerned, that we were then.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Minnesota?

Mr. GALLINGER. I yield.

Mr. NELSON. In the seamen's bill that is pending now we propose to abrogate all those treaties, so far as they relate to seamen. If we do it in that case, is there any sane reason why we should not do it in the case of discriminating duties, and denounce them on that ground, too?

Mr. GALLINGER. I do not know whether it can be done in reference to seamen without the notice of one year.

Mr. NELSON. No; but would not the denouncement of a treaty in the case of seamen work as a denouncement of the entire treaty?

Mr. GALLINGER. I should hardly think so; but I am not versed in law, and would not venture to enter upon ice that might be too thin to carry me, so I must refrain from answering that question.

What I was about to say, however, was this: As free ships have failed, notwithstanding that policy was urged upon us as the panacea for all our shipping ills, so I feel sure that the discriminating-duty policy, if it shall be adopted, even if those treaties could be gotten rid of, would not to any large extent solve the problem.

I want to read what the Merchant Marine Commission said on the question of discriminating duties. It will be found on page 77 of Document No. 225, Sixtieth Congress, first session:

The historic policy of discriminating duties which the United States maintained in full to 1815 and in part as late as 1828 and even 1849, occupied so large a place in the inquiry of the Merchant Marine Commission that it is well to make at once a frank explanation why a return to this policy at the present time has not seemed wise to a majority of the commission.

It is probable that when the commission was appointed, in 1904, a majority of those Senators and Representatives composing it who had positive views favored another trial of the discriminating-duty policy, and believed that that course would be recommended to Congress. Moreover, from the very beginning of the inquiry, powerful arguments for the discriminating-duty plan were advanced, especially by the Maritime Association of the Port of New York, the largest shipping trade organization in America. This policy of the Fathers of the Republic, as it was well described, was ably advocated not only by many practical shipowners and shipbuilders but by many manufacturers and merchants—usually, however, in connection with the policy

of mail subventions to regular lines, which may be said to have met with almost unanimous support in every section of the country.

These arguments had a very great effect upon the commission, but at the same time some very serious objections were disclosed in the radical difference of mercantile conditions between the first half of the nineteenth century and the first decade of the twentieth century. In the first place, there were the 30 commercial treaties with foreign Governments—the very foundation of our modern commercial relations—which prohibit both discriminating custom duties and discriminating tonnage dues. These treaties of course could be abrogated, but notice of this would have to be given a year in advance, and new treaties without a discriminating duty clause negotiated on terms as favorable as before. This, manifestly, would be a difficult though not an impossible undertaking.

Far more serious than the abrogation and renegotiation of 30 commercial treaties would be the almost certain retaliation of foreign Governments. It is true that if they retaliated only against our shipping they could not do much harm, for an American vessel, even direct from the United States, is seldom seen now in European waters. But these foreign Governments would probably shape their retaliation where it would hurt and be effective—against our export trade in general—by discriminating duties on the products of our agriculture and our manufactures.

As an individual member of the commission I never laid much stress on that. I think this matter of retaliation is a two-edged sword, and against the United States, as powerful as it is, no other Government will rush into retaliation without giving the matter very serious thought:

Indeed, certain important commercial associations of the central West, while strongly favoring the development of the merchant marine, sent to the commission a formal remonstrance against the adoption of the discriminating duty policy because of the danger of foreign retaliation that would be provoked by it against the export trade of the United States. In this connection the fact is worth considering that in the years from 1789 onward, when the discriminating duty policy was practiced with so much success, the United States imported far more than it exported, so that discriminating duties were applicable to the larger part of our foreign trade, while now the United States exports very much more in both bulk and value than it imports, so that not only would discriminating duties be less effective for the encouragement of American shipping, but foreign retaliation would be far easier and more injurious.

But the weightiest of all objections to a return to the discriminating duty plan is neither the treaties nor retaliation, but the fact that in order to apply these duties for the adequate encouragement of the merchant marine, the free list of the tariff, covering almost half of the foreign commodities we purchase and consume, would have to be abolished. It is safe to say that this consideration counted more heavily than any other in bringing the majority of the commission reluctantly to the conclusion that discriminating duties could not now be invoked for the object we all desire—the rehabilitation of the American merchant marine in foreign trade.

In the fiscal year 1903, 43 per cent; in 1904, 47 per cent; and in 1905, 46 per cent of our entire imports came in free of customs duty.

I do not know that any Senator present can tell me what the percentage is under the existing law, but unquestionably it has been greatly increased over that of 1905—

This is in value; in bulk, inasmuch as these free imports were largely foods and raw materials, probably 60 or 70 per cent were free. In other words, unless the free list were abolished, discriminating duties could be applied to the encouragement of not more than 30 or 40 per cent of American shipping engaged in general foreign trade.

On the other hand, if the free list were abolished and these free articles made dutiable the result would be an increase in the cost of certain foods of the American people and certain crude materials of their manufacturing, for those free articles are, as a rule, noncompetitive products, chiefly from tropical countries, which can not, even under a duty, be produced in the United States. In 1789 and afterwards, when discriminating duties were so successfully applied for the encouragement of our shipping, nearly all imports were dutiable, and such a thing as a free list was scarcely known to our own or any other government.

There are strong political as well as commercial reasons why, if we are to have any American ships at all, we should have them in the trade with our sister republics of this continent, and the great neutral markets of Asia. In fact, the specific form in which discriminating duties have been most often and earnestly advocated before the commission has been as applying to the so-called "indirect trade"—that is, not against a British vessel bringing British goods or a German vessel with a cargo from a German port, but against European craft that seek to invade our carrying trade with Brazil or China or other neutral nations. It has been urged that discriminating duties in this indirect trade would not be so likely to provoke European retaliation as if the duties were imposed against British or German ships bringing goods of their own country. And it has been urged also that discrimination in the indirect trade, while arousing the least possible resentment, would give our vessels entire control of our trade with the nonshipping peoples of South America and the Orient.

Unfortunately, however, it is this very trade with South America and the Orient that can not be gained for American ships unless the free list is abolished, for most of the products of those southern and eastern countries are now and long have been nondutiable in the ports of the United States. Thus, when the commission looked into this question it found that 98 per cent of our imports from Brazil, 96 per cent from Chile, 81 per cent from Colombia, 80 per cent from Venezuela, 82 per cent from Ecuador, or 82 per cent of all our imports from South America and 94 per cent from Central America were absolutely free of duty. In our import trade with China 50 per cent, with Japan 64 per cent, and with India 69 per cent are free of duty. Unless the free list were abolished discriminating duties could not adequately encourage American shipping to engage more largely in commerce with the republics to the south of us and the great markets of the Orient.

If conditions were everywhere as they are with our trade in Europe, where the free imports represent 28 per cent, or our trade with Cuba, whence we import chiefly sugar and tobacco and only 17 per cent of our purchases are on the free list, discriminating duties could be effectively applied for aid to American shipping. But the long series of public hearings before the commission has made it unmistakable that the American people desire American ships, not only in our Cuban

trade, but also and especially in our trade with South America and the Far East. Discriminating duties would not give us American ships in these important trades unless the free list were abolished, and here is the most urgent of the several reasons why the discriminating-duty policy has not been recommended by the majority of the commission. The plan of mail and other subventions embodied in the bill of the commission was finally adopted because it is both more equitable and more effective.

These subventions will cost something. So, too, would it cost something to apply discriminating duties by the method suggested of reducing the duties on goods imported in American vessels. In either case it is necessary, in order to make this encouragement of shipping adequate and effective, to equalize the difference in wages and cost of construction between American and foreign ships, and in some cases to offset foreign subsidies. American ships in order to reach an equality of conditions must either receive a certain sum in subvention or retain an equivalent from the reduced duty in the form of higher freight rates.

In the long run, it is likely to be found that the subvention plan will involve the less actual cost to the Treasury.

Now, Mr. President—

Mr. PERKINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from California?

Mr. GALLINGER. I yield to the Senator.

Mr. PERKINS. I ask the Senator if it would not be feasible to adopt the policy of establishing ocean lines under the act of March, 1891, which provides that the Postmaster General may make contracts for ships for the transportation of the mails on the outward voyage. The Senator from New Hampshire conferred a great benefit on the country in securing the enactment of that law, and I ask him if it would not be more advisable to amend the law now so as to apply to present conditions?

Mr. GALLINGER. Yes; I have a bill pending before the Committee on Commerce for that very purpose which I propose to offer as a substitute for this bill at the proper time, and while I have little hope that it will commend itself to a majority of the Senate I shall hope that it will get a support that will be at least encouraging, so far as the future is concerned.

I have no disposition to go into the question of subsidies to-day. Later on, if this debate continues long enough, I may have something to say on that subject, but not to-day. The Senator from Minnesota [Mr. NELSON], however, suggested that the discriminating duties policy was preferable to a subsidy. I have always been puzzled to understand where the difference comes in. In the one case, if certain import duties are to put a dollar in the Treasury of the United States and we give a ship 5 per cent we get 95 cents. The difficulty that arises with me is as to the difference. We might just as well put the 100 cents in the Treasury and pay out 5 per cent of it in what is familiarly called a subsidy, so far as the interests of the Government or the interests of the people of the United States are concerned, as to halt the 5 cents before the money reaches the Treasury.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Will the Senator from New Hampshire yield to the Senator from Minnesota?

Mr. GALLINGER. I yield, Mr. President, because if there is any real difference in the financial operation I should like to know it. I have asked the question a great many times and have never received a satisfactory answer. I hope the Senator from Minnesota can give it.

Mr. NELSON. I ask the Senator if there is not this difference: Any subsidy plan that I have noticed does not affect all ocean ships, but only ships of a certain class, whereas if you have a discriminating duty it will percolate through all our shipping and all vessels, big or small, engaged in our foreign commerce will get the benefit of it. I have never yet seen a subsidy bill pending here that has been so adjusted that all the shipping would get the benefit of it; it would be limited to certain classes, while a discriminating duty would cover all vessels. Is not that one advantage?

Mr. GALLINGER. Mr. President, that is the most cogent and convincing answer that has ever come to my question. There is a great deal of force in it. It is true that the late Senator Frye, who, I will say to my good friend from California, deserves credit for the authorship of the ocean-mail act of 1891 to a much greater extent than I do, offered a bill that did affect all classes of shipping. It is true that the merchant marine commission bill, which I had the honor to present to the Congress, looked to the same result; but it soon became apparent to those of us who are not afraid of subsidies, who do not get scared every time the word "subsidy" is shouted, that no such bill could pass the Congress, and the result was that we turned our attention to trying to get the ocean-mail act of 1891 liberalized, with the idea of putting on lines to South and Central America and the Orient under the terms of that law.

When I come to that in my discussion I shall show that if the original bill as it passed this body had not been emasculated in the House of Representatives we would not be worrying to-

day over ship facilities to South and Central America and the Orient and Australasia. We would have them. We have imperfect shipping facilities now, but we would have had adequate shipping facilities if the House of Representatives had not been wiser than the Senate and reduced the subvention carried in that bill about 33½ per cent.

Concerning the free-ship policy and subsidies the Boston Herald has called attention to the fact that the free-ship policy in time of peace proved utterly without avail, but it was hoped that the war and its hazards to ships of belligerent nations would supply a powerful motive to seek the shelter of the flag of the United States, and to make this transfer easy the President recommended, and Congress passed, an act approved August 28, 1914, repealing the five-year age limit, authorizing the suspension of the law requiring that officers of foreign-built ships admitted to registry should be American citizens, and further authorizing the exemption of these foreign-built ships from American regulations for survey, inspection, and measurement. In other words, a premium or a subsidy was virtually offered to foreign-built ships as against American-built ships in overseas trade, American ships being compelled to comply rigidly with American laws in all these particulars. President Wilson now signifies that he is convinced that the new free-ship law, even with these exceptional inducements, has failed to meet the expectations of its advocates, and Government ownership and operation must now be made the maritime policy of the United States. On this issue the administration will find aligned against it in Congress and the country not only virtually all real Republicans but many conservative Democrats as well.

I have already said, Mr. President, what I am going to repeat, that no hearing worthy of the name has ever been held on the bill now before the Senate. In another body it had a hearing covering two days, but no representative business men, or those engaged in shipping, were heard. Two Members of the House of Representatives and Secretary McAdoo were the only ones who were called upon to state their views. Had the financiers of the country, and the men who have actual knowledge of the shipping industry been called, beyond a doubt an entirely different showing would have been made; but that was not done, for reasons that I will not stop to discuss.

Now, Mr. President, that we may thoroughly understand the matter involved in this proposed legislation, it is desirable to examine the bill and reports on it before entering into a discussion of the subject. On December 9, 1914, the senior Senator from Missouri [Mr. STONE] introduced a bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia, to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

That bill, which has been changed in many material respects, I am going to read. Before reading it I will make the suggestion that if the speed limit which was set by the President and the majority of this body for the passage of that bill had not been halted by the minority of the Senate we would have passed a bill so different from the one that is now before this body as not to be recognized by its author. I said on yesterday, and I repeat to-day, that the President owes the minority a vote of thanks, and that the majority in this Chamber ought to decorate the minority for holding up this bill long enough to give them, in caucuses by day and by night, an opportunity to bring forth a third edition of the bill, so unlike the first that the resemblance is undistinguishable by ordinary human beings.

Senate bill 6856, introduced by the Senator from Missouri [Mr. STONE] on the 9th day of December last, and which we had every reason to believe, and we know, had the indorsement of the President of the United States, reads as follows:

That the United States, acting through the shipping board hereinafter created, may subscribe to the capital stock of any corporation now or hereafter organized under the laws of the United States or of any State thereof or of the District of Columbia upon the terms and conditions herein mentioned.

SEC. 2. That the object of such corporation shall be the purchase, construction, equipment, maintenance, and operation of merchant vessels in the trade between the Atlantic, Gulf, or Pacific ports of the United States and the ports of Central and South America and elsewhere to meet the requirements of the foreign commerce of the United States.

I have inquired several times, Mr. President, where those "elsewhere" routes are to be established, and I have received no answer. I have asked if they are to be across the North Atlantic or across the Pacific to China and Japan and Australasia, or to the Philippines, or where, but no answer has been vouchsafed. So we are left in the dark as to what is proposed to be

done in the matter of establishing routes except to Central and South America. I further read from the bill:

The initial capital stock of such corporation shall not be over \$10,000,000, of the par value of \$100 per share, but the shipping board, with the approval of the President, may consent to or cause an increase of the capital stock from time to time, as the interests of the corporation may require: *Provided*, That the United States shall subscribe for 51 per cent of each and every such increase. The United States shall subscribe to 51 per cent of such stock at par, and the remainder thereof shall be offered for public subscription. The United States may further subscribe at par to an amount of such stock equal to that not taken by public subscription. Such corporation may begin business as soon as 51 per cent of such stock has been subscribed and paid for by the United States.

SEC. 3. That the United States, through the shipping board and with the approval of the President, is authorized to purchase or construct vessels suitable, in the judgment of the shipping board—

As originally provided, the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce were to constitute that board. Just think, that those three men, not one of whom has had any shipping experience, not one of whom has any expert knowledge, were to be made a board to purchase, construct, and operate these vessels. Surely the minority has done the country a service in holding up this bill until the majority conceded that this was not a proper shipping board, and they have dropped from the board one member of the President's Cabinet and added to it three civilians, presumably men who know something about the subject. So, if we have not done anything more than that, we have justified the discussion of this question, which we propose to continue until such time as we can get a bill that commends itself to the business interests of the United States.

Mr. PERKINS. I ask the Senator to read section 4.

Mr. GALLINGER. I had not finished section 3. I will read that section first.

SEC. 3. That the United States, through the shipping board and with the approval of the President, is authorized to purchase or construct vessels suitable, in the judgment of the shipping board, for the purposes of such corporation, with a view to transferring them to such corporation, and for this purpose the Secretary of the Treasury, upon the request of the shipping board, may issue and sell or use for such purchases or construction any of the bonds of the United States now available in the Treasury of the United States under the act of August 5, 1909, the act of February 4, 1910, and the act of March 2, 1911, relating to the issue of bonds for the construction of the Panama Canal, to a total amount not to exceed \$30,000,000, for the purpose of purchasing such vessels.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER (Mr. ROBINSON in the chair). Does the Senator from New Hampshire yield to the Senator from South Dakota?

Mr. GALLINGER. I yield to the Senator.

Mr. STERLING. I think the Senator from New Hampshire omitted some words. I will ask him if they are found in the first draft of the bill as first introduced. The words are "with the approval of the President."

Mr. GALLINGER. I read that.

Mr. STERLING. I wondered if they were incorporated in the original bill.

Mr. GALLINGER. Yes; I read them.

Mr. STERLING. I did not so understand.

Mr. GALLINGER. The Senator did not hear me when I read "with the approval of the President." The President can hardly be expected to have expert knowledge of shipping. A man who has devoted his life to educational pursuits and who presumably has not engaged in any industrial or mercantile business during his entire life could hardly be expected to be a competent judge in establishing shipping lines to Central and South America and elsewhere. So I think we do deserve a vote of thanks from the administration and the majority in the Senate for having held up this bill until they could reconstruct that shipping board.

I remember a story—probably it is not authentic—of a man who was called to the Cabinet of a President and put in the position of Secretary of the Navy. He did not know anything about the Navy; he had never seen the sea. He went to New York on a junket of some kind and went on a war vessel. He looked it over, and after a while he said, "Why, by gosh! the thing is hollow, isn't it?" [Laughter.] The shipping board would have about as much technical knowledge of shipping as that illustrious member of the President's Cabinet of some years ago.

Well, we have forced them to revise the shipping board, and they are going to put on some civilians. I hope they will not do as they did with the Federal Reserve Board and put on all Democrats. I should hope that we might get one good, sensible Republican who knows something about the question of shipping on that board, and perhaps we shall. The only chance we had of getting a Republican on the Federal Trade Commission was to put it in the bill. If we had not done that we probably

would have been served exactly as we were in the construction of the Federal Reserve Board, which was made unanimously Democratic. I will now read section 4, as requested by the senior Senator from California:

SEC. 4. That the shipping board is authorized to transfer the vessels purchased or constructed as herein provided to such corporation, and such corporation shall issue to the United States in payment thereof its gold bonds bearing interest at not less than 4 per cent per annum, and upon such further terms and conditions as may be prescribed by the shipping board, such bonds to constitute a first and paramount lien upon such vessels thus transferred and upon all the property of such corporation: *Provided*, That the amount of bonds received by the United States in payment for such vessels shall not be less, at the then par value, than the total amount expended by the United States in the purchase or construction of such vessels, and same may be sold by the Secretary of the Treasury, in his discretion and with the approval of the President, to reimburse the Treasury for expenditures made in the purchase or construction of vessels. Such corporation shall make suitable provision for sinking fund and for the depreciation charges under the rules and regulations to be prescribed by such shipping board.

As this business is going to be run at a loss—and there is no doubt about that—I do not think the sinking fund will be a very serious part of the transaction.

SEC. 5. That vessels purchased or constructed by such shipping board and conveyed to such corporation as herein provided shall be entitled to registry under the laws of the United States, and shall be deemed vessels of the United States and entitled to the benefits and privileges appertaining to such vessels, except such vessels shall engage only in trade with foreign countries or with the Philippine Islands and the islands of Guam and Tutulla. Such vessels shall be subject to the navigation laws of the United States except as herein provided.

You will observe in this original bill our friends who were so extremely desirous during the last session to get foreign ships into the coastwise trade have now got the camel's nose in the tent by designating the Philippine Islands and the islands of Guam and Tutulla and have added in the new bill the island of Hawaii.

Mr. SMOOT. Mr. President—

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

Mr. GALLINGER. I yield to the Senator.

Mr. SMOOT. The Senator is no doubt aware that an effort has already been made to allow foreign ships to enter our coastwise trade. Does the Senator believe that if this bill becomes a law that that will be still another step toward allowing foreign ships to enter our coastwise trade?

Mr. GALLINGER. Oh, absolutely; that is the purpose.

Mr. SMOOT. It seems to me it would logically follow that that would be the case, and I wanted to know the Senator's opinion as to whether that is so or not.

Mr. GALLINGER. At the last session of Congress a bold attempt was made to put foreign ships into the coastwise trade of the United States. We had a lengthy discussion on it. If I ever contributed anything to a discussion that is worthy of remembrance I flatter myself that what I said on that subject is worthy of some consideration. When the vote was taken it was defeated by two to one in this body. Now, under the guise of an emergency shipping measure to put vessels on the trade routes of the world comes a proposition that those vessels shall engage to some extent in the coastwise trade of the United States. In the last edition of this bill it is boldly said that the vessels that are to be constructed—and most of them will be constructed in foreign shipyards, probably—are to be allowed to trade with Hawaii, which has always been considered a coastwise port. So that, defeated in the broad purpose, it is attempted under the guise of a bill of this kind to get the same result to a limited extent, beyond question with a belief and hope that if this bill goes through Congress the next attempt to put foreign ships into our coastwise trade and destroy our shipyards and our American shipping industry will be successful.

SEC. 6. That, subject to the direction of the President, the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce are hereby constituted a board to be known as the shipping board, with full power to vote the stock of the United States in such corporation and to do all other things necessary to protect the interests of the United States and to carry out the purposes of this act.

SEC. 7. That, with the approval of the Congress, such shipping board may at any time sell the stock of such corporation owned by the United States.

I suppose we will have a bargain-counter sale after this trial proves to be a financial failure, as it will.

SEC. 8. That the President of the United States is hereby authorized to charter, lease, or transfer vessels purchased or constructed under the provisions of this act and such naval auxiliaries now belonging to the Naval Establishment of the United States as are suitable for commercial use and which are not required for use in the Navy in time of peace, and vessels now owned and operated by the Panama Railroad Co., to any corporation now or hereafter organized as in this act provided or to any other corporation or corporations now or hereafter organized, upon such terms and conditions as the shipping board, with the approval of the President of the United States, shall prescribe. The vessels purchased or constructed by the United States through the

shipping board, with the approval of the President of the United States, shall be of a type, as far as the commercial requirements of the foreign trade of the United States may permit, suitable for use as naval auxiliaries in the Naval Establishment of the United States.

Mr. President, we have had quite a number of bills dealing with the subject of the rehabilitation of the American merchant marine, but we have had no bill that did not require that all vessels should be constructed upon plans and specifications of the Navy Department, and that they should be so constructed as to be useful in time of war, and be at the command of the Government of the United States whenever needed. These, however, are to be "of a type, as far as the commercial requirements of the foreign trade of the United States may permit, suitable for use as naval auxiliaries in the Naval Establishment of the United States." They would be of no use under those circumstances to the Navy of the United States or to the Government of the United States in time of war.

Sec. 9. That the President of the United States shall at any time have the right, upon giving written notice of his intention to the corporation using the vessels under the provisions of this act, to take possession for use as naval auxiliaries in the United States Navy or for other purposes of any vessels used by such corporation at a reasonable price or rental.

Sec. 10. That a detailed statement of all expenditures under this act and of all receipts hereunder shall be submitted to Congress at the beginning of each regular session.

Sec. 11. That for the purpose of carrying out the provisions of this act there is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$10,000,000.

Sec. 12. That this act shall take effect from its passage.

Mr. President, I have read that bill for the purpose of emphasizing what I have already said, that had we allowed it to pass at any time or at as early a time as the majority of this Senate thought it ought to pass, we would probably have had a bill very similar at least to that when it became a law. It was, however, held up, during which time the majority had nightly caucuses on this question, and they came in with an amended bill which I have not at hand, but it was very different from that, and which they said they would offer as a substitute before the vote was taken. Then they found fault that we were holding up this legislation which was so essential to the people of the United States; stating that the President wanted it and that we ought to concede that we are, what the President characterized us as being, a lot of ignorant men trying to do the work of the Government of the United States, and to allow his mind and the mind of the majority to control and to pass the bill.

Well, we did not conclude to do that. So not agreeing in their nightly caucuses—some of which I am told were rather tumultuous—they recessed the Senate over last Saturday and spent the day in further deliberation. Out of that caucus emerged this bill which is now, we are told, the perfected bill of the committee and which will be offered as a substitute for the original bill when the vote shall be taken.

I will read this bill to see if we can discover any relationship between it and the original bill. There may be some distant relationship; it may be a second cousin or something of that kind; but the relationship is not very close. So I will read it. It was reported on January 15, calendar day January 25; in other words, we had gone 10 days in continuous legislative session without morning business, without hearing the voice of the Chaplain invoking us to perform our duties faithfully and well under the oath that we had taken. On the calendar day of January 25 this substitute was submitted to the Senate by my good friend, the senior Senator from Florida [Mr. FLETCHER]. Here it is:

That the United States, acting through the shipping board hereinafter created, may subscribe to the capital stock of a corporation of the District of Columbia.

It will be observed that it is not "of the United States or any State or the District of Columbia," as provided in the original draft, but "of the District of Columbia." I believe they can incorporate in this District anything on earth, if they pay a dollar for it, and I do not know whether or not this is a matter of economy or otherwise; but, at any rate, it is to be "of the District of Columbia." The bill continues:

Said corporation shall have for its object the purchase, construction, equipment, maintenance, and operation of merchant vessels to meet the requirements of the foreign commerce of the United States, or to charter vessels for such purposes, and to make charters or leases of any vessel or vessels owned by such corporation to any other corporation, organized under the laws of a State, a majority of the stock being owned by citizens of the United States, firm or individual, citizen or citizens of the United States, to be used for such purposes and shall have power to carry out said objects and purposes: *Provided*, That the terms and conditions of such charter parties shall first be approved by the shipping board, the initial capital stock of which corporation shall not be over \$10,000,000, of the par value of \$100 per share.

The members of said shipping board, as incorporators, may for the purpose of carrying out the provisions of this act form a corporation of the District of Columbia, by making and filing a certificate of incorporation, as provided in subchapter 4 of chapter 18 of an act entitled "An act to establish a code of laws for the District of Columbia," approved March 3, 1901.

The corporation so formed, its officers and trustees and stockholders, shall possess all the powers conferred and perform all the duties imposed by said subchapter 4, except as the same are by this act limited or qualified.

The powers of said corporation shall be limited to the purposes of this act and to such as are necessarily incident thereto.

Said corporation may sue and be sued in any district court of the United States, and may remove to said courts any cause brought against it in any other court.

Said corporation may require any officer or employee to give security for the faithful performance of his duties.

Persons subscribing to the stock of said company shall pay for the same in full at the time of subscription.

Well, Mr. President, the citizens of the United States need not worry over whether they shall be required to pay in full or in part, because it is inconceivable to me that any citizen of the United States is ever going to take a share of the stock in this losing venture. They will not do it.

The stock owned by the United States shall be voted by the shipping board or its duly selected representative.

The officers and trustees of said corporation shall be citizens of the United States, but need not be citizens of the District of Columbia. Such officers and trustees shall be subject to removal at any time by vote of a majority of the stockholders at any meeting thereof.

Said corporation and its capital stock shall, so long as the United States owns a majority of said stock, be free from all public taxes.

Supposing that we should make a proposition here that a shipping corporation should be free from public taxes, I wonder what would be said about it. Yet here is a great shipping corporation, to go into competition with private shipowners and private corporations, and we are going to exempt the property from taxation because the Government owns one share more than a majority of the stock. It is an absurd proposition.

At no time shall less than 51 per cent of the stock of said corporation be held by the United States, unless the United States shall dispose of all of its stock.

Congress reserves the right to alter, amend, or repeal this act.

Mr. SHERMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Illinois?

Mr. GALLINGER. I yield to the Senator from Illinois.

Mr. SHERMAN. Before the Senator from New Hampshire leaves section 1, I ask him if he has noted that if the United States should desire to lease or charter one of these boats to an individual it is prevented from doing so? However responsible the individual might be, he would be compelled to incorporate himself with associates before he could be permitted to take the lease. Does the Senator know of any good reason for such a limitation?

Mr. GALLINGER. I do not. I had observed that as I read it, and thought it was a most extraordinary provision. As we are promised some defense of this bill from the other side of the Chamber, I am very glad the Senator from Illinois has called especial attention to it, so that we may at the proper time, if we are permitted to interrogate Members on the other side of the Chamber, ask them what the reason for that inhibition is. It does not strike me as being wise.

Sec. 2. That the United States shall subscribe to 51 per cent of the initial capital stock of such corporation at par and the remainder thereof may be offered for public subscription at not less than par, and the United States may then further subscribe at par for any amount of such stock not taken by public subscription, but the shipping board may cause such corporation to begin business as soon as 51 per cent of such stock has been subscribed and paid for by the United States. The shipping board, with the approval of the President, may consent to or may cause an increase of the capital stock from time to time as the interests of the corporation may require, but without authority of Congress the portion of such increase to be paid for by the United States shall not exceed \$10,000,000, neither shall the proportion of stock held by the United States at any time be less than 51 per cent: *Provided*, That a sufficient number of the shares of stock of said corporation shall be set apart for holding by the persons for whom the stock of the United States may be voted as trustees, and such shares shall be issued or transferred to such persons to qualify them as trustees of such corporation, and such shares shall be transferred to the successor or successors of any such person or persons.

Sec. 3. That the United States, through the shipping board and with the approval of the President, is authorized to purchase or construct vessels suitable in the judgment of the shipping board for the purposes of such corporation with a view to transferring them to such corporation, and for this purpose the Secretary of the Treasury, upon the request of the shipping board and the approval of the President, may issue and sell or use for such purchases or construction any of the bonds of the United States now available in the Treasury of the United States under the act of August 5, 1909, the act of February 4, 1910, and the act of March 2, 1911, relating to the issue of bonds for the construction of the Panama Canal, to a total amount not to exceed \$30,000,000 for the purpose of purchasing or constructing such vessels: *Provided*, That any Panama Canal bonds issued and sold or used under the provisions of this section or other existing authority may be made payable at such time after issue as the Secretary of the Treasury, in his discretion, may deem advisable and fix, instead of 50 years after date of issue, as in said act of August 5, 1909, not exceeding 50 years: *Provided further*, That payments for such purchases or construction from proceeds of sales of bonds, or delivery of bonds in payment thereof, shall be made only as ordered and directed by the shipping board.

Sec. 4. That the shipping board is authorized to transfer the vessels purchased or constructed as herein provided to any such corporation in which the United States has become a stockholder as hereinbefore provided, and such corporation shall issue to the United States in payment thereof its gold bonds, bearing interest at not less than 4 per cent per annum, and upon such further terms and conditions as may

be prescribed by the shipping board, such bonds to be secured by a first mortgage lien upon such vessels, severally, thus transferred: *Provided*, That the amount of bonds received by the United States in payment for such vessels shall not be less, at the then par value, than the total amount expended by the United States in the purchase or construction of such vessels, and the same may be sold by the Secretary of the Treasury, in his discretion, and with the approval of the President, to reimburse the Treasury for expenditures made in the purchase or construction of vessels. Such corporation shall make suitable provision for sinking fund and for the depreciation charges under the rules and regulations to be prescribed by such shipping board; and all vessels acquired under this act, or in which the United States shall otherwise be interested as owner, in whole or in part, or upon which the United States shall have or hold any mortgage, pledge, lien, or other security, shall, when and while employed solely as merchant vessels, be in all respects subject to all laws, regulations, and liabilities governing merchant vessels, in like manner and to the same extent as merchant vessels in private ownership when duly registered under the laws of the United States.

All rules and regulations relating to or which affect shipping, navigation, or water-borne commerce of the United States, heretofore made or published, by authority of law, shall only be and remain in force until midnight on the 31st day of December, 1915, and by proclamation of the President shall cease to have any force or validity at any prior date when new shipping rules and regulations shall as provided hereby take the place of those now in existence.

The shipping board herein provided for shall propose such rules and regulations applicable to the shipping and water-borne commerce of the United States in lieu of those now in force and covering matters of like character as they may determine suited to the present needs of such shipping and commerce, which, when approved by the President and published, shall apply and become of full force and effect in lieu of such rules and regulations as are now applicable thereto. In the rules and regulations hereby authorized to be adopted and put into force different classes of shipping, navigation, and water-borne commerce may be appropriately and differently treated and provided for. Such rules and regulations when promulgated may be modified, changed, or amended by the shipping board.

On yesterday I called attention to those two paragraphs, which struck me as being extraordinary and unusual, under which all the rules and regulations now made under authority of law relating to navigation are to be wiped out of existence, and the shipping board may, of its own volition and according to its own motion, make another code of rules and regulations that will take their place after a certain specified date.

The junior Senator from Delaware [Mr. SAULSBURY], for whose fairness and judgment I have profound respect, interrupted me to say that he felt sure that, when I understood this matter, I would agree with him that it was very desirable legislation, and he has said to me that he proposes to address himself to it, pending which I certainly shall not close my mind against the matter, but will be glad to support it if it is shown that it is a desirable thing to do, which it may be. I pass from that.

Sec. 5. That vessels purchased or constructed by such shipping board and conveyed to such corporation as herein provided shall be entitled to registry under the laws of the United States, and shall be deemed vessels of the United States and entitled to the benefits and privileges appertaining to such vessels, except such vessels shall engage only in trade with foreign countries or with the Philippine Islands, the Hawaiian Islands, and the islands of Porto Rico, Guam, and Tutulla, provided that the above restrictions shall not apply to such of said vessels as are built in the United States. Such vessels shall be subject to the navigation laws of the United States except as herein provided.

Sec. 6. That the Secretary of the Treasury and the Secretary of Commerce, and three additional members, two of whom shall be of practical experience in the management and operation of steamships in the foreign trade, are hereby constituted a board to be known as the shipping board, with full power, subject to the approval of the President, to vote the stock of the United States in said corporation, either as a body or by one or more of its members duly authorized by a majority, and to do all things necessary, whether specifically enumerated or not, to carry out the purposes of this act and protect the interests of the United States, said three additional members to be appointed by the President by and with the advice and consent of the Senate. The salary of each of the three additional members of said board so appointed shall be \$6,000 per annum.

I can not quite understand why the members of the Trade Commission, whose duty it will be, if they have any duties except to disturb the business and industries of the United States, should be paid \$10,000 per annum under the law which we passed a little time ago, and these men who are to have in charge this great interest should be paid the pitiful sum of \$6,000 per annum. I think it is a discrimination that ought to be corrected.

Sec. 7. That, with the approval of the Congress, such shipping board may at any time sell the stock of such corporation owned by the United States.

Sec. 8. That the President of the United States is hereby authorized to charter, lease, or transfer such naval auxiliaries now belonging to the Naval Establishment of the United States as are suitable for commercial use and which are not required for use in the Navy in time of peace, and vessels belonging to the War Department suitable for commercial uses and not required for military transports in time of peace, and to direct or cause to be chartered, leased, or transferred vessels now owned and operated by the Panama Railroad Co., to any corporation now or hereafter organized as in this act provided upon such terms and conditions as the shipping board, with the approval of the President of the United States, shall prescribe. The vessels purchased or constructed by the United States through the shipping board, with the approval of the President of the United States, shall be of a type, as far as the commercial requirements of the foreign trade of the United

States may permit, suitable for use as naval auxiliaries in the Naval Establishment of the United States.

Sec. 9. That the President of the United States, upon giving to any such corporation in which the United States shall be a stockholder, through its president, vice president, secretary, or manager, notice in writing for such reasonable length of time as in his judgment the circumstances require and will permit of his intention so to do, may take possession, absolutely or temporarily for use as naval auxiliaries, of any vessel or vessels owned or leased by or otherwise in the possession of said corporation, and said corporation shall be entitled to a reasonable price or rental therefor, to be fixed by the shipping board, with the approval of the President: *Provided*, That if in the judgment of the President an emergency exists requiring such action he may take possession of any such vessel or vessels without notice.

Sec. 10. That the shipping board shall make to Congress, at the beginning of each regular session, a report of expenditures and receipts under this act and of the operations of any corporation in which the United States may have become a stockholder hereunder.

Sec. 11. That for the purpose of carrying out the provisions of this act there is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$10,000,000, or, in lieu of such appropriation, the Secretary of the Treasury may sell Panama Canal bonds to the amount of \$10,000,000 in addition to those provided for in section 3, and on the same terms, and set apart and use the proceeds thereof for such purposes.

Mr. President, I have read these two bills for the purpose of calling directly to the attention of the Senate the fact that, had it not been for the discussion which the minority insisted upon, we probably never would have seen this amended bill. It took the majority two weeks, or thereabouts, after an incubating process in caucus, to produce the measure that is now before the Senate as a proposed substitute for the bill originally introduced. I have read them for the further purpose of showing to the Senate that, if there is any relationship between the two bills, it is very remote, and that the new bill deserves the same scrutiny and the same careful discussion that the original bill deserved. I hope the Senator from Minnesota [Mr. NELSON] and the Senator from Illinois [Mr. SHERMAN], who are paying me special attention, both of them distinguished lawyers, will take that bill and dissect it and analyze it and tell the Senate precisely what it proposes to do. I am not a lawyer, and hence my opinion on legal points would be of little consequence; but I have taken the liberty of presenting the matter to the Senate in a form which I think will engage the attention at least of the two Senators to whom I have referred.

On December 16, 1914, the Senator from Florida reported, with certain amendments, the bill which had been introduced by the Senator from Missouri [Mr. STONE] on December 9; but inasmuch as the bill has been revamped, I will not take the time of the Senate, as I had intended to do, to call attention seriatim to the amendments proposed in the bill as reported on December 16.

I think, Mr. President, for a thorough understanding of this question, inasmuch as the bill has not been debated by its proponents except for a brief speech by the Senator from Florida [Mr. FLETCHER], that it is my duty to read into the RECORD the majority report and the views of the minority on this bill. They ought to be illuminating, whether they are or not; and inasmuch as in the hurry of other duties I have not had time to read either of them, I think I ought now to acquaint myself and other Senators with the terms of these documents.

Mr. STONE. Mr. President, would it not be just as satisfactory to the Senator to let them be printed in the RECORD without reading?

Mr. GALLINGER. I have a very great desire to read them for my own information, and if they go in the RECORD without reading I never will read them, because I seldom read anything in the RECORD. I treat that serial—or whatever you may call it—pretty much as the other citizens of the United States do, and seldom refer to it; and it is always a matter of amusement to me when a Senator gets up here and solemnly asks to put something in the RECORD, on the ground that it is important to the people of the United States and that they will see it in the CONGRESSIONAL RECORD. No, Mr. President, it would not be agreeable to me to have these reports printed in the RECORD without reading. I want to know what is in these reports, and if no one else cares that is their misfortune.

Mr. STONE. But in the interest of the Senator's health—
Mr. GALLINGER. The Senator need not worry about my health. The Senator from New Hampshire is in very good health, thank you. The advertisement that I got last evening in the Senate was not at my suggestion. I never felt better in my life.

Mr. President, Order of Business No. 737, report No. 841, entitled "Promotion of Foreign Commerce of the United States by Providing Adequate Shipping Facilities," was reported by the Senator from Florida [Mr. FLETCHER] on December 16, 1914, and ordered to be printed. Of course, it was not ordered to be printed without at least carrying the implication that

it would be read. There is no use in printing a thing if we do not read it. Now I will read it:

The Committee on Commerce, to whom was referred the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or a State thereof or of the District of Columbia to purchase, charter, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes, having considered the same, report it to the Senate with amendments with the recommendation that the bill as amended do pass.

It will be observed in the beginning that this is a report on the original bill. The Senator from Florida, representing a majority of this body and the President of the United States, told us in the beginning that it ought to pass. The Senator from Florida has not made any report on this third edition of the bill, and we are somewhat in the dark as to whether or not he thinks that ought to pass. The report continues:

The bill as reported by the committee provides that the Government, through a shipping board composed of the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce, may subscribe to the capital stock of any corporation now or hereafter organized under the laws of the United States or of any State thereof, or of the District of Columbia, for the purpose of purchasing, chartering, constructing, maintaining, and operating merchant vessels in the trade between the Atlantic, Gulf, or Pacific ports of the United States and the ports of Central and South America and elsewhere to meet the requirements of the commerce of the United States.

The initial capital stock of the corporation shall not exceed \$10,000,000, but the shipping board, with the approval of the President, may consent to or cause the capital stock to be increased from time to time, as the interests of the corporation may require.

The capital stock shall be divided into shares of the par value of \$100, and the United States shall subscribe for 51 per cent of the stock, and for a like per cent of every increase, and the remainder shall be offered for public subscription. The United States may, however, subscribe at par to an amount of such not subscribed for by the public.

The corporation may begin business as soon as the 51 per cent of the stock is subscribed and paid for by the United States.

The United States, through the shipping board, with the approval of the President, may charter, purchase, or construct vessels suitable to carry out the purpose of such corporation and transfer them to such corporation upon terms and conditions to be prescribed by the shipping board.

The Secretary of the Treasury, upon the request of the shipping board, may issue and sell what are known as Panama Canal bonds to a total amount not to exceed \$30,000,000 for the purpose of purchasing or constructing such vessels.

Upon the transfer of the vessels to such corporation the corporation shall issue to the United States in payment therefor its gold bonds, bearing interest at not less than 4 per cent per annum, such bonds to constitute a first lien upon the vessels so transferred and all other property of such corporation.

The bonds shall not be less in amount at their par value than the amount paid by the United States for the vessels.

The Secretary of the Treasury may, in his discretion, and with the approval of the President, sell such bonds to reimburse the Treasury for the expenditures made in the purchase or construction of vessels.

The vessels purchased, chartered, or constructed by the shipping board and transferred to such corporation shall be entitled to registry under the laws of the United States, and may engage only in trade with foreign countries or with the Philippine Islands, the Hawaiian Islands, and the islands of Guam and Tutuila. The shipping board, subject to the direction of the President, is vested with full power to vote the stock of the United States in the corporation and to do all other things necessary to carry out the purpose of the act, and may at any time, with the approval of the Congress, sell the stock of such corporation.

Section 8 of the bill authorizes the President to charter, lease, or transfer such naval auxiliaries belonging to the Naval Establishment as are suitable for commercial use and not required for use in the Navy in time of peace, and now owned and operated by the Panama Railroad Co., to any corporation organized under the act, upon such terms and conditions as the President may prescribe. The bill further provides that the vessels purchased or constructed under its provisions shall, as far as the commercial requirements of the foreign trade of the United States may permit, be of a type suitable for use as naval auxiliaries. The question of providing vessels for our merchant marine from a standpoint of the Naval Establishment had been under consideration for some time by the subcommittee of the House Committee on Naval Affairs.

Mr. STONE. Mr. President—

The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). Does the Senator from New Hampshire yield to the Senator from Missouri?

Mr. GALLINGER. I yield to the Senator from Missouri.

Mr. STONE. May I ask the Senator if he will read louder so that I may know whether or not he is reading correctly? He might make a mistake.

Mr. CLARK of Wyoming. Will not the Senator take this seat?

Mr. GALLINGER. Can the Senator assure me that his hearing is normal?

Mr. STONE. My hearing is normal, but the Senator is reading in a very low monotone.

Mr. GALLINGER. Will the Senator from Missouri promise me that he will stay until I get through reading this report if I read a little louder?

Mr. STONE. Well, I will stay a while.

Mr. GALLINGER. Would the Senator consider it a discourtesy if I offered him my seat and I took the next one to the right?

Mr. STONE. No; not a discourtesy.

Mr. GALLINGER. The offer is made. I shall endeavor to read so that the Senator will hear me. My voice is in excellent condition.

The same subject was being considered by the House Committee on the Merchant Marine and Fisheries, from the standpoint of the merchant marine. Section 8, as written in the bill, is the result of a conference between Chairman PADGETT and Mr. TALBOTT of Maryland, of the House Committee on Naval Affairs, and the chairman and Mr. HARDY, of the House Committee on the Merchant Marine and Fisheries, and has the approval of the committee, as it harmonizes both views.

Two committees of the House seem to have collaborated on that bill—a rather unusual procedure.

A detailed statement of all expenditures under the act and of all receipts thereunder shall be submitted to Congress at the beginning of each regular session.

The bill carries an appropriation of \$10,000,000 to carry out the provisions of the act.

Before discussing the merits of the bill generally, it is the purpose of the committee to point out several amendments agreed to by the committee and to assign reasons for their adoption.

On page 2, line 4, after the words "United States," it is proposed to insert the following clause:

"or to charter vessels for such purposes, and to make charters or leases of any vessel or vessels owned by such corporation to any other corporation, firm, or individual to be used for such purposes: *Provided*, That the terms and conditions of such charter parties shall first be approved by the shipping board."

The object of this is to enable the corporation, in which the Government is the controlling stockholder, to charter ships, as well as to purchase and construct them, and also to make charter of any of the ships owned or controlled by it to other corporations, firms, or individuals, if the purpose of the act or any part of the objects of the act could be best secured through such charter parties. It will be observed that the amendment guards the interests of the Government by requiring all such charter parties made by the corporation to be specifically approved by the shipping board.

On page 4, line 9, after the words "Philippine Islands," we propose to insert the words "the Hawaiian Islands."

It is obvious that the ships owned by this corporation should have this right, as it is distinctly in the interest of the commerce of the country that additional facilities should be given to these islands.

On page 5, lines 5 and 6, it is proposed to strike out the words "vessels purchased or constructed under the provisions of this act and."

The retention of these words would bring sections 4 and 8 into conflict with each other, as section 4 places the transfer of such vessels in the hands of the shipping board, while section 8 limits the right to the President. It seemed wise to the committee that section 4 should control, as the specific terms upon which the shipping board may make a transfer are stated in the act and the board can not go beyond that authority.

On page 5, line 10, after the word "vessels," it is proposed to insert the words "belonging to the War Department suitable for commercial uses and not required for military transports in time of peace and vessels."

If naval auxiliaries of a certain character are to be the subject of charter, lease, or transfer, there can be no valid reason against a like charter, lease, or transfer of vessels in the War Department.

Inasmuch as the authority to do this is vested solely in the President, it is safe to assume that the general interests of the country are sufficiently safeguarded.

It has been deemed wise, however, to limit the transference of these vessels to the corporation authorized by the act, and the committee has, therefore, agreed to strike out the words on page 5, lines 15 and 16, "or to any other corporation or corporations now or hereafter organized."

This bill purposes to initiate an American ocean-going marine, an object desired by all Americans. The annual toll paid by the United States to vessels flying foreign flags is variously stated at from \$200,000,000 to \$300,000,000. This seriously affects adversely the balance of international trade, and by itself is a matter calling for legislation to work a change.

That sentence sounds familiar to me, because I have called attention to that fact over and over and over again, but deaf ears were turned to it for a period of at least 10 years.

Not only is this so, but recent events have made clear to the entire country certain facts which it is the purpose of this legislation to alter. Our great and growing foreign commerce, aggregating over four thousand two hundred and fifty millions yearly, of which our exports form much the larger part, depends for its ocean transportation chiefly upon the merchant marine of the nations which are our own commercial competitors in the markets to which we all sell. By reason of this control by others of our needed transit facilities, we are subject alike to their primary interests and to their risks. If, for example, their primary interest calls for them to withdraw ships for purposes of war, the ships are withdrawn, and with them go the facilities we need, and we are without recourse. If the exigencies of war call for destruction by the enemy of one of the powers whose ships we use, that destruction takes place. With the destroyed ships American cargoes go to the bottom. Our commerce is immediately affected, but we again are helpless. If the exigencies of war call for the internment in foreign ports of merchant vessels carrying American cargoes under the flag of a belligerent, the ships are interned, and the cargoes they carry, though belonging to Americans and as a matter of fact though paid for by Americans, can not be secured, because the American interest in the cargo is necessarily subordinated to the belligerent interest in the vessel itself. All these conditions have actually existed in recent months, and some of them exist to-day.

Furthermore, it is the fact that the primary interest in the transportation of our ocean-borne commerce is that of the European stockholders in the companies which do the transporting. Those stockholders look to their investments to return them a profit. Therefore the business must be done in that way which is first of all most profitable for the European stockholders, and this may, and as a matter of fact does, work out to the disadvantage of American commerce. The two opposing interests are these: First, and most important to us, the interests of American agriculture, industry, and commerce as a whole; second, and least important to us, though now in control, the interest of European stockholders to have their ships so operated as to return them the largest element of profits. We have been content hitherto

to subserve the interests of the European stockholders, and to a minor extent of American stockholders in ships under foreign flags; but the shock of war has disclosed the fact that this arrangement, while seeming to work well in ordinary times, has in it the elements of weakness outlined above, and which are now plain to all.

In addition to this and in part because of the operation of the causes above suggested, there is at present a lack of vessels, even of those flying foreign flags, and a far greater lack of vessels under our own flag. This has resulted in a grievous advance of freight rates to almost all portions of the globe. The least advance which has come to the knowledge of your committee is 10 per cent on Asian business, but on certain goods, such as steel and iron, rates have advanced more than this. To South Africa the advance has been 20 per cent; to South America, 25 per cent; and to European ports from 50 to 1,000 per cent, depending upon the merchandise carried and the ports of destination. The present rate upon cotton from Galveston to Bremen is ten times that which prevailed a year or more ago, this in spite of the fact that cotton is not contraband and that the belligerent Governments permit its free passage. As this report is written, shipowners, chiefly foreigners, are reaping a rich harvest of profits at the cost of American producers, whose prices are necessarily diminished in proportion to the excessive tax put upon their wares for the benefit of the owners of ocean transportation lines. When it costs \$15 a bale merely to transport cotton across the ocean, it is evident that this charge is a heavy handicap upon our entire cotton-producing interest at a time when we have the largest crop in our history.

Mr. SMOOT. Mr. President—

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

Mr. GALLINGER. I yield to the Senator.

Mr. SMOOT. The Senator recognizes, does he not, that the charging of \$15 a bale on cotton from here to Bremen is only a temporary matter, and also that that exceedingly high charge is made on account of the risk involved in taking cotton to that port? In fact, Mr. President, I sometimes think, and I ask the Senator if he does not think so, that this bill never would have been thought of or brought to the Senate if cotton had not been involved?

Mr. GALLINGER. Oh, Mr. President, I have long recognized the force of the old saying that "Cotton is king." We know that, and we know that a great deal of the attempted legislation of this Congress has been in the interest of the cotton producers, who doubtless have met with a serious loss, as the manufacturers and the laboring people of the industrial North have met with a serious loss under the conditions that prevail at the present time. But the people of the North have not sought relief by legislation.

Even this serious burden imposed upon our people against our will and beyond our control is not, however, the greatest danger possible. We now see clearly that the fortunes of war or the naval interests of a belligerent may at any time stop our transportation movement entirely.

If so, what good would it be if we had 30 or 40 more ships if they could stop it entirely? They would just stop that many more ships.

It did so for about two weeks in the month of August, and circumstances may recur to cause it to do so again. At a time, therefore, when the United States abounds in crops of wheat, corn, cotton, apples, for which a profitable market exists abroad, and when the world, both that part of it which is in arms and that which remains at peace, is calling as never before for the products of our mines and factories, we are all but helpless in the face of the largest opportunity we have ever known.

Why, Mr. President, the Secretary of Commerce tells us about twice a week that we are prosperous, that we are having remarkable prosperity in our country at the present time; and while in his vision he sees greater prosperity ahead of us, yet he has never admitted that we are suffering as this report indicates we are.

Mr. ROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from New York?

Mr. GALLINGER. I yield to the Senator from New York.

Mr. ROOT. I should like to ask the Senator at this point whether it is not a fact that our exports of food products have been for several months past extraordinarily great? Have they not been far above our ordinary exportation of such products?

Mr. GALLINGER. I understand that to be so.

Mr. ROOT. Is it not a fact also that the prices which our farmers have been receiving for their food products have been far in excess of those which they ordinarily receive?

Mr. GALLINGER. Probably from 25 to 50 per cent greater than in former years.

Mr. ROOT. Am I correct in assuming that the newspaper reports of \$1.40 and above \$1.40 a bushel for wheat are correct?

Mr. GALLINGER. That is undoubtedly true.

Mr. ROOT. I mean the prices which have been received here—the Chicago prices, the prices received in this country for wheat. Is it not apparent, then, that the difficulty of high rates for transportation is an incident to the extraordinary demand for such products at extraordinarily high prices?

Mr. GALLINGER. That would seem to be so, and I have no doubt it is so.

Mr. ROOT. Does not that seem to be an exigency which we can contemplate with reasonable complacency?

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Mississippi?

Mr. GALLINGER. I yield to the Senator.

Mr. WILLIAMS. I should like to ask the Senator in that connection if he thinks that the shortage of tonnage and the extremely high price of freight for cotton at 8 cents a pound—2 cents below the cost of production—quite justifies the inference sought to be arrived at from the question?

Mr. GALLINGER. Well, Mr. President, I am not fully informed on the cotton situation, and if the condition which the Senator from Mississippi suggests exists to-day I have no doubt it will soon cease. I have no idea that it will exist for any length of time.

Mr. ROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from New York?

Mr. GALLINGER. I do.

Mr. ROOT. May I ask, according to the memory of the Senator from New Hampshire, whether the Senator from Mississippi has not, apparently for purposes of argument at this juncture, jacked up the cost of production of cotton as compared with the statements that were made when there was a general attempt here a short time ago to get the Government of the United States to put \$250,000,000 in to meet that exigency? Was not 8 cents the figure stated then, and is not 8 cents more than the cost of production of cotton?

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Mississippi?

Mr. GALLINGER. I do.

Mr. WILLIAMS. If the Senator from New Hampshire will pardon another question, I will ask the Senator from New Hampshire if he does not remember very well that during that discussion the senior Senator from Georgia [Mr. SMITH] and various other Senators stated 10 cents as the price of production, and whether the price fixed in the sought-for legislation was not 10 cents, and whether it was not fixed because of the fact that it was thought that that was the price which would give back to the planter the price of production of cotton? I will ask the Senator, further, whether he does not believe that whereas some people peculiarly efficient in the administration of their farms can raise cotton for less, and some peculiarly inefficient must pay even more, it was generally agreed at that time that 10 cents was about the ordinary price of production with the present or then obtaining price of supplies for the plantation?

Mr. GALLINGER. Mr. President, I have not a very vivid recollection about that matter. I shall not dispute the statement made by the Senator from Mississippi. I know that cotton has been sold at 6 cents in some former years. I do not know whether or not the cotton growers were losing 4 cents a pound on it during all that time.

Mr. WILLIAMS. If the Senator will pardon another question—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Mississippi?

Mr. GALLINGER. Certainly.

Mr. WILLIAMS. I should like to ask the Senator if that was not at a time when mules and meat and flour and meal and bagging and ties and everything else that the cotton planter purchases were obtainable at very low rates? I may add, as an addendum to the question, that there was a time in this country when we could produce cotton at 6½ cents, and that was not 15 years ago. The price of production of cotton has been going up, however, for the reasons I have stated, and also because the price of labor has been going up. At that time the price of labor in the field in the South was \$8 a month plus, of course, the food and shelter of the hands. Now it runs from \$16 to \$20, and supplies have gone up, especially meat and breadstuffs, until the cotton planter who does not raise his own supplies can not hope to come out whole if he sells cotton at 10 cents, and very few of them do; and mules have gone up. At the time of which the Senator is speaking we bought pretty good cotton mules at \$75 a head, and now they cost \$150.

Mr. ROOT. May I add another question to this symposium?

Mr. GALLINGER. I yield to the Senator from New York.
Mr. ROOT. Is it not a fact that there has been an enormous overproduction of cotton? Has there not been a larger crop of cotton raised during this year than for many, many years past, and does not a great overproduction of cotton inevitably have the effect of bringing down the price?

Mr. WILLIAMS. In that connection I should like to ask the Senator from New Hampshire a question.

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Mississippi?

Mr. GALLINGER. I do.

Mr. WILLIAMS. Before this war broke out, in spite of the fact that we knew just what the new crop was, was not the price of middling upland cotton $12\frac{1}{2}$ to $12\frac{1}{2}$ cents; and has there not been a growth in the consumption of cotton more than out-running the growth in its production, substituting cotton in mercerized goods and in various other things for various other textiles of every sort?

Mr. ROOT. Mr. President, may I ask further—

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from New York?

Mr. GALLINGER. I yield, but I fear I shall forget some of the question.

Mr. ROOT. May I ask, then, why the attempt was made to secure \$250,000,000 from our Government for the purpose of buying the great body of cotton, accompanied by provisions in the proposed law penalizing the continuance of the present acreage of cotton, and why there has been a State-wide, country-wide, move toward an agreed reduction of cotton acreage?

Mr. WILLIAMS. I should like to ask the Senator from New Hampshire one further question.

The PRESIDING OFFICER. Does the Senator from New Hampshire further yield to the Senator from Mississippi?

Mr. GALLINGER. I yield, with pleasure.

Mr. WILLIAMS. Does not the Senator from New Hampshire think, and does he not think the Senator from New York ought to know, that the reason why we were seeking a curtailment of production was because there had been this immense curtailment of consumption on account of the war?

Mr. SMOOT. Mr. President—

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

Mr. GALLINGER. I do.

Mr. ROOT. Mr. President—

The PRESIDING OFFICER. To whom does the Senator yield?

Mr. GALLINGER. I yield first to the Senator from New York.

Mr. ROOT. I will ask the Senator from New Hampshire to pardon me for treating him as if he were a billiard ball, and caroming upon him in my conversation.

Mr. WILLIAMS. Mr. President, will the Senator from New Hampshire pardon just one more question?

Mr. GALLINGER. Yes; I yield.

Mr. WILLIAMS. Does the Senator know of anybody in this entire body who presents the appearance of being a more friendly intermediate carom ball than he, and anybody who stands it with greater patience and with more good humor? [Laughter.] I would also apologize if I thought any apology were necessary, but I know that the Senator from New Hampshire is enjoying it.

Mr. GALLINGER. I certainly am.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield now to the Senator from Utah?

Mr. GALLINGER. I yield to the Senator from Utah.

Mr. SMOOT. I was going to ask the Senator from New Hampshire if he did not think the statement made by the Senator from Mississippi that it costs 4 cents a pound more to raise cotton now than it did 15 years ago was rather an extravagant statement, for this reason: The average of an acre of land in the South is 1 bale of cotton of 500 pounds. Now, 4 cents a pound would make \$20 an acre. It can not be possible that it costs \$20 additional to cultivate 1 acre of land over and above what it cost some 10 or 12 years ago, because that, I think, is a very, very good price for the entire labor that there is upon the planting and the rearing of cotton and bringing it to the gin, but not after it reaches there. Of course it costs some little after that?

Mr. GALLINGER. Mr. President, I have enjoyed this symposium, as the Senator from New York characterized it, and I am very glad that I have emerged from it without a more personal reference to the billiard ball, which I rather expected would be made.

Mr. President, I always approach with a good deal of hesitancy a discussion with the Senator from Mississippi [Mr. WILLIAMS]. I rather enjoy it on the question of the tariff, for the reason that we hold diametrically opposite views on that subject, and when we retire from the field we are both satisfied that we came out victorious; but when it comes to a discussion of the cotton question I am at a very great disadvantage.

I remember something about the discussion when our good friends from the South asked us to have the Government issue \$250,000,000 in bonds to buy the cotton crop of the South and, I suppose, put it in cold storage, awaiting a customer. During that discussion my mind was made aware of the fallacy that the Government ought to go into that business at all. I felt then on that matter as I feel on the question that is now before us. The shipping interests of the country appeal to me very strongly, and I am proposing to do and am doing what I can to defeat this bill. But above and beyond every consideration of the shipping industry, the question of Government ownership of the means of water transportation is what is engaging my attention more particularly, and it is irresistibly driving me to oppose this bill with all the energy and whatever ability I can command.

I know that the present occupant of the chair [Mr. MARTINE of New Jersey in the chair], my good friend the Senator from New Jersey, holds diametrically opposite views from what I do on the matter of Government ownership, because we have talked it over. The Senator from New Jersey is equally as sincere as I am. He sees no danger and doubtless he sees great benefits to the people of the country in Government ownership. I see nothing but harm and disaster to the best interests of the country, and for that reason I have more strenuously opposed this bill than I otherwise would have done.

Mr. President, undoubtedly the cotton producers are at the present time suffering, but I believe it will be only a temporary matter. We have suffered in the North. We have seen the factories and workshops of New England closed, the workmen on the streets. My sympathies were enlisted in their behalf, but we have had to wait our time. We have had to wait years until we could get relief. The relief at last came. Again, to a certain extent, the disaster has overtaken the industrial interests of my section of the country, but we do not expect to get relief by any emergency measure that we might propose.

Now, I will continue the reading of this interesting report:

Even this serious burden imposed upon our people against our will and beyond our control is not, however, the greatest danger possible. We now see clearly that the fortunes of war or the naval interests of a belligerent may at any time stop our transportation movement entirely. It did so for about two weeks in the month of August, and circumstances may recur to cause it to do so again. At a time, therefore, when the United States abounds in crops of wheat, corn, cotton, apples, for which a profitable market exists abroad, and when the world, both that part of it which is in arms and that which remains at peace, is calling as never before for the products of our mines and factories we are all but helpless in the face of the largest opportunity we have ever known. The need of others for our goods is our sole reliance for transportation facilities. The wrath of other nations, one with another, may at any time cause these facilities to be removed. Even at present high rates ships are not available for many purposes until March. The situation is emergent, expensive, and it is impossible, with any due regard to the interests of American commerce, to permit it to continue a day longer than is necessary. The Associated Press says:

"During the first four months of the war 54 British foreign-going ships, with cargoes, were captured or destroyed. Further, that losses to Scandinavian shipping have been, through mine disasters: Sweden, 8 ships; Denmark, 6 vessels; Norway, 5 vessels; and Holland, 3 vessels. There is grave uncertainty as to maintenance of the present insufficient supply of tonnage."

Well, Mr. President, if 54 British ships have been destroyed, there are almost 4,000 British ships left, at the lowest calculation. So I do not think that ought to alarm us.

Numerous plans have been suggested to build up our merchant marine, the principal one being the payment of direct subsidies. The American people have never been willing to foster private interest in this way, nor is there any sign that they have changed their minds. The adoption by us of the plan of service subsidies in the carrying of our mails has not given that increase to our merchant marine promised by the advocates of that policy.

Mr. President, as I said an hour ago, if the bill the authorship of which belongs to the late Senator from Maine (Mr. Frye), whose memory is enshrined in our hearts, had been passed in another body as it passed this body, no one could have complained that it had not been a complete success. As it was, the rates were so reduced that we are now expending a small amount of money in the matter of mail subventions and as a result we are keeping our four lone ships on the north Atlantic; we are keeping a line to Venezuela; we are keeping one or two lines to South American ports; and we are keeping a few ships across the Pacific; I do not know how many. I am told, Mr. President, that the line that crosses the Pacific would to-day have to surrender and cancel their sailings were it not that the little British colony of New Zealand makes a contribution to that line. It is not to the credit of our country.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Will the Senator from New Hampshire yield to the Senator from Minnesota?

Mr. GALLINGER. I yield to the Senator.

Mr. NELSON. Would not the passage of this bill work the destruction of that Pacific line?

Mr. GALLINGER. Very likely.

Mr. NELSON. Ruin it entirely?
 Mr. GALLINGER. I fear so.
 Mr. NELSON. Drive it off the sea?
 Mr. GALLINGER. Especially if an "elsewhere" line is going to cross the Pacific. I do not know where else they will put it.

We are now paying four vessels of the American Line—the *New York*, the *Philadelphia*, the *St. Louis*, and the *St. Paul*—in the north Atlantic trade, about \$735,000 per annum for mail transportation. For the conveyance of United States mails to foreign countries we paid for the fiscal year ending June 30, 1914, to American steamers \$1,409,483.77, and to foreign steamers—because American steamers could not be had—\$1,429,434.25.

Mr. President, if that \$1,429,434.25 that is now being paid to foreign steamers to convey our mails was added to the rates that are allowed in the ocean mail act of 1891, we would not have to employ foreign ships to carry our mails across the north Atlantic.

The Government has no control over the passenger or freight rates charged by these vessels, and it may be properly assumed that they charge all the traffic will bear.

Of course that goes without the saying. The Government has not as yet attempted to control the passenger and freight rates across the oceans of the world.

An investigation made by the Committee on the Merchant Marine and Fisheries of the House of Representatives into steamship conferences and agreements in the domestic and foreign trade disclosed the fact that for three or four years prior to 1913 ocean freight rates increased from 50 to 100 per cent. Since July 1, 1913, the New Orleans Cotton Exchange certifies that the rates on cotton from New Orleans to Liverpool have advanced as follows per 100 pounds:

	Cents.
July 1, 1914.....	28
August 1, 1914.....	28 to 33
August 17, 1914.....	50
August 23, 1914.....	50
October 28, 1914.....	60
November 9, 1914.....	60
November 11, 1914.....	65
December 1, 1914.....	70
December 4, 1914.....	75
December 11, 1914.....	85

Or more than 200 per cent since July 1, 1914. The following memorandum from the Treasury Department shows the abnormal increases on other articles of commerce:

Mr. President, I will ask permission to place that memorandum in the RECORD without reading.

The PRESIDING OFFICER. Without objection, that course will be pursued.

The matter referred to is as follows:
 Memorandum concerning rise in freight rates, New York to Liverpool.

	Grain, per bushel.	Cotton, per 100 pounds.	Flour, per 100 pounds.	General cargo, per ton.	Provisions, per ton.	Freight.	Bottoms.
Dec. 12, 1913.	2	30	14	17 6	20 0	Scarce....	Ample.
Mar. 12, 1914.	1 1/2	25	12	17 6	20 0	do.....	Do.
June 12, 1914.	1 1/2	20	10	17 6	20 0	Increased	Being held for higher rates.
July 12, 1914.	2 1/2	20	12	17 6	20 0	do.....	Do.
July 30, 1914 ¹	2 1/2	20	12	17 6	20 0	Plenty...	Demand for tonnage increasing.
Sept. 5, 1914.	3	20	20	17 6	20 0	Scarce....	Ample.
Oct. 12, 1914.	4	35	21	20 0	30 0	Increased	Demanding higher rates.
Nov. 12, 1914.	6 1/2	50	24	20 0	30 0	do.....	Becoming limited.
Dec. 12, 1914.	8	75	26	30 0	30 0	Considerable.	Scarce.

¹ No rates quoted until Sept. 5.

A comparison of the freight rates between New York and Liverpool is shown by the above table and is most interesting and instructive.

Between December, 1913, and the end of July, 1914, the rates for the most part held uniform, there being, however, a slight advance in the grain rate, a slight decrease in the flour rate, and a fall of 50 per cent in the rate for cotton.

In December, 1913, there was more tonnage available than freight offered.

At the end of June, 1914, there was plenty of freight offered for shipment, but shipowners were holding their tonnage in expectation of higher rates, and this condition continued until the war.

For several weeks following the outbreak of the war shipping was demoralized and trans-Atlantic freight traffic was practically at a standstill.

By the first week in September sea conditions became more settled, but, while there was ample tonnage offered, the difficulty in financing cargoes caused a very limited demand for the ships. As a result the freight rates on standard cargoes were practically the same as during the normal times before the outbreak of hostilities.

During September the demand for tonnage steadily increased, and the shipowners naturally began to hold their tonnage for higher rates.

By the first week in November, the greatly increased rates offered by shippers were sufficient to bring out the ships, and the idle tonnage was rapidly utilized; by the end of November ships began to be scarce, and at the present time the lack of tonnage is clearly set forth in the following quotation from the New York Journal of Commerce, of December 12, 1914:

"The full-cargo steamer market continues exceedingly strong, influenced by a steady demand for tonnage and a very limited supply of same available before the middle of January. The bulk of the demand continues to come from the shippers of grain, cotton, coal, and general cargo to European ports, principally to the Mediterranean, and rates have advanced steadily, until at the present they are at their highest with every indication of further advances being recorded within the next few days."

This scarcity of ships has resulted in the tremendously increased freight rates, as shown by the above table. Comparing the rates current on December 12, 1913 (when world conditions were normal), with rates at the present time (Dec. 12, 1914, when available tonnage has been greatly diminished through the effects of war), we find the following very marked increases in the trans-Atlantic freight rates for the staple articles of export: Freight on provisions, 50 per cent; on general cargo, 70 per cent; on flour, 86 per cent; on cotton, 150 per cent; on grain, 300 per cent.

Mr. GALLINGER (reading)—

Inasmuch as freights have been going up abnormally and without sufficient economic cause during years of almost universal peace, and inasmuch as they have transcended the bounds of reason since the beginning of the European war, your committee is of opinion that this is a most auspicious time to begin the augmentation of the American marine by Government action.

It is not sufficient, however, to draw attention to the increases in the rates for ocean transportation, however onerous those rates may be to the business of our American producers, whether industrial or agricultural. There is a far more important element to be considered, namely, the control by us, and in the interest of America as a whole, of our ocean transportation. This control does not now exist. We stand helplessly at the water front and let others do our business for us to their own great gain, subject to their own risks.

Mr. President, that sounds like some language I have used in debate in this body on bills relating to the American merchant marine. I have said that this is the only country in the world that denies the protection of the Government in any form to its products when they reach the water's edge.

They do it in their own way as to time, place, and character of transportation, and no one will pretend that they have extended to us in all respects equal facilities to those which they have furnished to their own peoples.

I have said that also. I have called attention over and over again to the fact that when we ship goods to Europe for South American trade we are dependent upon foreign Governments and foreign shipping combines when they are placed upon the docks at Liverpool or any other British port; that there is a discrimination on the part of the foreign shipper to take the goods of his own people as a matter of preference and allow our goods to remain there just as long as he chooses to do it. I have urged that as a reason, over and over again, why we should have an adequate American merchant marine, but I never thought that it possibly could be accomplished by the Government going into the shipping business and buying 30 or 40 ships to put on the oceans of the world. It is unspeakable that that could by any possibility solve this problem.

We need control of the situation in several ways. Control should be exerted over rates of transportation, in order that condition like those existing to-day shall become impossible. If there were American ships of ample capacity to carry cotton from our southern ports, or grain and apples from our northern cities, and if these ships were so controlled that the rates for transportation therein could be made such as were just alike to the vessel and to the shipper, a handicap would be at once removed which now, at a critical point in our financial history, is weighing us down.

It will be observed, Mr. President, that there is a very serious "if" in that sentence, and that "if" will remain there even after this bill becomes a law, if it ever does.

In the second place, control should be exerted as to the routes to be followed. In the interest of American commerce as a whole it should not be permitted that the necessity of European stockholders for earnings should dictate where and when ships should go. That is a matter we ought to control for ourselves, and in which we can not afford to be controlled by others. It should rest with us to say that such and such a ship shall go to such and such a place when and as American commerce needs to have it go there.

Well, Mr. President, if the Government can do that, the Government can work miracles.

It can not be imagined that the American people, who desire their commerce to be promoted by shipping, shall be content to have that promotion remain a secondary thing in the interests of certain investors, chiefly abroad, but partly at home.

Again, control should be exerted as regards the character of the transportation furnished. We need passenger facilities to South and Central America and to other portions of the world as good as those which Europe provides for her own people. In the past we have been handicapped by the fact that to reach Argentina and Brazil Americans have found it preferable to go by way of Europe. In short, it is the duty of the Government in all these matters, by its control, to be helpful to American commerce and not to be helpless in the whole matter.

This legislation, so far as it permits the control of ocean freight rates by transportation in vessels under Government direction, is in line with all recent rate legislation. It permits that to be done at sea which we have long done at home, and provides for the ocean carrier what we long ago provided for the common carrier on land. By reason, moreover, of the international character of ocean transportation, control by Government direction of vessels of the kind proposed by this measure is the only way available for that power over rates which we have long exercised on shore, and which present circumstances show us is badly needed at sea.

When the control of the rates on 30 or 40 ships on the different routes of the world regulates the charge on 4,000 or more ships that England has in the carrier service we will certainly see a remarkable demonstration of a man or a Government lifting itself by its boot straps. It can not possibly result.

The following communication from the Department of Commerce shows the great decrease of ships and tonnage from United States ports:

Again, Mr. President, I will ask to put that table in the Record without reading.

The PRESIDING OFFICER. Without objection that course will be pursued.

The table referred to is as follows:

Net tonnage of vessels cleared from the United States for foreign ports during the five months ended Nov. 30, 1913 and 1914.

Month.	1913			1914		
	American.	Foreign.	Total.	American.	Foreign.	Total.
July.....	1,873,857	3,836,127	5,709,984	1,558,249	4,062,802	5,621,051
August.....	1,749,384	3,762,141	5,511,525	1,634,974	2,971,270	4,606,244
September.....	1,571,473	3,688,980	5,260,453	1,366,790	3,055,424	4,422,214
October.....	1,749,735	3,538,895	5,288,630	1,320,718	2,584,068	3,904,786
November.....	1,498,253	2,896,501	4,394,754	956,264	2,404,695	3,360,959

Mr. GALLINGER (reading)—

These facts clearly indicate that an emergency exists—there is a lack of ships—and that our people are being deprived of the means of transportation for shipments of many classes of their goods and are being mulcted by excessive and unreasonable rates upon shipments actually made.

Private enterprise with an unquestioned occupancy of the field has broken down at a crucial point and has failed to give us ships to meet the demands of our shippers. The Chamber of Commerce of Pensacola, Fla., of date December 12, 1914, sent the following letter to the committee:

"PENSACOLA, FLA., December 12, 1914.

"Senator D. U. FLETCHER,
Senate Office Building, Washington, D. C.

"DEAR SENATOR: We here do not know whether to be amused or disgusted in regard to interviews given out by prominent gentlemen, who should know better, as to the great number of ships available for carrying freight and the ease in obtaining them.

"If some of the gentlemen who talk this way would come down to this coast and see how our business is hampered by inability to get bottoms and the extraordinary freight rates charged they might change their minds as to the abundance of vessels available. The fact is that freights are almost at a prohibitive figure, and vessels can hardly be obtained even at the piratical prices asked.

"Congress will be doing a great service for this coast if they can find some effective means of remedying this serious situation.

"Very truly, yours,

"C. E. DOBSON, President."

This letter is in agreement with the statements from two departments of the Government—the Treasury and Commerce—and accords with our conclusions that an emergency exists.

Well, Mr. President, when these 30 or 40 ships get distributed over the ports of the United States and are traversing the various routes over the seas, I do not imagine that Pensacola, Fla., will get a great many of them.

We have already stated that it is our belief that there is no division of sentiment among our people upon this question. We not only need an enlarged merchant marine to meet the present emergency, but legislation which will give us an enlarged American merchant marine, with ships flying the American flag, traveling on sea lines regularly with scheduled dates of sailing and well-advertised points of destination. Private enterprise has failed to fully give our people these advantages under their own control, and by that failure has seriously interfered with the full development of our foreign trade. It now remains for the Government, by wise legislation, to initiate a greater American merchant marine.

It is not desired to create a Government monopoly in the shipping business. It is not necessarily involved in the proposed legislation that the Government shall permanently remain interested in shipping. Wherever private interests will, at reasonable rates and with proper facilities, serve American commerce in ocean transportation, the Government will be more than content to have them do so.

So that, Mr. President, if the time ever comes when American shipping companies shall say to the Government that they will reduce their rates and carry commerce at a figure that this shipping board thinks is just, the Government will then surrender the business to private parties, and the very next day the private concerns can advance the rates if they see fit. Is there anything to prevent it?

By the proposed plan the Government will not enter the field of ocean transportation as a cutthroat competitor. Its purpose is to aid and not to injure American commerce, and it must, of course, be recognized that privately owned American vessels in ocean transportation are a part of American commerce, and are not therefore to be hindered, but rather are to be helped. The very steadiness of control that will be introduced into the situation through the proposed measure will itself be an element of aid to the privately owned transportation lines. We shall be content to have a large portion of our foreign commerce carried under the American flag in privately owned vessels. But we can not rest content while over 90 per cent of our foreign commerce is carried under foreign flags, subject to the primary interests which naturally arise under those flags, out of our own control in every respect, and with no limitation on charges save the exactions

for profit of stockholders to whom American commerce is but incidental to their own stronger interests.

"TRADE FOLLOWS THE FLAG."

This maxim has been adduced in a thousand arguments and its truth has never been seriously questioned.

It has been questioned a great many times, but I will not stop to question it to-day—

Few commercial steamers carry the American flag, and this bill is the beginning of a movement to put the flag on a far greater number of genuine American-owned vessels and to send them out as carriers of our products and of return cargoes to and from all parts of the world. These ships will be genuine American ships, and will not only win from the peoples to whom they go a fair share of their trade, but will carry to them articles of our home production whose merit will win their way. The transportation lines established under this bill will be permanent, regular in their sailings, and controlled for the public good.

Mr. President, just think of the German ships interned in New York, if they are to be purchased, as it is suggested from various sources that they will be purchased—just think of those ships being "genuine" American ships, as this report says they will be!

This bill not only initiates a merchant marine as a necessary adjunct in the permanent development of our foreign trade by supplying regular transportation to foreign markets, but will be an important factor in our national defense, increasing the efficiency of the Navy and Army by providing naval auxiliaries with a trained personnel and transports available on demand.

The bill as drawn affects only our foreign shipping and does not affect the coastwise trade of the United States—

This was written before Hawaii was put into the bill, which is now offered as a substitute for the original bill.

Mr. BRANDEGEE. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Connecticut?

Mr. GALLINGER. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. It is reported that the Democratic caucus has proposed an amendment to allow these vessels to go into our coastwise trade.

Mr. GALLINGER. They do in the substitute bill, so far as Hawaii is concerned, which has always been regarded as coastwise trade, and that is only the beginning. The report wisely suggests:

In the coastwise trade there is no emergency; we have an abundance of ships for all our coastwise demands, and they carry the American flag. In the foreign trade, however, we have a shortage of ships, and a still greater shortage of ships carrying the Stars and Stripes.

We have an abundance of ships in the coastwise trade, Mr. President, because we have protected them from competition with cheaper-built and cheaper-navigated foreign ships. The consequence is that we have a coastwise fleet that is not only the admiration of our own country but the admiration of the world. It appears, however, to be too successful, too prosperous, to suit some people, and it is now proposed to let foreign ships, under certain conditions, get into that trade.

The bill will create work for our shipyards, not only in the construction of ships but in the matter of repairs. Our shipyards for the construction of our war vessels successfully outbid the world for the construction of war vessels for Argentina, and it is believed that they can carry this successful competition into the construction of merchant vessels. Besides this, the bill will create a demand for material entering into construction, repairs, and alterations, and also for necessary supplies.

Not to any greater extent than if the ships were built by private parties.

The entire proposed cost under this measure is less than is the loss to the Nation caused by a fall in price of the present cotton crop of 1 cent per pound by reason of excessive freight rates.

The bill creates a Government activity and expenditure for the benefit of the commerce of all the people. We have now not over 1,400,000 gross tons of shipping available for the foreign trade, and much of this has, indeed, but a nominal existence, because it comprises old vessels not yet withdrawn from registry, and others whose cargo capacity is insufficient to meet their heavy operating cost. Our flag is rarely seen at hundreds of ports throughout the world. This is a reason for this new governmental activity—a full and sufficient reason for the creation of a corporation or corporations organized or to be organized and controlled by the Government of the United States to purchase, charter, control, and operate merchant vessels for the benefit of the agricultural, manufacturing, mining, and commercial interests of the country. The reason is still greater in the face of the fact that a great foreign war has paralyzed our foreign commerce at a moment when new and profitable fields are opening up, inviting our entrance, while private capital and enterprise is unable to remedy the disease.

Yes, Mr. President, it is too true that the flag is seldom seen in the ports of the world, where 75 years ago it was seen wherever American travelers happened to be. The Merchant Marine Commission took testimony on this point, and four gentlemen testified that they had gone around the world, one of them twice, one of them in his journey covering a distance twice around the world, and that they had rarely ever seen the American flag, unless it was on the yacht of some millionaire or on a battleship of the United States. This is not news to some of us. We have appreciated it for a long time, and have done all we could to remedy the evil; but, Mr. President, when Mr. Seabury

of New York, an expert, testified that, if we supply ships to take care of the entire commerce of the United States, we will have to invest at least \$600,000,000 in the enterprise, I want to ask in all seriousness what good will \$30,000,000 do?

Senate Document No. 225 of the Sixtieth Congress, first session, entitled "Development of the American Ocean Mail Service" and American Commerce," says, on page 65:

"One of the most important features of the voluminous testimony taken all over the country by the Merchant Marine Commission was the insistence of practical men of business—merchants and manufacturers and bankers—not themselves interested in any way in shipowning or shipbuilding, that the lack of American ships prevented us from securing an adequate market abroad for the products of American manufacturing, mining, and agriculture."

And every one of those men, Mr. President, was in favor of the Government of the United States extending some aid in some form to the shipping interests of the country.

It may be safely assumed that the American people will not consent to any change in the conditions provided by law for American seamen. It is furthermore the case that the operation of ocean vessels presents problems of cost of operation which are not finally worked out.

I supposed they had been worked out, and I think they have.

Statements are made concerning one or another element of operation of American vessels which are so clouded by private interest or so utilized to enforce a special claim as to make both the present and the possible facts somewhat uncertain. The pending measure will provide an opportunity which private capital can not extend to determine, free from all question of private interest or prejudice, just what the facts are respecting the cost of ocean transportation under our flag. The cheapest water transportation of bulk freight by steamers is under the American flag, in the specialized ships which carry ore and other bulk cargoes on the Great Lakes. The cheapest ocean transportation for bulk freight is also under the American flag, in the large coastwise schooners upon our Atlantic coast. Private interests have never yet undertaken to determine on any considerable scale whether these facts can be projected further into a larger development of our American merchant marine.

Mr. President, the cheap transportation on the Lakes and on the coast by the coastwise ships of the United States is due wholly to the fact that the Government is giving those ships adequate protection by excluding from that trade all foreign ships. So these ships, protected against foreign competition, are giving cheap and adequate transportation; and the very statement of this report disproves the allegation, which has been made here over and over and over again, that the coastwise shipping of the United States is a monstrous monopoly which ought to be destroyed.

There is the highest marine technical authority for saying that American steamers can be constructed for ocean purposes so that their loading will be much less costly than is that of European-designed steamers; and it should be remembered that it costs more per unit to load and unload cargo into and from a vessel than it does to transport it across the ocean.

I assume that that depends upon the character of the cargo. It may be true of some things, but it can not possibly be true of all the products that enter into ocean transportation.

There are, therefore, problems in marine transportation of essential importance to American commerce, but which private capital has not been able hitherto fully to work out. This measure will provide for the first time adequate means for the study of these problems, through which study both private and public interests will gain.

It remains to review briefly the effects of the existing situation on our agriculture. When the present war broke out we faced trying conditions by which our farmers especially were seriously threatened. Their crops were ready to move, and had, in fact, begun to move. They were immediately confronted with the stoppage of the mechanism of exchange and with the absence of ships.

About August 7 embargoes were placed by all railroads against grain for Galveston, New Orleans, Baltimore, and New York destined for export. Within a few days thereafter there were reported to be 1,700 cars of grain in the railroad yards of Galveston alone, with the elevators full and no facilities for shipping. The railroads were lined with cars that could not be moved. Weather conditions were unfavorable and a serious loss was not only threatened, but actually sustained. By the week of September 10 shipping embargoes against vessels had been placed on all German, Swedish, and Russian ports, with the single exception of Gothenburg, Sweden, and shipping companies running to those ports refused to accept any consignments. The Galveston embargo was raised August 27, by which time there had been tied up in the Galveston yards alone about 3,000 cars of wheat. Like conditions prevailed in New Orleans. On September 1 the railroads entering that port raised the embargo there also.

So the emergency passed without our building any ships.

By September 10 it is reported that 275 vessels, most of them under the German flag, but many carrying American cargoes, had been seized by hostile cruisers, thus removing available tonnage that could otherwise have been used to handle American grain and cotton.

On October 25 every elevator in Galveston was full and 2,800 cars of wheat still waited on the tracks. On November 3 the Santa Fe Railroad advised the Interstate Commerce Commission by wire that they had not received any grain for export by way of Galveston since October 24, having thus put a second embargo upon wheat shipments for lack of shipping facilities from Galveston. The railroad company stated it was forced to put on this embargo, as they could do nothing to assist in transportation beyond Galveston; in other words, there were no ships available.

The vice president of the Galveston, Houston & Henderson Railway stated December 11 that there were on Galveston Island 1,767 cars containing 2,000,000 bushels of wheat; that all the elevators were full, and that 2,000,000 additional bushels were in transit to Galveston. On that same day the vice president of the Santa Fe Railroad stated that they had found it necessary on December 1 to renew the embargo

against wheat for Galveston, which had been made effective as of the 16th of December, and that there were then in Galveston, or en route to that port, 3,800 cars of wheat on the Santa Fe system alone. There have thus been three separate embargoes on wheat at Galveston. It is apparent, therefore, that even after the current of exchange was restored the movement of the great wheat crop continued, and still continues, to be delayed for lack of ships.

The situation as regards cotton was still more serious, and continues to be so. Our communications with South America, unsatisfactory enough in normal times, are still more so under present abnormal conditions.

The industries of South America are largely extractive. They have the products from the farm, from the ranch, from the forest, and from the mine. Some of their agricultural products are competitive with those grown in the United States, but by far the larger volume of South America's agricultural products are not grown in the United States and are therefore noncompetitive, such as coffee, rubber, cocoa, and bananas.

In some of those countries cotton and woolen goods are wanted. American tractors are doing service in Chile as well as in Belgium. Locomotives, cars, steel rails, structural steel for trusses, cement, harvesters, automobiles and supplies, machinery of all kinds, including fire engines made in the United States, have all been introduced in South America and the demand and use can be greatly extended.

Means of making deliveries and the interchange constitutes the chief factor to be provided.

It is believed direct credit facilities and arrangements for financial transactions can be supplied as needed.

In view of the importation in the last year and a half of a small amount of Argentine corn and Argentine beef there has been an attempt to alarm the farmers, especially of the Middle West. As a matter of fact, there is no danger even under the existing state of agriculture in this country of successful competition on the part of the Argentine farmers with those of this country. The total corn crop of the Argentine Republic in 1913 was 196,600,000 bushels; the total corn crop of the United States in 1912 was 3,125,000,000 bushels; and in 1913, 2,447,000,000 bushels. The shortage in 1913 as compared with 1912 in this country was 678,000,000 bushels. Argentina's total crop was less than a third of this shortage. A very small fraction of this total crop reaches this country.

And yet, Mr. President, after we had in a moment of mental aberration placed corn on the free list, with a surplus of corn in this country so far as our own people's wants are concerned, in the eight months prior to the beginning of the European war we had imported 10,000,000 bushels of foreign corn into the United States. We did not need it. We had corn enough and to spare, but it was sent here because it could be offered to our people cheaper than the American corn.

Mr. BRISTOW. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Kansas?

Mr. GALLINGER. I yield to the Senator from Kansas.

Mr. BRISTOW. It was sent here, was it not, because it could be grown so much cheaper in other countries, where the expense of producing the corn and of carrying on the farm was very much lower than it is in the United States?

Mr. GALLINGER. Beyond a question they produce it very much cheaper.

[At this point a message was received from the House of Representatives.]

Mr. SMOOT. Mr. President—

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

Mr. SMOOT. I do not ask the Senator to yield to me. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

Mr. THOMAS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Colorado will state it.

Mr. THOMAS. There has been no business transacted under the rule since the last quorum was called.

Mr. SMOOT. Why, Mr. President, there has just been business transacted, because we have received a message from the House of Representatives.

The PRESIDING OFFICER. A message has been received from the House of Representatives. The Chair decides that the point of order is not well taken. The Secretary will call the roll.

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

Ashurst	Gronna	Nelson	Smith, Ga.
Bankhead	Hardwick	Norris	Smith, Mich.
Brady	Hollis	O'Gorman	Smoot
Brandeggee	Hughes	Oliver	Stephenson
Bristow	James	Overman	Sterling
Bryan	Johnson	Page	Stone
Camden	Jones	Perkins	Swanson
Catron	Kern	Pittman	Thomas
Chamberlain	La Follette	Reed	Thompson
Chilton	Lane	Robinson	Thornton
Clapp	Lee, Md.	Root	Tillman
Clark, Wyo.	Lippitt	Saulsbury	Townsend
Culberson	Lodge	Shafroth	Vardaman
Dillingham	McLean	Sheppard	White
du Pont	Martin, Va.	Sherman	Williams
Fletcher	Martine, N. J.	Shively	Works
Gallinger	Myers	Smith, Ariz.	

The PRESIDING OFFICER. Sixty-seven Senators have responded to their names. There is a quorum present.

Mr. MYERS. Mr. President, I will occupy the floor—

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. GALLINGER. I do not yield, Mr. President.

The PRESIDING OFFICER. The Senator from New Hampshire does not yield.

Mr. MYERS. I merely wished to say, if the Senator will permit me, that I thought he was through.

Mr. GALLINGER. Oh, I have hardly commenced. [Laughter.] I venture to say that not half a dozen Senators have read this interesting report, and I am delighted to see that they have come in to listen to the remainder of it.

European markets are strong competitors for all agricultural products from South America and receive the greater amount of South America's surplus. The importation of corn to the United States from all countries, including Argentina, for the year ending October 31, 1914, was seven-tenths of 1 per cent of the crop of the United States, or 16,000,000 bushels. During the same period the United States exported over 11,000,000 bushels. A great part of the corn imported was used in New York City in the manufacture of corn-sirup products. It really cuts no figure in our domestic price. We shall export this year more corn than we have imported—

We imported \$5,000,000 worth more last year than we exported, according to these figures—

The same general situation is presented in the importation of meats. For the last year we imported 160,000,000 pounds of meat from Argentina. The total domestic production is 15,000,000,000 pounds. The amount imported, therefore, is 1 per cent of the domestic product.

That is more than I thought it was. I said a moment ago that under the existing tariff law, which put the products of the farm on the free list, we had imported 10,000,000 bushels of corn which we did not need from foreign countries; but, as was suggested by the Senator from Kansas [Mr. BRISTOW], labor is so much cheaper in those countries and the cost of production is so much lower that they can afford to raise corn and pay the transportation charges and compete successfully with our American corn; and according to this report—good Democratic authority—16,000,000 bushels of corn have been sent into the United States since the Underwood-Simmons tariff law was placed on the statute books.

Later on I hope the Senator from North Dakota [Mr. GRONNA] will have something to say on this subject. That Senator knows all about it, and he doubtless will talk about it before the debate ends. It is a good subject for him.

During the same period the United States exported over a billion pounds of meat products. The proportion of the imported meat to our total domestic product is inconsiderable. The Argentine meat does not in reality compete with our western beef, because of its character and quality. The amounts of these two commodities that will come to this country in the future are not likely to increase largely or to get far from the Atlantic seaboard. These two products are the principal ones in which American agriculture has not shown a satisfactory advance in recent years.

In the last 15 years the American corn crop has not materially increased, and the beef cattle have decreased in number by 12,000,000 head, and the number of hogs has decreased by three or four million.

Mr. GRONNA. Mr. President—

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from North Dakota?

Mr. GALLINGER. I yield to the Senator for a question.

Mr. GRONNA. May I ask the Senator from New Hampshire if he is familiar with the fact as to the price that was paid for this corn that was imported from Argentina?

Mr. GALLINGER. I will say in reply that I am not; but it must have been sold cheaper than the American corn or it would not have found a market in the United States.

Mr. GRONNA. It was sold at an average of about 10 cents a bushel lower than the price paid for American corn.

Mr. GALLINGER (reading)—

In this same period our population has increased 23,000,000. Conditions have changed very rapidly in this country, and agriculture has been going through a period of adjustment. With improved conditions, with better financial facilities adapted to the needs of agriculture, with proper farm management, with increasing attention to forage crops and to live stock in the settled portions of the Union, the farmers of this country will not only produce corn and meat and other products to supply the home demand, but will supply also a considerable part of the demand of foreign countries. It is not complimentary to the intelligence of the American farmer to attempt to alarm him by the dangers of competition from foreign farmers. In any event, the small volume of competitive products that are being imported will probably benefit at least three farmers for every one who might feel the competition. If any grain whatever reaches the farming sections it will certainly largely benefit the cattlemen and stock raisers. This country is still an exporter of agricultural products, having sent abroad in 1913, according to the preliminary figures, \$1,123,000,000, while it imported \$815,000,000, consisting for the most part of noncompetitive products. It should not be forgotten that the American farmers export considerable quantities of agricultural products to South America. In 1911 we exported \$125,000,000 worth of farm and forest products to South America alone.

It is highly likely that with direct shipping we shall continue to export to South America even more farm and forest products and more than we import.

I shall show, later on, that we have now direct shipping facilities to South America which exceed the present demand for cargo space.

The greater part of our importation of agricultural supplies from South America consists of things which we do not produce here. In 1911 we imported from South America \$116,655,000 worth of forest and farm products. Of this total coffee represented \$76,000,000; cocoa, about \$5,000,000; and rubber, hides, and things of like character, the greater part of the remainder. With direct or better shipping facilities, we shall secure more of these things.

So far as South America is concerned, the principal result from direct or improved shipping facilities should be:

1. The importation of a larger volume of noncompetitive agricultural products from South America, such as coffee, cocoa, etc., on better terms than heretofore.
2. The importation of quantities of nitrates, especially from Chile, needed by American farmers for fertilizers.
3. A small amount of competitive agricultural products, negligible in comparison to our total domestic product.
4. The exportation to South America of larger volumes of agricultural products, especially from the West, such as wheat.
5. A large increase in the exportation of manufactured products.
6. Increased travel between South American countries and the United States, larger contact, and more friendly relations.

In such case it is highly likely that instead of having a large trade balance against us with South America, we shall witness the development of a credit there in our favor.

There is one South American product of decided importance to the farmers of the Nation to which we may give especial attention, namely, the nitrates. We are dependent largely upon Germany for potash. We have been using very little nitrates in fertilizers because of its high price, and yet our fertilizer experts say we are greatly in need of this important ingredient. The rapidly increasing demand of cattle feeders is taking cottonseed products, fish scrap, blood, and high-grade tankage out of the reach of farmers as fertilizers. We should get large quantities of nitrates from Chile. She produces at least 3,000,000 tons annually. This has gone for the most part to Europe. This country has received about a half million tons, which have been used mainly for making explosives. The head of one of the largest nitrate-producing companies of Chile, sent here recently by the Chilean Government, visited the Department of Agriculture and represented that if there was direct shipping connection between Chile and the Gulf ports of the United States through the Panama Canal Chile could send us six times the present volume of imports of nitrates at a price from 30 to 40 per cent lower than present prices, and that the farmer then could afford to use these nitrates in large quantities. The Chilean representative stated that Chile is in need of our coal for the navy and for industries, especially the coal from the Middle West. He asserted that ships coming from Chile with nitrates would return with coal and manufactured products. It is scarcely necessary to point out that a line touching at Chile could also reach other countries of the west coast of South America and would develop a volume of traffic between those countries and the United States.

As has been before stated, there is the most pressing need for ships to take our cotton to German ports for Germany and Austria and to bring back dyestuffs, cyanide, and other chemicals. We are informed through representatives of the Agricultural Department who were sent to Europe some time ago that Germany can use and would take from one and a half to two million bales of cotton, and that the price prevailing at present in Bremen ranges from 19 cents to twenty-one and a fraction cents. Austria would also take a considerable amount of cotton. The president of the British Board of Trade asserts that the cotton situation in Great Britain is improving and estimates that the English consumption will be 75 per cent of the normal. Yet, as all know, cotton is not moving satisfactorily to England, and is moving only with the very greatest difficulty to Germany, and probably none is reaching Austria. Our total exports thus far in 1914 fall almost 3,000,000 bales short of the 1913 figures. Unquestionably if we had additional ships under the American flag this situation would rapidly improve and much of the distress of the producers, the business men, and the bankers, not only in the South but throughout the country, would be relieved. The need is urgent. There is no telling how long the disturbance abroad will last and how long, therefore, we shall suffer unless the requisite action is promptly taken.

The report of the House of Representatives is attached and made part of this report; also Senate Document No. 601, entitled "American Merchant Marine"; also letter of 28th instant from Hon. William C. Redfield, Secretary of Commerce.

Mr. JONES. Will the Senator yield for a question?

Mr. GALLINGER. I yield.

Mr. JONES. Is the Senator aware of the fact that in the Columbia River Basin there are nitrate possibilities far in excess even of those in South America, and that all that is necessary to make them available is to have the water power of the Columbia River developed?

Mr. GALLINGER. I have known something of the possibilities of the development of those nitrate beds in the Columbia River Basin. I am not familiar with the details of it; but it has been called to my attention.

Mr. JONES. Is the Senator also aware of the fact that a bill is now on the calendar which if passed would make it possible to develop those nitrate possibilities in our own country?

Mr. GALLINGER. No; Mr. President, I was not aware of that fact, but it emphasizes what I have said several times, that there is no reason on earth in the minds of many of us, and I think the minds of a majority of this body, why the entire time of this session of Congress should be taken up considering this shipping bill, when the appropriation bills, including the river and harbor bill and the southern claims bill, the bill to which the Senator from Washington refers, and 200 or 300 other bills that are on the calendar remain unattended to. What the Senator says emphasizes what I have frequently asserted, that the country expects us not to give our time to the consideration of this controverted bill, but to take up the appropriation bills

and other bills and pass them and go to our homes. That is what the country expects.

The report of the Senate committee which I have read attaches as a part of the report, and adopts it, the report of the House Committee on the Merchant Marine and Fisheries, which I will now read:

The Committee on the Merchant Marine and Fisheries, to whom was referred the bill (H. R. 18666) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes, having considered the same, report it to the House with the recommendation that the bill do pass.

The bill provides that the Government, through a shipping board composed of the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce, may subscribe to the capital stock of any corporation now or hereafter organized under the laws of the United States or of any State thereof, or of the District of Columbia, for the purpose of purchasing, constructing, maintaining, and operating merchant vessels in the trade between the Atlantic, Gulf, or Pacific ports of the United States and the ports of Central and South America and elsewhere, to meet the requirements of the commerce of the United States.

The initial capital stock of the corporation shall not exceed \$10,000,000, but the shipping board, with the approval of the President, may consent to or cause the capital stock to be increased from time to time as the interests of corporation may require.

The capital stock shall be divided into shares of the par value of \$100, and the United States shall subscribe for 51 per cent of the stock, and for a like per cent of every increase, and the remainder shall be offered for public subscription. The United States may, however, subscribe at par to an amount of such stock not subscribed for by the public.

The corporation may begin business as soon as the 51 per cent of the stock is subscribed and paid for by the United States.

The United States, through the shipping board, with the approval of the President, may purchase or construct vessels suitable to carry out the purpose of such corporation and transfer them to such corporation upon terms and conditions to be prescribed by the shipping board.

Mr. SMITH of Michigan. Mr. President—

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Michigan?

Mr. GALLINGER. I yield to the Senator.

Mr. SMITH of Michigan. I should like to ask the Senator from New Hampshire if in connection with this report there was not certain testimony taken, notably the testimony of Secretary McAdoo, and that in that hearing where Secretary McAdoo testified he admitted that, so far as private subscriptions to the stock of this so-called shipping company were concerned, there could be no possible promise of any profit on it? In fact, does not the Senator know that Secretary McAdoo admitted that it would be a losing venture both for the Government and for the private investors in that stock?

Mr. GALLINGER. I have called attention, Mr. President, during the discussion of this shipping bill to that rather remarkable hearing which was had in another body, a hearing that occupied a few hours. Two Members of the House gave their views and the Secretary of the Treasury gave his views, but no expert was called, no shipping man, no man interested in transportation was called, and that meager hearing is all we have to point our way in the consideration of this measure except the report which I am now reading. I feel fully justified in reading it, as I have heretofore stated, for the reason that I do not believe six Senators in this body have given it any consideration.

Secretary McAdoo did say that on some of the lines he expected there would be a loss, but he was not sure that there would be a loss on the whole, and in that respect he differs from every business man and shipper I have talked with, because they all say that there will be a very large loss, and that it is an inevitable loss.

Mr. SMITH of Michigan. If the Senator will permit me to interrupt him—

Mr. GALLINGER. I yield to the Senator.

Mr. SMITH of Michigan. Is it not a fact that the plan under contemplation will launch this corporation after the Government has made its subscription of 51 per cent of the stock?

Mr. GALLINGER. Yes; that is the provision.

Mr. SMITH of Michigan. That clearly indicates that they do not hope for numerous or prompt applications for the other 49 per cent. Otherwise they would wait until the corporation was fully organized.

Mr. GALLINGER. The bill provides that the corporation shall be launched, or it may be launched, when 51 per cent of the stock is subscribed. Knowing the Senator from Michigan as I do, a shrewd business man, who does not subscribe to anything which has not a reasonable prospect of a return upon the investment, I do not imagine that he will sell his automobile and put the proceeds in the stock of this corporation.

Mr. SMITH of Michigan. No; but, if the Senator will pardon me, I doubt seriously whether I will buy another if the present condition of industrial affairs continues.

Mr. GALLINGER (reading)—

The corporation may begin business as soon as the 51 per cent of the stock is subscribed and paid for by the United States.

The United States, through the shipping board, with the approval of the President, may purchase or construct vessels suitable to carry out the purpose of such corporation and transfer them to such corporation upon terms and conditions to be prescribed by the shipping board.

The Secretary of the Treasury, upon the request of the shipping board, may issue and sell what are known as Panama Canal bonds to a total amount not to exceed \$30,000,000 for the purpose of purchasing or constructing such vessels.

Upon the transfer of the vessels to such corporation the corporation shall issue to the United States in payment thereof its gold bonds bearing interest at not less than 4 per cent per annum, such bonds to constitute a first lien upon the vessels so transferred and all other property of such corporation.

The bonds shall not be less in amount at their par value than the amount paid by the United States for the vessels.

The Secretary of the Treasury may, in his discretion, and with the approval of the President, sell such bonds to reimburse the Treasury for the expenditures made in the purchase or construction of vessels.

The vessels purchased or constructed by the shipping board and transferred to such corporation shall be entitled to registry under the laws of the United States and may engage only in trade with foreign countries or with the Philippine Islands and the island of Guam and Tutula. The shipping board, subject to the direction of the President, is vested with full power to vote the stock of the United States in the corporation and to do all other things necessary to carry out the purposes of the act, and may at any time, with the approval of the Congress, sell the stock of such corporation.

Section 8 of the bill authorizes the President to charter, lease, or transfer such naval auxiliaries belonging to the Naval Establishment as are suitable for commercial use and not required for use in the Navy in time of peace, and now owned and operated by the Panama Railroad Co., to any corporation organized under the act, upon such terms and conditions as the President may prescribe. The bill further provides that the vessels purchased or constructed under its provisions shall, as far as the commercial requirements of the foreign trade of the United States may permit, be of a type suitable for use as naval auxiliaries. The question of providing vessels for our merchant marine from a standpoint of the Naval Establishment had been under consideration for some time by the subcommittee of the Committee on Naval Affairs. The same subject was being considered by the Committee on the Merchant Marine and Fisheries, from the standpoint of the merchant marine. Section 8, as written in the bill, is the result of a conference between Chairman Padgett and Mr. Talbot, of the Committee on Naval Affairs, and the chairman and Mr. Hardy, of the Committee on the Merchant Marine and Fisheries, and has the approval of the committee, as it harmonizes both views.

A detailed statement of all expenditures under the act and of all receipts thereunder shall be submitted to Congress at the beginning of each regular session.

The bill carries an appropriation of \$10,000,000 to carry out the provisions of the act.

We shall not discuss the desirability of having an American merchant marine. We will assume there is no difference of opinion on that point. The fact that we pay a sum variously estimated to be from \$200,000,000 to \$300,000,000 annually to vessels under foreign flags to transport our commerce, which seriously affects our balance of trade, is urged as a sufficient reason why we should have a merchant marine of our own. But this is only one of the many reasons.

The present disturbed conditions in Europe, resulting in the demoralization of shipping under the flags of the belligerents, give emphasis to the need of more merchant vessels under the American flag to meet emergencies such as now exist. Just how to build up our merchant marine has always been the question that vexed us. No one has ever doubted that we can do so, taking into account our vast resources, if we could once agree upon the plan.

This bill is a departure from all plans heretofore presented to Congress to build up our merchant marine. The country is opposed to subsidies, and with good reason.

Mr. President, I submit that this question has never been submitted to the people of this country. Wherever it has been tested out in a State campaign the proponents of the question of subsidies have always been successful. So this ad captandum way of disposing of the question of subsidy I do not accept.

Mr. McLEAN. Mr. President—

Mr. GALLINGER. I yield to the Senator from Connecticut.

Mr. McLEAN. I note the author of that report lays great stress on the fact that the shipping facilities for cotton are very inadequate, and that this affects the present price of cotton.

Mr. GALLINGER. Yes.

Mr. McLEAN. I should like to ask the Senator if he does not think the fact that wheat is selling at \$1.46 a bushel, while cotton is selling for 8 cents a pound, disposes of that argument. Is it not a fact that cotton, being a secondary necessity, the consumer, not knowing whether the demand for the future is going to be normal or not, is afraid to buy cotton? If there was the same demand for cotton that there is for wheat, cotton would receive the same transportation facilities wheat has received. Wheat is a prime necessity; the people must have bread. Consequently the future consumption is certain. On the contrary, cotton not being a prime necessity, of course the European consumer is waiting to know whether there will be any demand for cotton or not, and the price of cotton will be just as uncertain as the duration of the war.

Mr. GALLINGER. The Senator's observation is entitled to serious consideration, and at first blush I should say that the Senator's argument is sound. I read further from the report:

Under the artificial stimulus of subsidies a few ships might be built and operated by favored companies at large expense to the Government without adequate returns. The method proposed in recent years has been to amend the ocean mail act of 1891 and pay to vessels of 16 knots speed for ocean mail service the sum of \$4 per mile for each outward voyage. This would mean that the Government would pay ocean-mail steamers of the type described in the act on voyages to South America about \$16,000 for each outward voyage and on voyages to the Orient from \$14,000 to \$30,000 for each outward voyage. We now pay the four vessels of the American Line—the *New York*, the *Philadelphia*, the *St. Louis*, and the *St. Paul*—in the North Atlantic trade about \$735,000 per annum mail subsidy. They are 20-knot vessels.

The Government has no control over the passenger and freight rates charged by the subsidized vessels. They follow the custom of all unregulated lines and charge all the traffic will bear, and this, too, without reference to the cost of the service or what would be a reasonable profit on the investment. The investigation made by this committee into steamship conferences and agreements in the domestic and foreign trade disclosed that for the three years prior to 1913 ocean freight rates increased from 50 to 200 per cent. The cost of the service did not increase in proportion to the increase of the rates. The profits of the regular lines in most of the trade areas during the period were very large. They charged all the traffic would bear.

It is claimed by the lines that ocean freight rates, beginning in 1913, have been receding from their former high level. It may be the rates became so high that the effect was to retard the movement of commerce and lower rates became necessary on that account, and it may be that increase in ocean tonnage, stimulated by the enormous profits, created a sharper competition for the traffic, with the result of lowering the rates. Be that as it may, the fact remains that no restraining hand was laid on the lines, either in the domestic trade or foreign trade, to enforce reasonable rates.

If this bill is enacted into law, it will serve at least a twofold purpose in the trade in which the Government-controlled vessels are employed.

First. These lines will be projected to ports in Central and South America and elsewhere to increase our mail facilities and to meet the growing demands of our foreign commerce.

Second. The corporation or corporations organized to operate these lines will be controlled by the Government through the President and shipping board, and they will have the power to regulate the rates for carrying the mails and for passenger and freight service. It will not be necessary for the Government to furnish vessels to handle all the traffic, nor is it desirable.

It is not desired to create a Government monopoly in the shipping business. Foreign competition can be met in a friendly spirit and on terms fair to foreign shipping and just to ourselves. We should be content if a reasonable portion of our foreign commerce is carried under the American flag, but we are not content to permit 92 per cent of our foreign commerce to be carried under foreign flags with no other limitations on their charges for the service than what the traffic will bear.

Mr. SMITH of Michigan. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Michigan?

Mr. GALLINGER. I yield to the Senator from Michigan.

Mr. SMITH of Michigan. May I ask the Senator, is it seriously proposed that ships that are owned by private corporations are still to be permitted to navigate the ocean? Is there to be no attempt to monopolize this over-seas commerce, either to Europe or to South America? The report which the Senator has just read indicates that they still propose in some way to allow private corporations to continue in business.

Mr. GALLINGER. Yes; it seems to be a fact that they generously are going to permit that; but another remarkable thing to me is that they are going to regulate the fares and freights. Whether or not they mean they are going to regulate them only on these Government ships, which will be but a moiety of the overseas transportation, is not very clear; but I hardly think they can regulate fares and freights across the oceans of the world on ships owned by private companies. But, as pretty much everything is being regulated these days, perhaps ocean transportation can also be regulated by law.

Mr. SMITH of Michigan. If the Senator will permit me to ask him another question, I desire to say that if they only propose to have a few ships, I suppose that those bottoms will be reserved for the special favorites in the over-seas shipping, and that those who do not happen to come under the favor of the department will be obliged to use the ships owned by private corporations at the rates at which they can profitably carry their freight?

Mr. GALLINGER. I would not say that that would be the result; of course, it might be the result; but I will repeat what I perhaps have twice before said—that with 4,000 and more British ships engaged in carrying cargoes across the ocean, these 30 or 40 ships of ours, distributed all over the world, will never be heard of. Somebody may discover one of them in some port; but they are so negligible as compared with the immense traffic over the Atlantic and Pacific Oceans that it is inconceivable that they will make any impression upon rates or upon anything else.

Mr. SMITH of Michigan. Mr. President, will the Senator permit another interruption?

Mr. GALLINGER. Certainly.

Mr. SMITH of Michigan. I do not wish to interfere with the continuity of the Senator's thoughts, but does the Senator not think that, in order that all shippers may be treated alike and be served by the same instrumentality, the bill ought to provide for the purchase of all over-seas ships that now operate under the American flag? That would give all shippers an equal opportunity to get in before the favored ship departs; otherwise a ship that is to be especially commended by the Secretary of the Treasury on its voyage to South American or European ports might find itself so overburdened with traffic that it could not safely make the journey, and the traffic that they were unable to put aboard this Government ship might be compelled to use another medium of transportation less favorable, and therefore, naturally, in selling the products that are carried a discriminatory rate would have to be enforced in order to prove profitable either to the shipper or to the carrier.

Mr. ROOT. Mr. President—

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from New York?

Mr. GALLINGER. I yield to the Senator from New York.

Mr. ROOT. May I ask whether that would not be essentially a subsidy?

Mr. SMITH of Michigan. Oh, no.

Mr. ROOT. Would not the effect be that these favored shippers whose products are carried on these few Government ships at lower rates than the market rates would be receiving a subsidy?

Mr. SMITH of Michigan. Of course I have not the floor and I would not interfere with the Senator from New Hampshire, so I will allow him to answer this very pertinent question. However, if I were called upon to answer, I would say that it would not interfere; that it would simply be the practical application of the last Thanksgiving proclamation which emanated from the White House.

Mr. GALLINGER. Mr. President, the suggestion of the Senator from Michigan [Mr. SMITH] is in line with the wise suggestions which the Senator is in the habit of making while we are debating great questions in this body. I quite agree with him that, if the Government is to build 30 or 40 ships and put them in the over-seas trade, putting behind them the influence and power of the Government, it would be no more than right that the Government should buy the four ships that traverse the North Atlantic, the few ships that traverse the Pacific, the line to Venezuela, the United Fruit Co. line, and other lines that have come under the American flag, and give them all a fair show.

Mr. SMITH of Michigan. Exactly.

Mr. GALLINGER. I think that would be a proper thing to do, but it is not proposed to do that.

Mr. SMITH of Michigan. I am not so sure about that.

Mr. GALLINGER. Well, the Senator will examine all these matters for himself. The Senator ought to read the report which I have read to-day—he has not read it and he was not in the Chamber all the time to hear the report read—

Mr. SMITH of Michigan. Mr. President, this is becoming somewhat personal. [Laughter.] May I interrupt the Senator?

Mr. GALLINGER. I yield to the Senator.

Mr. SMITH of Michigan. I read every line in the report before the bill was reported out of the Committee on Commerce. I read what the Senator has not himself read, but what I hope he will read before he takes his seat. I am very familiar with the report, and it was my duty to read it. I do not know that I would have read it as a matter of interesting history or as a matter of good fiscal or economic policy, but I have read it and I was here when it came from the committee.

Mr. GALLINGER. I am delighted to know that one Senator has read this report. I had forgotten that the Senator from Michigan is a prominent member of the Committee on Commerce. Doubtless the report was submitted to the committee before it was presented to the Senate, and I presume that a few members of that committee did either hear it, or pretended to hear it read.

Mr. SMITH of Michigan. I must say, if the Senator will permit me another interruption, that the bill, too, was handed to us fully completed, but we never had much of an opportunity to change it.

Mr. GALLINGER. The bill the Senator saw was not the "completed" bill. The third edition of the bill, recently submitted to the Senate, is now said to be the completed bill. How soon it will be supplanted by another bill I can not say. The report continues:

It is urged that the Government should not engage in the operation of ships, but that the business should be given over to private firms or corporations; that the powers proposed to be vested in the President and the shipping board under the bill are extraordinary and

should be withheld by Congress; that, in view of the fact that the principal maritime nations of Europe are at war, we should be careful to observe our obligations as a neutral and scrupulously avoid any act that would create friction between our Government and the belligerents. Hence out of the abundance of caution we should do nothing in the direction of building up our merchant marine. We will notice these objections in their order.

Why should the Government not purchase or construct merchant vessels and operate them directly or, as proposed in this bill, through a corporation or corporations organized or to be organized and controlled by the Government and operate them for the benefit of the great agricultural, manufacturing, mining, and commercial interests of our country? Efforts have been made ever since the Civil War to restore our mercantile marine to some measure of its ante bellum greatness. These efforts have all failed. It would not serve any useful purpose to recite the causes of the decline of our merchant marine or of our failure to build it up again.

Mr. President, I propose later on to take up that subject in my own way, depending upon the facts of history to show exactly what the causes for that decline were.

The fact confronts us that we have less than 1,000,000 tons of shipping in the foreign trade, and our flag at the masthead of an American merchant vessel is unknown in most of the ports of the world. And now, with our foreign commerce paralyzed by the war in Europe, with new and profitable fields opening up and inviting us to enter them, private capital and enterprise are not forthcoming to meet the existing emergency.

It is worthy of remark that every bill pending before the committee provides for Government ownership in some form, and every proposition submitted for the consideration of the committee has as its basis the suggestion that the Government shall finance the projects, either by guaranteeing the bonds or in some other way lend them the credit of the Government. We find no fault with the demand or the necessity for it on the part of private interests.

We talk a great deal about subsidy; it has become almost a byword. Every time we make a suggestion that the Government might in some way help out the American merchant marine the word "subsidy" is iterated and reiterated. Now, listen to this:

It is worthy of remark that every bill pending before the committee provides for Government ownership in some form, and every proposition submitted for the consideration of the committee has as its basis the suggestion that the Government shall finance the projects, either by guaranteeing the bonds or in some other way lend them the credit of the Government. We find no fault with the demand or the necessity for it on the part of private interests.

That sounds like subsidy. What else can it be? They can not do this business without the credit of the Government being back of it, and it is proposed to put the credit of the Government back of it, and to have the Government finance the project. Mr. President, that is the worst kind of subsidy, almost as bad as buying the cotton crop of the South.

The war in Europe has not only demoralized commerce but credits as well, and however much enterprising citizens and corporations may wish to meet the demands in the present emergency without Government aid, they seem to be powerless to do so without Government aid. Hence the rational course for the Government to pursue to meet the present emergency is to utilize its resources in such manner as will inure to the benefit of all the people.

I want to read that paragraph again:

The war in Europe has not only demoralized commerce but credits as well, and however much enterprising citizens and corporations may wish to meet the demands in the present emergency without Government aid, they seem to be powerless to do so without Government aid. Hence the rational course for the Government to pursue to meet the present emergency is to utilize its resources in such manner as will inure to the benefit of all the people.

"Government aid"! It is subsidy when some of us ask for it, but a great patriotic act on the part of the Government when other people ask for it.

Mr. C. J. Owens, managing director of the Southern Commercial Congress, appeared before the committee and approved the bill and submitted a paper prepared by Mr. B. M. Baker, of Baltimore, a gentleman of wide experience in dealing with all problems affecting ocean transportation, suggesting that the Government, through a director of transportation, charter the ships purchased or constructed by the Government to corporations or individuals, who would furnish as security 20 per cent cash of the cost of the vessels transferred to them under charter and pay in advance as charter money 8 per cent per annum for such vessels as should be assigned to them, the vessels to be employed in such direct lines of service as would be acceptable to the Government; all rates and conditions and contracts to be under the control of the Interstate Commerce Commission; no one corporation or firm to be allowed to charter in excess of \$5,000,000 in value of the ships owned and controlled by the Government. Mr. Baker's suggestions are worthy of very careful consideration by the shipping board, who are accomplishing the purposes set out in the bill.

I know Mr. Baker well. He is an experienced shipping man, but I know also that Mr. Baker has held a great many different views on the subject of rehabilitating the American merchant marine. The last bill which I presented and championed in this body looking to a betterment of the merchant marine was supported by Mr. Baker.

If private capital is ready and willing to take over this business if the Government will furnish the ships, why would it not be better for our great commercial and manufacturing centers to take 49 per cent of the capital stock in the corporation or corporations that may be organized under this bill and accomplish the same purpose?

The Government, through stock ownership and the shipping board, would retain control over the corporation and accomplish in a simple and direct way all that could be accomplished through the Interstate Commerce Commission. Later on the Committee on the Merchant

Marine and Fisheries will propose to Congress comprehensive legislation to bring all common carriers by water under the control of the Interstate Commerce Commission, but it is not practicable to do so in this emergency legislation.

We have no doubt that the shipping board will exercise the powers vested in them with discretion and one regard for the public welfare. We are in accord with those who feel that it is better, whenever practicable, for the Government to avoid engaging in any business that can be conducted as a private enterprise. But, as stated, private enterprise has failed to respond to the demands of our over-sea commerce. How much longer must we wait?

But it is said that we are vesting too much power in the President and shipping board. A canal through the Isthmus of Panama connecting the Atlantic and Pacific Oceans was the dream of centuries. The great De Lesseps at the head of a private corporation with large resources failed to construct. The Government of the United States undertook the stupendous task a little over 10 years ago, and the greatest engineering feat in the world's history is an accomplished fact. The Congress vested in the President of the United States the authority to construct the canal and provided him with the funds to do so, and the work is done and the Government will control and regulate this gateway of commerce for all time. Private capital and enterprise were unwilling or unable to undertake to develop the rich resources of Alaska. At this session of Congress an act has been passed authorizing an expenditure of \$40,000,000 to build railroads in Alaska to develop its resources. So what is proposed here is not an innovation. It is in line with these other great undertakings of the Government.

The Panama Canal act and the act authorizing the construction of railroads in Alaska vest in the President vast powers. That power, as far as the Panama Canal is concerned, has been exercised wisely and for the public good, and we feel assured the same will be true as regards the construction of railroads in Alaska.

Are the duties and responsibility vested in the President and shipping board under this bill so much greater in scope or difficult of execution than those vested in the President under the Panama Canal act or the act for the construction of railroads in Alaska that we should withhold them, urgent as is the demand that we do something for our merchant marine? Is an American owned and controlled merchant marine less important to our national welfare than the Panama Canal or railroads in Alaska?

Mr. President, there is a difference. When the Panama Canal was built it did not enter into competition with any other canal owned by private parties. When the railroad in Alaska shall be built, if it ever is, it probably will absorb the existing railroads in that Territory, because I understand the Government is now negotiating for their purchase, so that there will be no competition there. It is very different when the Government goes into competition with private shipping corporations in the matter of over-seas commerce:

It is not intended by this bill to discourage private enterprise, but to aid it.

We need not expect smooth sailing in our efforts to build up an American mercantile marine in the foreign trade. The task has been neglected too long.

We do not expect support for this bill from those who believe there is no other way to build up our merchant marine than by granting subsidies or subventions.

Then, again, there are thoughtful, prudent, and patriotic people who say we should exercise great care in our efforts to build up our merchant marine at this time. They caution us not to violate any of our duties or responsibilities as a neutral power. Their words of warning are entitled to our thoughtful consideration, but should not influence us to the extent of causing us to sit down, fold our hands, and do nothing until peace is restored in Europe. In other words, rather than hazard the possibility of a misunderstanding with one or more of the belligerents, some would have us make no effort to repair the damage done to our industries and commerce by the war in Europe or to exercise any of our rights as a neutral power. We have rights as neutrals as well as duties to be observed.

It will be noticed that the author of this report says, and I repeat the words—

In other words, rather than hazard the possibility of a misunderstanding with one or more of the belligerents, some would have us make no effort to repair the damage done to our industries and commerce by the war in Europe, or to exercise any of our rights as a neutral power.

A plain acknowledgment that we do hazard our rights as a neutral power in the legislation that is proposed.

Fears are expressed that we will involve ourselves in complications with Great Britain and France if we buy German ships. That may be. The bill does not direct the shipping board to buy ships of the subjects of any particular nation. They have the widest discretion in the purchase or construction of vessels. We have no reason to believe they will act otherwise than with the greatest care in whatever they may do.

Why, Mr. President, if it were known in certain financial circles in New York that there is no intention to buy those German ships, certain men would go in sackcloth and ashes for the next 30 days.

The President will have the State Department to advise him on all questions affecting our right and duties as neutrals. The belligerents have their diplomatic representatives in Washington through whom objection to any proposed purchase may be made, and we should assume that the President and shipping board will avail themselves of all sources of information before acting.

It may be well, however, for the benefit of those who seem to think we have no rights as a neutral power to buy ships of belligerents to call attention to international law governing the sale of enemy ships to subjects of neutral States.

After listening to the magnificent addresses of the senior Senator from New York [Mr. Root] and the senior Senator from Massachusetts [Mr. Lodge], I am greatly interested in knowing exactly where the author of this report finds any

justification for a different view from that advanced by those two distinguished Senators. I am reading this report for information, and I hope Senators will listen to it, because it will raise a question, I apprehend, between the authorities that are given here and the views of the Senators from New York and Massachusetts; and it may result in enlivening this debate, and in educating some of us who know little about international questions and certainly nothing about international law, if those two Senators will gratify us by speaking to the subject again before this debate closes. The report continues:

We quote from International Law, Oppenheim, edition 1912, volume 2, pages 117 and 118, "War and neutrality," "Transfer of enemy vessels":

"Sec. 91. The question of the transfer of enemy vessels to subjects of neutral States, either shortly before or during the war, must be regarded as forming part of the larger question of enemy character, for the point to be decided is whether such transfer divests these vessels of their enemy character. It is obvious that, if this point is answered in the affirmative, the owners of enemy vessels can evade the danger of having their property seized and confiscated by selling their vessels to subjects of neutral States. Before the declaration of London, which is, however, not yet ratified, the maritime powers had not agreed upon common rules concerning this subject. According to French practice, no transfer of enemy vessels to neutrals could be recognized, and a vessel thus transferred retained enemy character; but this concerned only transfer after the outbreak of the war; any legitimate transfer anterior to the outbreak of war did give neutral character to a vessel. According to British and American practice, on the other hand, neutral vessels could well be transferred to a neutral flag before or after the outbreak of war and lose thereby their enemy character, provided that the transfer, took bona fide, was not affected either in a blockaded port or while the vessel was in transitu, the vendor did not retain an interest in the vessel or did not stipulate a right to recover or repurchase the vessel after the conclusion of the war, and the transfer was not made in transitu in contemplation of war."

From reading some of the speeches made in the House when the war-risk insurance bill was under consideration, it might be doubted if we have any rights as neutrals.

In the interest of a well-informed public opinion on this subject, and that doubting Thomases may be convinced that we really have some rights that belligerents are bound to respect, we quote (International Law, Oppenheim, "War and neutrality," vol. 2, edition 1906):

"Sec. 297. Neutrality as an attitude of impartiality involves the duty of assisting neither belligerent either actively or passively, but it does not comprise the duty of breaking off all intercourse with the belligerents. Apart from certain restrictions necessitated by impartiality, all intercourse between belligerents and neutrals takes place as before, a condition of peace prevailing between them in spite of the war between the belligerents. This applies particularly to the working of treaties, to diplomatic intercourse, and to trade. But indirectly, of course, the condition of war between belligerents may have a disturbing influence upon intercourse between belligerents and neutrals. Thus the treaty rights of a neutral State may be interfered with through occupation of enemy territory by a belligerent; its subjects living on such territory bear enemy character; its subjects trading with the belligerents are hampered by the right of visit and search and the right of the belligerents to capture blockade runners and contraband of war."

"Sec. 314. There are two rights and two duties deriving from neutrality for neutrals, and likewise two for belligerents. Duties of neutrals are, first, to act toward belligerents in accordance with their attitude of impartiality; and, secondly, to acquiesce in the exercise on the part of either belligerent of his right to punish neutral merchantmen for breach of blockade, carriage of contraband, and carriage of analogous of contraband for the enemy, and accordingly to visit, search, and eventually capture them."

"The duties of either belligerent are, first, to act toward neutrals in accordance with their attitude of impartiality; and, secondly, not to suppress their intercourse, and in especial their commerce, with the enemy."

"Either belligerent has a right to demand impartiality from neutrals, whereas, on the other hand, neutrals have a right to demand such behavior from either belligerent as is in accordance with their attitude of impartiality. Neutrals have a right to demand that their intercourse, and in especial their commerce, with the enemy shall not be suppressed; whereas, on the other hand, either belligerent has the right to punish subjects of neutrals for breach of blockade, carriage of contraband, and the like, and accordingly to visit, search, and capture neutral merchantmen."

"Sec. 398. The guaranteed freedom of commerce making the sale of articles of all kinds to belligerents by subjects of neutrals legitimate, articles of conditional as well as absolute contraband may be supplied by sale of either belligerent by these individuals. And the carriage of such articles by neutral merchantmen on the open sea is, as far as international law is concerned, as legitimate as their sale. The carrier of contraband by no means violates an injunction of the law of nations. But belligerents have by the law of nations the right to prohibit and punish the carriage of contraband by neutral merchantmen, and the carrier of contraband violates, for this reason, an injunction of the belligerent concerned. It is not international law, but the municipal law of the belligerents, which makes carriage of contraband illegitimate and penal."

"The question why the carriage of contraband articles may, nevertheless, be prohibited and punished by the belligerents, although it is quite legitimate as far as international law is concerned, can only be answered by a reference to the historical development of the law of nations. In contradistinction to former practice, which interdicted all trade between neutrals and the enemy, the principle of freedom of commerce between subjects of neutrals and either belligerents has gradually become universally recognized; but this recognition included from the beginning the right of either belligerent to punish carriage of contraband on the sea. And the reason obviously is the necessity for belligerents in the interest of self-preservation to prevent the import of such articles as may strengthen the enemy, and to confiscate the contraband cargo, and eventually the vessel also, as a deterrent to other vessels."

"The present condition of the matter of carriage of contraband is therefore a compromise. In the interest of the generally recognized principle of freedom of commerce between belligerents and subjects of neutrals, international law does not require neutrals to prevent their

subjects from carrying contraband; on the other hand, international law empowers either belligerents to prohibit and punish carriage of contraband in the same way as it empowers either belligerents to prohibit and punish breach of blockade."

We should assume that the President and shipping board, in the exercise of any powers granted or duties imposed by this bill, will keep well within our rights as neutrals.

Many of the lines now seeking shelter under the American flag, although American owned, may when the present crisis is passed again pass under foreign flags if it is to their pecuniary advantage to do so.

While we need merchant ships to meet the present emergency, let us pursue a policy that will secure them to us after the present conflict in Europe is passed.

The following table may prove interesting as showing our trade relations with Central and South America at the time the table was prepared. We understand conditions have not changed materially since 1911.

I ask permission to print that table without reading, if the Senate will grant it.

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

The matter referred to is as follows:

Trade between the United States and nations of Central America, Mexico, South America, and the West Indies.

[Imports and domestic exports for the year 1911 into and from the United States. Foreign commerce and navigation 1911, 1091-1124.]

Country.	Imports into the United States.	Exports from the United States.
Nations which by treaty enjoy equal rights with the United States as to direct and indirect trade:		
Honduras.....	\$2,557,009	\$2,096,424
Costa Rica ¹	4,838,416	3,434,844
Colombia.....	8,994,460	4,836,262
Bolivia.....	327	891,593
Paraguay.....	34,516	86,986
Argentina.....	29,090,732	43,753,424
Total.....	45,615,460	55,099,533
Mexico.....	57,450,111	60,247,097
Guatemala.....	2,562,488	2,409,383
Salvador.....	1,463,792	2,090,053
Nicaragua.....	1,442,299	2,452,945
Panama.....	3,506,735	20,790,661
Cuba.....	110,309,468	59,962,955
Haiti.....	813,713	5,226,640
Dominican Republic.....	3,632,453	3,741,197
Venezuela.....	7,635,256	3,739,030
Ecuador.....	3,628,805	2,234,998
Peru.....	9,314,030	5,589,604
Brazil.....	100,867,184	27,150,672
Chile.....	19,941,000	12,037,140
Uruguay.....	1,613,736	5,262,367
Total.....	324,181,070	212,934,742
Grand total.....	369,796,530	268,034,275

¹ Treaties protect only the direct trade.

Mr. GALLINGER (reading)—

The following summary of the Latin-American trade situation, prepared by Hon. John Barrett, director general of the Pan American Union, may be interesting and instructive, as it is of recent date.

Following the receipt by cable this morning (September 6) from Latin-American capitals of the latest commercial data, Director General Barrett, of the Pan American Union, has prepared without delay, for the information of the United States commercial interests, a revised compilation of the very latest figures of Latin-American commerce, of which a brief summary is given below:

The 20 Latin-American countries of Central and South America conducted in 1913 a foreign commerce valued, approximately, at \$3,000,000,000. The exact total was \$2,870,188,575. Of this total the imports were valued at \$1,304,261,736 and the exports at \$1,565,916,812. This gives Latin America a favorable balance of \$261,655,049.

Of the principal sources of origin of Latin-American imports Great Britain furnishes products valued at \$322,036,347; United States, \$317,323,294; Germany, \$216,010,418; France, \$103,220,223; Italy, \$55,494,413; Belgium, \$48,747,164; Austria-Hungary, \$9,026,478; Netherlands, \$8,293,859; Switzerland, \$6,189,050; all other countries, \$217,290,517. Although the United States ranks second, the possibilities for building up its trade are shown by the fact that the total of Latin-American imports, aside from those coming from the United States, amounts nearly to \$1,000,000,000, or exactly \$986,938,469.

The exports of Latin America, the European market for which is now greatly lessened by the war, amounted in 1913, approximately, to \$1,566,000,000. Of this total the United States was the greatest purchaser, taking products valued at \$504,378,212. Then came other countries as follows: Great Britain, \$316,419,914; Germany, \$192,394,702; France, \$120,907,415; Belgium, \$62,557,566; Netherlands, \$43,277,631; Italy, \$27,964,001; Austria-Hungary, \$23,294,991; all other countries, \$247,722,380. Although, therefore, it will be seen that Latin America sells in large quantities to North America, she exports to other countries, the majority of which are engaged in war, products valued at \$1,061,538,600.

These statistics are obvious evidence of the present United States responsibility and opportunity in Latin-American commerce, and of the immediate necessity of a readjustment of international trade conditions for the benefit not only of the United States, but of the Latin-American countries.

As a part of the report there is appended Senate Document 601, Sixty-third Congress, second session, entitled "American Merchant Marine, an article prepared by the Southern Com-

mercial Congress on the proposed establishment of a merchant marine," which I will read:

The Committee on the Merchant Marine of the House of Representatives in its report of September 8, 1914, on the Government ownership and operation of merchant vessels in the foreign trade of the United States said:

"We shall not discuss the desirability of having an American merchant marine. We will assume that there is no difference of opinion on that point."

No one can honestly take issue with that statement of the committee.

In order to establish an American merchant marine the above committee, after full deliberation, favorably reported a bill authorizing the Government, acting through a shipping board composed of members of the Cabinet, under the direction of the President, to acquire and operate merchant vessels in the foreign trade of the United States, these vessels also to be available as naval auxiliaries.

There is an idea abroad that this bill is a war emergency measure. This is not so. In its report the committee says:

"The fact that we pay a sum variously estimated to be from \$200,000,000 to \$300,000,000 annually to vessels under foreign flags, to transport our commerce, which seriously affects our balance of trade, is urged as a sufficient reason why we should have a merchant marine of our own; but this is only one of many reasons."

Long before the beginning of the present war the need for an American merchant marine was so keenly felt that the Senate passed a bill known as the Weeks bill, which proposed to use naval vessels as a nucleus for an American merchant marine.

Objections to the shipping bill now before Congress has developed from two sources. It was to be expected that there would be objection by shipping interests which have been reaping the benefit of American inactivity in the foreign shipping trade. It was also to be expected that certain financial interests and their affiliations, especially those interested in foreign shipping, would object to a Government merchant marine.

Opponents to the bill have advanced arguments to sustain their position, but not one of them will stand analysis. Many newspapers and periodicals are opposing the bill, but the fact that they enjoy considerable advertising and other patronage from the steamship lines and the financial interests that are opposing the bill may go far toward explaining their position on this great question of an American merchant marine.

Mr. President, that is a serious charge against the newspapers of the country, inasmuch as not only the great newspapers in New York, Boston, and Philadelphia are opposing this bill, but the truth is that all over the country newspapers that can not by any possibility derive any financial benefit from advertising for the shipping interests of the country are opposing it, and the fact is significant.

(1) Opponents to the bill say that there are a large number of ships at present in American harbors unable to get cargoes; hence there is no need for a Government merchant marine.

A recent investigation has proven this not to be true. Ships seek cargoes at all times, but the present chartering market is very firm, and when the question of foreign credits is settled and commerce begins to move, as it must very shortly, there will be a positive famine in ships, as over 5,000,000 tons of German and Austrian shipping are completely out of commission, to say nothing of the large number of British, French, and Russian merchant ships which have been taken over by their respective Governments for transports and naval auxiliaries.

There are, all told, considerably less than 100 American ships in the foreign trade in the whole world, including all of the ships which have just taken American registry to secure the protection of the flag on account of the war.

I think, Mr. President, the author of this paper will revise his figures when he makes a careful inquiry concerning the number of American ships that are now engaged in the foreign trade in the whole world, and will place the figure at a very much higher number.

None of these ships are idle. Therefore, even though there were hundreds of idle ships in every American harbor, it would not alter the necessity for passing the shipping bill now before Congress, as all such ships would be foreign ships, and the object of this bill is to establish an American merchant marine.

(2) Opponents to the bill say that if the Government will not enter the shipping business private capital will provide an American merchant marine.

This is rather inconsistent with their statement that the harbors are full of idle ships, for, if that is true, private capital will find no attraction in the shipping business.

What likelihood is there to obtain private capital for this new business, especially to the amount contemplated by the shipping bill, \$40,000,000, when long-established, going concerns find it impossible to obtain money except at heavy rates?

When the city of New York must pay 7 per cent, including bankers' commissions, for a loan of \$100,000,000; when the State of Tennessee found it most difficult to obtain a loan of \$1,400,000, it is quite certain that private capital will be unable to provide an American merchant marine, especially as it did nothing in the matter while the opportunity was open during the past 50 years.

(3) Opponents to the bill say that the Government will lose much money in this business.

This argument has been their favorite one. The bugaboo of increased taxes, "loss of the initial investment every three years," and much more of the same nature has been circulated in an effort to defeat the bill.

The shipping business is one of the most profitable in the world. Special Diplomatic and Consular Reports, page 39, says:

"The White Star Line, in 1910, earned a net profit of \$540,000 on a capital of £750,000 after writing off £370,016 for depreciation. A dividend of 30 per cent was paid in that year."

The Holland Amerika Line earned about 50 per cent net on its capital during the fiscal year of 1913. The Hamburg-American Line earned about 30 per cent net during its fiscal year of 1913. These are only a few specific instances of steamship-line earnings. They are not at all unusual, but are the regular thing in the shipping business.

F. E. Dixon & Co., of London, who own and operate a large fleet of "framp" freighters, showed earnings of about 50 per cent net last year, which proves that steamship earnings are large in the irregular services as well as in the regular lines. In fact, the profits in the steamship business are so large that frequently the entire cost of a ship is earned in two years.

Now, Mr. President, think of that! Yet private parties and private corporations will not engage in the business when it is said the profits are so large that the entire cost of the ship is earned in two years. It is absurd on the face of it.

The question will arise, Why have not Americans gone into such profitable business? The answer is, For the same reason that Americans have neglected the vast foreign export trade. They have been too busy with their industries at home.

But, unlike the export trade, which each manufacturer can work up individually, to establish an adequate merchant marine is so large an undertaking at this time and involves so large an amount of money that if it is to be done at all it must be done by the Government.

(4) Opponents to the bill say that there will be danger of the United States violating neutrality if it operates merchant ships at this time.

The report of the Committee on the Merchant Marine says:

"We have rights as neutrals as well as duties to be observed. . . . The President will have the State Department to advise him on all questions affecting our rights and duties as neutrals. We should assume that the President and shipping board, in the exercise of any powers granted or duties imposed by this bill, will keep well within our rights as neutrals."

On this point the Secretary of the Treasury, Mr. McAdoo, also says:

"The board proposed in this bill consists really of the President of the United States and certain Cabinet officers therein mentioned. I think there is no more punctilious citizen of the United States with respect to the neutrality of this country than the President of the United States. I think you may safely depend on it, if this bill is passed and this board is vested with power to act, that that power will be exercised in such a way that the neutrality of this country will be preserved."

(5) Opponents to the bill make an alternative proposition that we should build up an American merchant marine by granting subsidies.

Subsidy seekers have managed to create a belief that the merchant marines of European countries, especially the merchant marines of the two greatest maritime countries in the world, Great Britain and Germany, have been built up by granting subsidies to its shipping. Neither of these countries grants subsidies except to a very limited extent and for very special service.

Mr. President, Great Britain grants to its shipping in various forms \$10,000,000 a year. It does not make any great difference whether it is in subsidies or in mail subventions or in any other way, she makes that contribution to the shipping of the Empire, and we are up against it to that extent.

The Hamburg-American Line, the largest and perhaps the most successful steamship company in the world, has never received a subsidy.

Possibly not a direct subsidy, Mr. President, and yet the German Government, owning the railroads of the Empire, grants all kinds of concessions to the shipping interests of Germany in the way of reduced rates on the carriage of their products, and in various other ways they grant subventions to the shipping interests of that country.

A moderate subsidy was granted by Great Britain to the Cunard Co. in connection with the steamers *Mawretania* and *Lusitania*, but that was chiefly to keep the Cunard Co. from selling out to the International Mercantile Marine, the combination organized by J. P. Morgan & Co. Over 80 per cent of the total tonnage of Great Britain does not receive a farthing of subsidy.

A modest subsidy indeed. It is a notorious fact that the English Government advanced \$13,000,000 to build the *Mawretania* and *Lusitania*, with the provision that it should be paid back, I believe, at the rate of 2 per cent by the owners of those great vessels if they ever got ready to pay it back; and it was to be paid back in the shape of mail subventions. Suppose the Government of the United States should put up one-half that amount to allow the New York Shipbuilding Co. to build two great ocean greyhounds, what would be said about it? Yet they say it was not a subsidy to the Cunard Co.

It has been to me rather amusing and irritating sometimes to have this constant iteration of the statement that no subsidies are paid to the shipping of foreign countries, when the truth is that Great Britain alone pays annually over \$10,000,000, and the entire amount that Great Britain, Germany, France, Japan, and other nations pay aggregate at least \$50,000,000. Turn to the report of the Commissioner of Navigation and see what he says about that. Yet a gentleman representing the Southern Commercial Congress repeats parrotlike the statement that the merchant shipping of Great Britain and Germany is not receiving any subsidies or subventions from their Government. The author of that statement is either not well informed, or he is not honest in his views.

Mr. SMITH of Michigan. Mr. President—

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Michigan?

Mr. GALLINGER. I yield.

Mr. SMITH of Michigan. Just for a question. I desire to ask the Senator if it is not true that many of the critics on the other side of the Chamber of the subsidy plan voted in the last tariff law to give a preference to shipments made in American

bottoms? To be sure, the department has very wisely held, I think, that that exemption interferes with our treaty rights or treaty obligations, but nevertheless that constituted, did it not, a subsidy? Is not that the Senator's opinion?

Mr. GALLINGER. Mr. President, I have to-day stated, as I have stated several times before, that from my viewpoint, if the Government is to receive a dollar in import duties and it goes into the Treasury of the United States, and the Government pays out 5 cents of it, it is not different from having it halted before it gets into the Treasury of the United States, out of which 5 cents is taken and given to the shipping. I can not see any difference in the principle. Of course, it is in the nature of a subsidy.

Mr. SMITH of Michigan. It is a sort of preferential duty, and to that extent must it not constitute a subsidy?

Mr. GALLINGER. Undoubtedly so. I will now conclude the reading of this report:

It will surprise many to know that the United States pays a larger subsidy to four American ships owned by the International Mercantile Marine, namely, the *New York*, *Philadelphia*, *St. Paul*, and *St. Louis*, than is paid by any foreign nation for similar service—

The author of this paper has made a discovery that no one else has ever discovered—

This country pays to these ships an annual subsidy of about \$735,000, and obtains practically nothing in return for this except the carrying of the mails on these steamers, which, at regular rates, would amount to only a trifling fraction of the amount of the subsidy. As a matter of fact, most of our mail goes forward on foreign ships, as they are much faster and they sail more frequently, the subsidized American ships being among the smallest and most out-of-date steamers in the North Atlantic trade.

We are paying, Mr. President, a little over the amount to foreign ships that we have paid to American ships for the carriage of our mails; but the report of the committee which I have read to-day frankly says that is because we have not American ships to do the work. The principle of giving a mail subvention to ships is a universal custom among the maritime nations of the world, and to say that the subventions to these American ships for the carriage of the mails is larger than the subvention paid to the ships of Great Britain is an absurdity not worthy of discussion.

The extraordinary large profits in the steamship business show that steamships can be operated profitably under the American flag without a subsidy, in spite of the somewhat higher wages and better living requirements of American seamen; therefore it will be well-nigh impossible to obtain a subsidy simply to make up the extra profits possible under foreign flags.

Mr. President, the gentleman writing this paper is an official of the Southern Commercial Congress, and I wish to inquire of that gentleman, or some one in his behalf, why, if this be so, he does not invite the congress which he represents, composed of business men, not only in the South but, to some extent, in the North, to go into this business of shipping?

The extraordinary large profits in the steamship business show that steamships can be operated profitably under the American flag without a subsidy, in spite of the somewhat higher wages and better living requirements of American seamen; therefore it will be well-nigh impossible to obtain a subsidy simply to make up the extra profits possible under foreign flags. For the same reason we will never have an American merchant marine unless it is established by the Government, because such private capital as may go into the foreign shipping business will operate under foreign flags to get the benefit of cheaper operation when the dangers of war are passed.

The present war has made it possible to secure, at most favorable prices, an excellent choice of modern, up-to-date steamers of different nationalities, also many steamers not yet out of the builders' hands, hence not yet nationalized, at less than the contract price. Also, as a result of the war, the financial success of the enterprise is more fully assured, as we will not have the competition of the warring nations to the same extent that we would have in times of peace.

Does anyone believe that this handful of ships the Government is either going to build or buy will have any appreciable influence upon the great trade over the oceans of the world, when England alone has four or five thousand cargo ships engaged in that trade and is to-day rapidly building more ships? This writer continues:

The \$40,000,000 called for by the shipping bill will not be an expense, as the bill's opponents are pleased to call it, but it will be an investment of the first class, without considering the enormous advantage to the whole people of the United States in having an American merchant marine under Government control and the great reduction in rates that will be possible, as the Government will not desire net earnings of from 30 to 50 per cent on its investment, but will be content with only a fair return.

It would be little short of a political and economic crime if we did not avail ourselves of the present almost unbelievable opportunity to do in a most practical manner that which Congress was endeavoring to do before the commencement of the war as best it could by means of the Weeks bill.

Mr. President, the custom of the Senate has been of late to meet at 11 o'clock and take a recess at 6 o'clock. The hour of 6 o'clock has passed, and I wish to inquire of the other side whether they propose to take a recess or an adjournment at this hour?

The PRESIDING OFFICER (Mr. OVERMAN in the chair). The Senator from New Hampshire asks the Senator from Indiana [Mr. KERN] a question.

Mr. GALLINGER. I observe, Mr. President, that the Senator from Indiana did not hear me. I stated that the custom of late had been that the Senate should convene at 11 o'clock and take a recess or adjournment not later than 6 o'clock. I do not know whether or not for any reason that rule has been departed from.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Florida?

Mr. GALLINGER. I do.

Mr. FLETCHER. I will say that we do not desire to take a recess now; we wish to proceed until at least 9 o'clock before we take a recess.

Mr. GALLINGER. Well, Mr. President, I think we ought to repeal all our eight-hour laws on the statute books if that is the decision of the majority of this body. It is not going to shorten this discussion by imposing arbitrary and cruel conditions upon the minority, and I hope the majority will reconsider their decision.

Mr. SMOOT. Mr. President—

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

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

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary proceeded to call the roll, and called the name of Mr. ASHURST.

Mr. FLETCHER. I make the point of order that there has been no business transacted since the last call for a quorum.

Mr. GALLINGER. The roll call has commenced.

Mr. SMOOT. The roll call has begun.

Mr. FLETCHER. There has been no response; and I make the point of order.

The PRESIDING OFFICER. The present occupant of the chair has but recently assumed the chair, and does not know what has taken place in the Senate.

Mr. FLETCHER. Nothing has taken place except the Senator from New Hampshire [Mr. GALLINGER] has been speaking.

Mr. SMOOT. I do not particularly care to bring the question before the Senate at this time.

Mr. FLETCHER. Then the Senator had better withdraw his suggestion.

The PRESIDING OFFICER. The Senator from Florida, the Chair thinks, has the floor. Does the Senator from Florida yield to the Senator from Utah?

Mr. SMOOT. I will yield, then, until the Senator from Florida gets through.

Mr. FLETCHER. I simply desired to raise the point of order, as the Senator from Utah suggested the absence of a quorum, that—

Mr. SMOOT. I do not particularly care to raise a question at this time on the point, and I am perfectly willing to ask unanimous consent that it be now withdrawn. If it is satisfactory, Mr. President, I ask that my request for a quorum be withdrawn at this time.

Mr. FLETCHER. Mr. President, I do not care to put the situation exactly as the Senator from Utah may want it. I do not want any business to transpire. That is the reason why I have made the point of order. To have the question ruled on by the Chair and to ask unanimous consent for something is business. That may be the purpose of the Senator from Utah.

Mr. SMOOT. No; the Senator from Florida mistakes the object of the Senator from Utah. The Senator from Utah does not want to take any advantage at all of the Senator from Florida, nor does he want that question discussed to-night. Therefore, as I understood the Senator from New Hampshire has yielded the floor—

Mr. GALLINGER. No; I have not yielded the floor at all.

Mr. SMOOT. Do I understand that the Senator from New Hampshire has not yielded the floor?

Mr. GALLINGER. I have not. I made a suggestion to Senators on the other side of the Chamber as to what the purpose was. We have not been notified that we were to be held here to an unusual hour to-night, and so I made an inquiry; that was all. I have not yielded the floor.

Mr. SMOOT. Then I was mistaken. I thought the Senator from New Hampshire had yielded the floor.

The PRESIDING OFFICER. The absence of a quorum has been suggested.

Mr. SMOOT. Therefore, if I am mistaken as to the situation—

The PRESIDING OFFICER. The Senator from Utah asks unanimous consent to withdraw the suggestion of the absence of

a quorum. The Chair thinks it doubtful whether or not the request is in order; but the Chair will rule, if there is no objection, that the Senator has permission to withdraw his suggestion as to a quorum. The Senator from New Hampshire [Mr. GALLINGER] claims that he is entitled to the floor, and the Chair so rules.

Mr. GALLINGER. Mr. President, as I have occupied the floor for 7 hours and 20 minutes to-day, while I am about as fresh as when I began, and could accommodate our friends on the other side for another 7 hours, if they wanted to not listen to me, and inasmuch as I shall have abundant opportunity later on to continue the discussion, I yield the floor for the day.

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

The PRESIDING OFFICER. The absence of a quorum is suggested.

Mr. FLETCHER. I do not see that the suggestion is any more in order now than it was before. No business has intervened. The Senator from New Hampshire simply yields the floor. There has been no further business; and I make the point of order that the suggestion of the Senator from Utah [Mr. SMOOT] is not in order.

Mr. GALLINGER. That is business.

Mr. SMOOT. A Senator yielding the floor is not taking him off the floor; the whole question is open before the Senate for any business to be attended to.

Mr. GALLINGER. For anything.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hitchcock	Overman	Sterling
Bristow	Hollis	Page	Swanson
Chilton	Hughes	Perkins	Thompson
Clapp	James	Pittman	Thornton
Crawford	Jones	Pomerene	Tillman
Cummins	Kern	Sheppard	Walsh
Dillingham	La Follette	Shively	Williams
Fletcher	Lee, Md.	Simmons	
Gallinger	Martin, Va.	Smith, Ariz.	
Gore	Martine, N. J.	Smoot	

Mr. THORNTON. I am requested to announce the necessary absence of my colleague [Mr. RANSDALL], and ask that this announcement stand for the remainder of the day.

The PRESIDING OFFICER. Thirty-seven Senators have answered to their names. There is not a quorum present. The Secretary will call the names of the absentees.

The Secretary called the names of the absent Senators, and Mr. CLARK of Wyoming, Mr. JOHNSON, Mr. REED, Mr. SAULSBURY, Mr. SHAFROTH, Mr. SMITH of Georgia, Mr. STONE, and Mr. WHITE answered to their names when called.

Mr. BRYAN, Mr. SHIELDS, Mr. THOMAS, and Mr. LIPPITT entered the Chamber and answered to their names.

The PRESIDING OFFICER. Forty-nine Senators have answered to their names. A quorum of the Senate is present.

Mr. KERN. I move that at not later than 9 o'clock this evening the Senate take a recess until 11 o'clock to-morrow morning.

The PRESIDING OFFICER. The question is on the motion of the Senator from Indiana, that at not later than 9 o'clock the Senate take a recess until to-morrow morning at 11 o'clock.

Mr. OLIVER and Mr. SMOOT. I ask for the yeas and nays. The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. JOHNSON (when his name was called). I transfer my general pair with the junior Senator from North Dakota [Mr. GRONNA] to the senior Senator from Alabama [Mr. BANKHEAD] and vote "yea."

Mr. SAULSBURY (when his name was called). I transfer my pair with the junior Senator from Rhode Island [Mr. COLT] to the junior Senator from Louisiana [Mr. RANSDALL] and vote "yea."

Mr. SMITH of Georgia (when his name was called). I transfer my pair with the senior Senator from Massachusetts [Mr. LODGE] to the junior Senator from South Carolina [Mr. SMITH] and vote "yea."

Mr. TILLMAN (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. GOFF] to the Senator from Kentucky [Mr. CAMDEN] and vote "yea." I ask that this announcement stand for the day.

Mr. WALSH (when his name was called). I have a general pair with the Senator from Rhode Island [Mr. LIPPITT], but by its terms I am privileged to vote when it is necessary to make a quorum. Apparently that condition exists, and accordingly I vote "yea."

The roll call was concluded.

Mr. BRYAN (after having voted in the affirmative). I transfer my pair with the junior Senator from Michigan [Mr. TOWNSEND] to the junior Senator from Georgia [Mr. HARDWICK] and will let my vote stand.

Mr. JAMES (after having voted in the affirmative). I transfer my pair with the Senator from Massachusetts [Mr. WEEKS] to the Senator from Illinois [Mr. LEWIS] and allow my vote to stand.

Mr. CHILTON. I transfer my pair with the Senator from New Mexico [Mr. FALL] to the Senator from Nevada [Mr. NEWLANDS] and vote "yea."

Mr. SIMMONS (after having voted in the affirmative). I have a general pair with the junior Senator from Minnesota [Mr. CLAPP], but under the terms of that pair I have a right to vote on this question.

Mr. WILLIAMS. I have a pair with the Senator from Pennsylvania [Mr. PENROSE], but under the conditions of a notice which I gave him some time ago I have a right to vote whenever it seems necessary to make a quorum. I therefore vote "yea."

The result was announced—yeas 36, nays 6, as follows:

YEAS—36.

Ashurst	Kern	Reed	Stone
Bryan	La Follette	Saulsbury	Swanson
Chilton	Lane	Shafroth	Thomas
Fletcher	Lee, Md.	Sheppard	Thompson
Gore	Martin, Va.	Shields	Thornton
Hitchcock	Martine, N. J.	Shively	Tillman
Hollis	Overman	Simmons	Walsh
James	Pittman	Smith, Ariz.	White
Johnson	Pomerene	Smith, Ga.	Williams

NAYS—6.

Bristow	Cummins	Perkins	Smoot
Clapp	Page		

NOT VOTING—54.

Bankhead	Dillingham	McCumber	Sherman
Borah	du Pont	McLean	Smith, Md.
Brady	Fall	Myers	Smith, Mich.
Brandege	Gallinger	Nelson	Smith, S. C.
Burleigh	Goff	Newlands	Stephenson
Burton	Gronna	Norris	Sterling
Camden	Hardwick	O'Gorman	Sutherland
Catron	Hughes	Oliver	Townsend
Chamberlain	Jones	Owen	Vardaman
Clark, Wyo.	Kenyon	Penrose	Warren
Clarke, Ark.	Lea, Tenn.	Poindexter	Weeks
Colt	Lewis	Ransdell	Works
Crawford	Lippitt	Robinson	
Culberson	Lodge	Root	

The PRESIDING OFFICER. A quorum has not voted. The Secretary will call the roll.

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

Ashurst	James	Page	Stone
Bristow	Johnson	Pomerene	Swanson
Bryan	Jones	Reed	Thomas
Chamberlain	Kern	Saulsbury	Thompson
Chilton	La Follette	Sheppard	Thornton
Dillingham	Lane	Shields	Tillman
Fletcher	Lee, Md.	Simmons	White
Gore	Martin, Va.	Smith, Ariz.	Williams
Hitchcock	Martine, N. J.	Smith, Ga.	
Hollis	Overman	Smoot	

The PRESIDING OFFICER. Thirty-eight Senators have answered to the roll call. There is not a quorum present. The Secretary will call the names of absentees.

The Secretary called the names of absent Senators, and Mr. CLARK of Wyoming, Mr. PITTMAN, Mr. SHAFROTH, Mr. SHIVELY, and Mr. WALSH answered to their names when called.

Mr. SMITH of Georgia. I wish to state that the junior Senator from South Carolina [Mr. SMITH] is still detained at his home by sickness in his family.

Mr. OLIVER, Mr. LODGE, Mr. SUTHERLAND, Mr. STERLING, Mr. WARREN, Mr. ROOT, Mr. BRANDEGEE, Mr. LIPPITT, and Mr. CATRON entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-two Senators having answered to their names, a quorum is present. The question is upon the motion of the Senator from Indiana that not later than 9 o'clock this evening the Senate shall take a recess until 11 o'clock to-morrow morning, upon which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). Announcing my pair and its transfer as before, I vote "yea."

Mr. JAMES (when his name was called). Making the same transfer as on a former roll call, I vote "yea."

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

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

Mr. WILLIAMS (when his name was called). With the same explanation that I made on the previous roll call, I vote "yea." The roll call was concluded.

Mr. SMITH of Georgia. I renew the statement I made with reference to the transfer of my pair from the Senator from Massachusetts [Mr. LODGE] to the Senator from South Carolina [Mr. SMITH], and I will let that statement remain in force until the Senator from South Carolina returns to the city.

The result was—yeas 34, nays 2, as follows:

YEAS—35.

Ashurst	Kern	Reed	Stone
Bryan	La Follette	Saulsbury	Swanson
Chamberlain	Lane	Shafroth	Thomas
Chilton	Lee, Md.	Sheppard	Thompson
Fletcher	Martin, Va.	Shields	Thornton
Gore	Martine, N. J.	Shively	Tillman
Hollis	Overman	Simmons	White
James	Pittman	Smith, Ariz.	Williams
Johnson	Pomerene	Smith, Ga.	

NAYS—2.

Bristow Smoot

NOT VOTING—59.

Bankhead	Dillingham	McCumber	Root
Borah	du Pont	McLean	Sherman
Brady	Fall	Myers	Smith, Md.
Brandeggee	Gallinger	Nelson	Smith, Mich.
Burleigh	Goff	Newlands	Smith, S. C.
Burton	Gronna	Norris	Stephenson
Camden	Hardwick	O'Gorman	Sterling
Catron	Hitchcock	Oliver	Sutherland
Clapp	Hughes	Owen	Townsend
Clark, Wyo.	Jones	Page	Vardaman
Clarke, Ark.	Kenyon	Penrose	Walsh
Colt	Lea, Tenn.	Perkins	Warren
Crawford	Lewis	Poindexter	Weeks
Culberson	Lippitt	Ransdell	Works
Cummins	Lodge	Robinson	

The PRESIDING OFFICER. No quorum has voted.

Mr. REED. Mr. President, I want to call attention to the fact—

Mr. SMOOT. There is nothing in order but to develop a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Johnson	Pittman	Smoot
Brandeggee	Jones	Reed	Stone
Bristow	Kenyon	Robinson	Swanson
Bryan	Kern	Saulsbury	Thomas
Chamberlain	La Follette	Shafroth	Thornton
Chilton	Lane	Sheppard	Tillman
Clark, Wyo.	Lee, Md.	Shields	Walsh
Fletcher	Lodge	Shively	Williams
Gore	Martin, Va.	Simmons	
Hollis	Martine, N. J.	Smith, Ariz.	
James	Overman	Smith, Ga.	

The PRESIDING OFFICER. Forty-one Senator are present. The Secretary will call the roll of absentees.

The Secretary called the names of absent Senators, and Mr. PAGE, Mr. POMERENE, Mr. ROOT, Mr. STERLING, Mr. THOMPSON, and Mr. WHITE answered to their names called.

Mr. OLIVER, Mr. DILLINGHAM, Mr. SUTHERLAND, Mr. CATRON, Mr. LIPPITT, and Mr. WARREN entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-three Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Indiana [Mr. KERN] that at not later than 9 o'clock the Senate shall take a recess until 11 o'clock to-morrow.

Mr. SMITH of Georgia. Before the roll call begins again—

Mr. LODGE. I rise to a point of order. Pending the call of the roll no other business is in order.

The PRESIDING OFFICER. The Chair will hear the Senator from Georgia.

Mr. SMITH of Georgia. No roll call has begun. We tried a roll call on the motion and failed to secure a quorum, and we have been forced to go to a call of the Senate to see whether a quorum is present. A new roll call may now begin, but it has not yet begun, and therefore it is not pending. The first name has not been called.

What I desire to suggest for the consideration of the Chair, pending this call, is that no rule of the Senate requires, when the roll call on a motion fails to disclose a quorum, that at once the roll of the Senate shall be called for a quorum. There is no rule of the Senate which requires anything of the kind, and it is within the discretion of the Senate to determine what action shall be taken when the vote upon the motion of the Senator from Indiana fails to disclose a quorum. I ask before any procedure is had on the call for a quorum after this vote is had that the Senate may have an opportunity to give direction on the subject.

Mr. LODGE. Mr. President, this rests on a higher ground than the rules. It rests on the Constitution. No business can be done without the constitutional quorum.

Mr. SMITH of Georgia. Except to force the presence of a quorum.

Mr. LODGE. Except a motion to adjourn or to produce a quorum.

Mr. SMITH of Georgia. I would suggest, then, that the action be taken to procure a quorum without another roll call.

Mr. LODGE. We have a quorum now. Fifty-three Senators have answered to their names.

Mr. SMITH of Georgia. I know. I am submitting the suggestion to the Presiding Officer for his consideration. I shall bring it up when the roll call has been completed.

The PRESIDING OFFICER. The Secretary will call the roll on agreeing to the motion of the Senator from Indiana [Mr. KERN].

The Secretary proceeded to call the roll.

Mr. BRYAN (when his name was called). I have a pair with the junior Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the junior Senator from Georgia [Mr. HARDWICK] and vote "yea." I will let this announcement stand for the day.

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

Mr. JAMES (when his name was called). Making the same transfer of my pair as on the former roll call, I vote "yea."

Mr. SAULSBURY (when his name was called). I have a pair with the junior Senator from Rhode Island [Mr. COLT], but with the condition that I have a right to vote to make a quorum. I desire this announcement to stand in the present condition. I vote "yea."

Mr. TILLMAN (when his name was called). Repeating the announcement that I made before, I vote "yea."

Mr. WILLIAMS (when his name was called). With the same explanation made upon the last roll call, which explanation I ask to stand for the balance of the day, I vote "yea."

The roll call was concluded.

Mr. JOHNSON. Making the same transfer as before, I vote "yea."

Mr. CHAMBERLAIN. I have a general pair with the junior Senator from Pennsylvania [Mr. OLIVER]. He was here when the roll was called a few moments ago and is in the cloakroom now. Under those circumstances, I feel that I am at liberty to vote. I vote "yea."

The result was announced—yeas 37, nays 3, as follows:

YEAS—37.

Ashurst	Kern	Saulsbury	Thomas
Bryan	Lane	Shafroth	Thompson
Chamberlain	Lee, Md.	Sheppard	Thornton
Chilton	Martin, Va.	Shields	Tillman
Fletcher	Martine, N. J.	Shively	Walsh
Gore	Overman	Simmons	White
Hollis	Pittman	Smith, Ariz.	Williams
James	Pomerene	Smith, Ga.	
Johnson	Reed	Stone	
Kenyon	Robinson	Swanson	

NAYS—3.

Clark, Wyo. Lodge Smoot

NOT VOTING—56.

Bankhead	Cummins	Lippitt	Ransdell
Borah	Dillingham	McCumber	Root
Brady	du Pont	McLean	Sherman
Brandeggee	Fall	Myers	Smith, Md.
Bristow	Gallinger	Nelson	Smith, Mich.
Burleigh	Goff	Newlands	Smith, S. C.
Burton	Gronna	Norris	Stephenson
Camden	Hardwick	O'Gorman	Sterling
Catron	Hitchcock	Oliver	Sutherland
Clapp	Hughes	Owen	Townsend
Clarke, Ark.	Jones	Page	Vardaman
Colt	La Follette	Penrose	Warren
Crawford	Lea, Tenn.	Perkins	Weeks
Culberson	Lewis	Poindexter	Works

The PRESIDING OFFICER. The motion of the Senator from Indiana is carried.

Mr. LODGE. I make the point of no quorum on that vote. I rise to a question of order, Mr. President.

The PRESIDING OFFICER. The Senator from Massachusetts will state it.

Mr. LODGE. The Constitution says:

Each House shall be the judge of the elections, returns, and qualifications of its own Members, and a majority of each shall constitute a quorum to do business; but a smaller number may adjourn from day to day, and may be authorized to compel the attendance of absent Members in such a manner and under such penalties as each House may provide.

It is perfectly clear, Mr. President, when the point of no quorum is made, where the roll call discloses the absence of a quorum, that no business can be done. Otherwise we are going contrary to the Constitution.

The PRESIDING OFFICER. The roll was called upon the motion and then a quorum was developed. March 20, 1912, a similar question was before the Senate and Vice President Sherman ruled on it. The Chair asks the Secretary to read from page 530 of Gilfy's Precedents.

The Secretary read as follows:

26. MEMBER HELD AS PRESENT TO MAKE A QUORUM, AS DISCLOSED BY THE ROLL CALL JUST HAD FOR THE PURPOSE OF ASCERTAINING THAT FACT.

[62d Cong., 2d sess.; J., p. 221, Mar. 20, 1912.]

An omnibus pension bill being under consideration.

On motion by Mr. SMITH of Georgia, to amend the bill by striking out, on page 1, lines 6 to 10, inclusive, as follows:
The name of Thomas Jefferson, late of Company C, One hundred and twenty-third Regiment United States Colored Volunteer Infantry, and pay him a pension at the rate of \$24 per month in lieu of that he is now receiving.

After debate,

On motion by Mr. McCUMBER, to lay the amendment on the table, Mr. SMITH of Georgia demanded a division of the Senate.
On the question to agree to the motion to lay the amendment proposed by Mr. SMITH of Georgia on the table,

The yeas were 21 and the nays were 5.
The number of Senators voting not constituting a quorum.
The Vice President [Mr. Sherman] directed the roll to be called;

When,

Forty-nine Senators answered to their names.

A quorum being present.

The question being again taken on the motion by Mr. McCUMBER, to lay the amendment proposed by Mr. SMITH of Georgia on the table,

On a division of the Senate,

The yeas were 31 and the nays were 8.

So the amendment was laid on the table.

Mr. SMITH of Georgia raised a question of order, viz, that the Senators voting did not constitute a quorum, and therefore the laying of the amendment proposed by him on the table was not in order.

The Vice President [Mr. Sherman] overruled the point of order, and held that, while a quorum had not voted, a quorum was present, as disclosed by the roll call just had for the purpose of ascertaining that fact. (See CONGRESSIONAL RECORD, 62d Cong., 2d sess., pp. 3674-3678.)

Mr. JAMES. That settles it.

The PRESIDING OFFICER. What is the further pleasure of the Senate?

Mr. SMOOT. Mr. President—

Mr. WILLIAMS and others. Regular order!

Mr. SMOOT. I rise to a point of order.

The PRESIDING OFFICER. The Chair will hear the Senator from Utah.

Mr. SMOOT. I remember well the occasion referred to.

Mr. WILLIAMS. Regular order!

The PRESIDING OFFICER. The regular order is demanded.

Mr. SMOOT. Then I suggest the absence of a quorum.

Mr. JAMES. That is not in order.

Mr. STONE. I make the point that we have just had a roll call and that nothing has been done.

The PRESIDING OFFICER. The Secretary will call the roll.

Mr. JAMES. Just a moment before the roll call is ordered. Does the Senator from Utah make the point of order with the knowledge that there are about 14 Republicans in the cloak-room, who come out here on propitious occasions and then retire upon other occasions not so propitious?

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Kenyon	Robinson	Stone
Bryan	Kern	Saulsbury	Swanson
Chamberlain	Lane	Shafroth	Thomas
Chilton	Lee, Md.	Sheppard	Thompson
Fletcher	Martin, Va.	Shields	Thornton
Gore	Martine, N. J.	Shively	Tillman
Hollis	Overman	Simmons	Walsh
Hughes	Pittman	Smith, Ariz.	White
James	Pomerene	Smith, Ga.	Williams
Johnson	Reed	Smoot	

Mr. KENYON. I desire to announce the unavoidable absence of the Senator from Wisconsin [Mr. LA FOLLETTE].

The PRESIDING OFFICER. Thirty-nine Senators are present—not a quorum. The Secretary will call the names of absentees.

The Secretary called the names of absent Senators, and Mr. CLARK of Wyoming and Mr. PAGE responded to their names when called.

Mr. OLIVER, Mr. ROOT, Mr. JONES, Mr. DILLINGHAM, Mr. SUTHERLAND, Mr. LODGE, Mr. BRANDEGEE, and Mr. LIPPITT entered the Chamber and answered to their names.

The PRESIDING OFFICER. Forty-nine Senators having responded to their names, a quorum is present. The question is upon the pending amendment to the shipping bill.

Mr. SMOOT. Mr. President, I move that the Senate adjourn; and upon that I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah that the Senate adjourn.

Mr. JAMES. Mr. President—

Mr. FLETCHER. What is the motion?

The PRESIDING OFFICER. The Senator from Utah has moved that the Senate adjourn.

Mr. JAMES. I make the point of order that that motion is not in order. The Senate has already determined that at the hour of 9 o'clock they will take a recess, and therefore a motion to adjourn is not in order.

Mr. CLARK of Wyoming. Mr. President—

Mr. JAMES. Senators will allow me to state my point of order. The point of order is that the Senate has already determined to take a recess, and therefore a motion to adjourn is not in order.

Mr. SMOOT. The motion was to take a recess "at not later than 9 o'clock."

Mr. JAMES. The motion to adjourn would not be in order until the motion to recess has been reconsidered.

The PRESIDING OFFICER. The Chair will ask the form of the motion of the Senator from Indiana [Mr. KERN]?

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. The Chair desires to know the exact terms of the motion of the Senator from Indiana; whether the motion was that not later than 9 or at 9 o'clock the Senate take a recess.

Mr. JAMES. The point of order I make—

The PRESIDING OFFICER. The Chair understands the point of order made by the Senator from Kentucky.

Mr. JAMES. Is that the motion of the Senator from Utah is to adjourn, and as the Senate has already adopted the motion of the Senator from Indiana to take a recess—

The PRESIDING OFFICER. That is the point on which the Chair desires enlightenment. The Chair desires to know exactly what the motion of the Senator from Indiana was.

Mr. JAMES. The motion of the Senator from Indiana was that at not later than 9 o'clock the Senate should take a recess until 11 o'clock to-morrow. Therefore, a motion to adjourn, which would bring in the morning hour, in which two or three hours could be filibustered away, is not in order. The very purpose of the motion of the Senator from Indiana was to prevent such a filibuster as has been going on; and the attempt now is to further such a filibuster.

Mr. SMITH of Arizona. No business has been transacted since.

Mr. SMOOT. Mr. President, Rule XXII states that—

When a question is pending, no motion shall be received but to adjourn.

Under the rules of this body a motion to adjourn is in order at any time.

Mr. REED. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Missouri will state his point of order.

Mr. REED. The point of order I make is that this question is not debatable, unless the Chair expressly states that he desires light on it.

The PRESIDING OFFICER. The Chair does not know its terms, and he would like to have the exact terms of the motion of the Senator from Indiana stated.

Mr. KERN. Let the motion be read by the Reporter.

Mr. WILLIAMS. Let the record be read.

Mr. HUGHES. There is no question about that.

Mr. JAMES. The point of the Senator from Utah [Mr. Smoot] would be well taken—that is, that a motion to adjourn would be in order at any time—if the Senate had not previously determined that it would take a recess, but the Senate having determined that it would take a recess at not later than a certain hour, a motion to adjourn is not in order. The only possible motion that the Senator from Utah could properly make would be a motion to reconsider the former action taken by the Senate.

The PRESIDING OFFICER. The Chair will have to understand the form of the motion of the Senator from Indiana; and he calls on the Reporter to read the motion. The Chair can not rule on the point of order until he knows the form in which the motion of the Senator from Indiana was put.

Mr. BRYAN. Mr. President, the rules of the Senate are more important than the question whether we shall take a recess at 9 o'clock or adjourn. My opinion is that the Chair is mistaken in the view—

The PRESIDING OFFICER. The Chair is satisfied about the form of the motion made by the Senator from Indiana. The motion as made by the Senator from Indiana reads:

I move that at not later than 9 o'clock—

That does not mean that the Senate can not adjourn sooner than 9 o'clock.

Mr. KERN. But the motion was to take a recess to a time certain. The Senate has determined that when the recess is taken it will be to a time certain to-morrow.

The PRESIDING OFFICER. The Senator from Indiana moved that at not later than—

Mr. KERN. The motion of the Senator from Utah is a motion to adjourn generally.

The PRESIDING OFFICER. That at not later than 9 o'clock this evening the Senate take a recess—

Mr. KERN. Until 11 o'clock to-morrow. The pending motion is a motion to adjourn, and it carries the Senate over until 12 o'clock to-morrow, which is a reconsideration of the vote on agreeing to the motion to take a recess.

The PRESIDING OFFICER. The Senate has already acted and declared that it will meet at 11 o'clock to-morrow and that a recess will be taken at not later than 9 o'clock to-night.

Mr. KERN. But, Mr. President, the motion to adjourn, which is now pending, carries us over until 12 o'clock to-morrow. The original motion was for a recess.

Mr. BRYAN. Mr. President, the point at which the Chair, in my opinion, erred was in holding that on a yea-and-nay vote less than a quorum could vote to take a recess, unless there were enough Senators in the Chamber not voting but paired to make a quorum. The precedent cited by the Chair, in my judgment, did not sustain the position—

Mr. JAMES. I make the point of order that that question has been settled and is therefore not before the Senate.

Mr. BRYAN. I think it is in the discretion of the Chair to hear a discussion of the matter.

The PRESIDING OFFICER. The Senator from Florida has the right to make a statement, and the Chair will recognize the Senator.

Mr. BRYAN. The precedent cited, Mr. President, was this: The absence of a quorum was suggested and the roll was called and a quorum developed. Then a motion was made by the Senator from Georgia and a division was called for—not the yeas and nays. That is, as I understand, what occurred. A certain number stood up on one side and a certain number on the other side, and then Vice President Sherman ruled that upon a division the motion was carried. It was not carried as the result of a yea-and-nay vote.

It seems to me, Mr. President, that paragraph 3 of Rule V justifies the Chair in going this far, that when the absence of a quorum is suggested the roll is thereupon called and the presence of a quorum is ascertained and the question pending, as in this instance, being a motion to take a recess and a yea-and-nay vote is had upon that motion, as a result of which it develops that a quorum has not voted, I believe then the Chair has the right, on motion, to request the attendance of absent Senators, and upon their failure to attend upon request to compel their attendance, but when they come into the Chamber it is not necessary for them to answer "present" in order to ascertain again if a quorum is present, but as they come in they should be required to vote upon the pending question. Now let us see. Paragraph 3 of Rule V reads as follows:

Whenever upon such roll call—

That is, when the absence of a quorum is suggested—

It shall be ascertained that a quorum is not present, a majority of the Senators present may direct the Sergeant at Arms to request, and, when necessary, to compel the attendance of absent Senators, which order shall be determined without debate; and pending its execution, and until a quorum shall be present, no debate nor motion except to adjourn shall be in order.

Mr. SMOOT. Will the Senator yield for a moment there?

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

Mr. BRYAN. Certainly.

Mr. SMOOT. I want to call the Senator's attention to the fact that that refers to the situation when there is the suggestion of an absence of a quorum and not when the absence of a quorum develops as the result of a vote. If the Senator will read paragraph 2 that will be made clear.

Mr. BRYAN. I understand exactly. When any Senator suggests the absence of a quorum, then the roll must be called to ascertain whether a quorum is present or not.

Mr. SMOOT. That relates to the suggestion of the absence of a quorum and not to the situation when the lack of a quorum is developed on a roll call.

Mr. BRYAN. Then, when a quorum is not developed upon that roll call, it is the right of the Senate to request the attendance of absent Senators, or, if, in its judgment, it is necessary, to compel the attendance; but the rule does not say that when Senators attend they shall answer "here," instead of answering

"yea" or "nay." There is nothing in the rule to require that procedure to take place.

It is certain, Mr. President, that the Senate has always been very careful to withhold from the Vice President or the Presiding Officer the right or the privilege of suggesting the absence of a quorum; and yet, if it be true that upon the failure of a quorum to vote on any pending question, the Vice President or the Chair has the right to direct, or can direct, the roll to be called to ascertain the presence of a quorum, in effect that is suggesting the absence of a quorum. There is nothing in the rules requiring him or permitting him to do that, and the Senate never intended that the Chair should have that power or right.

Mr. President, the rules of the Senate are not as full and complete as are the rules of the House; but in order that it may be known exactly what the situation is I will read the rule of the House, or that portion of it which is material:

4. Whenever a quorum fails to vote on any question, and a quorum is not present and objection is made for that cause, unless the House shall adjourn there shall be a call of the House—

The PRESIDING OFFICER. This discussion is going on out of order; but the Chair appreciates that the Senator desires his views to be made a part of the Record.

Mr. BRYAN. The rule continues:

and the Sergeant at Arms shall forthwith proceed to bring in absent Members, and the yeas and nays on the pending question shall at the same time be considered as ordered. The Clerk shall call the roll, and each Member as he answers to his name may vote on the pending question, and after the roll call is completed each Member arrested shall be brought by the Sergeant at Arms before the House.

Our rule on the subject is not as explicit as that; but there is nothing in the rule to require the Chair or to permit the Chair to suggest the absence of a quorum. So it seems to me it is permissible for the Chair to direct absent Senators as they come into the Chamber to vote upon the question then pending.

Mr. President, for one, I am not willing to concede that when the yeas and nays have been ordered on a motion to take a recess or on a motion to adjourn less than a quorum, counting those paired and present, can take that action.

I think the Chair is perfectly justified, when the presence of a quorum is developed, in holding that on the next motion to take a recess absent Senators as they come in shall be required to vote upon that motion. That will very quickly end the difficulty.

Mr. SMOOT. Mr. President, the Senator from Florida has said what I wanted to add when I was taken off the floor in relation to the precedent that was cited by the Senator from Georgia, because the Senator from Florida has stated the case exactly as it was. It was not on the call of the yeas and nays, but it was on a division. I do not want to take any more time on that, but I do want to call the attention of the Chair to Rule V, which has been referred to. I want Senators to follow me in reading Rule V, paragraph 2 and paragraph 3, and they will see that it applies only where the absence of a quorum is suggested. Paragraph 2 reads:

If, at any time during the daily sessions of the Senate, a question shall be raised by any Senator as to the presence of a quorum, the presiding officer shall forthwith direct the Secretary to call the roll and shall announce the result, and these proceedings shall be without debate.

Paragraph 3 reads:

Whenever upon such roll call—

Such roll call; it is not a motion.

Mr. BRYAN. No.

Mr. SMOOT. It is the suggestion of the absence of a quorum.

Mr. BRYAN. Certainly.

Mr. SMOOT (reading)—

Whenever upon such roll call it shall be ascertained that a quorum is not present, a majority of the Senators present may direct the Sergeant at Arms to request, and, when necessary, to compel, the attendance of the absent Senators, which order shall be determined without debate; and pending its execution, and until a quorum shall be present, no debate nor motion, except to adjourn, shall be in order.

Mr. BRYAN. Mr. President—

The PRESIDING OFFICER. The question now before the Senate is that raised by the Senator from Kentucky as to whether a motion to adjourn is in order. The Chair would like to hear the Senator upon that question. The Chair has already decided the other question and does not propose to change his decision. The Chair would like to hear the Senator on the pending question.

Mr. BRYAN. Mr. President, my object in rising was to say that I will not agree to the proposition that upon a yea-and-nay vote, with less than a quorum present, the Senate can take any action except to adjourn.

The PRESIDING OFFICER. The Chair thinks the principle is the same, and has ruled.

Mr. SWANSON. Mr. President, I do not see why there should be any criticism of the decision of the Chair. The yeas and

nays are ordered, not to ascertain the presence of a quorum but to find out whether a man votes affirmatively or negatively. It is simply an evidence of the presence of a quorum. There is no difference between a ye-and-nay vote as evidence and a division, which is made to ascertain the affirmative or negative of a proposition. Vice President Sherman declared that a quorum having been ascertained previously, and being present, they had a right to declare the question carried when a majority voted. It is simply evidence, and not a bit more evidence on a ye-and-nay vote than it is on a division. There are certain things of which the Chair must take cognizance. It seems to me upon this point that we have decided to take a recess, which is different from a motion to adjourn; and if it is contrary to it, the only way to remove it is by a motion to reconsider. I do not see how we can have two contrary motions. We have decided to take a recess, not later than 9 o'clock, until 11 o'clock to-morrow morning, and a motion now to adjourn would be contrary to that.

The PRESIDING OFFICER. That is the question before the Senate—whether or not a motion to adjourn is in order under these circumstances.

Mr. LODGE. On the point of order now pending, if the Chair will permit me—

The PRESIDING OFFICER. The Chair will be glad to hear from the Senator from Massachusetts.

Mr. LODGE. Never before, Mr. President, have I heard it suggested that a motion to adjourn was out of order if business had intervened since the previous vote. The Constitution excepts the motion to adjourn from all other business. I turn hastily to one or two of the general authorities here in regard to the matter. I will first point out that our own rules give it precedence over every other motion when business has intervened.

Mr. Reed was a great master of parliamentary law and was not a friend of delay. In his manual he says:

Motion to adjourn—Highly privileged.—The motion to adjourn is a motion which enables the assembly to rest from its labors, and is highly privileged. It is frequently said that a motion to adjourn is always in order, but there are too many exceptions for the rule to be so succinctly laid down. A motion to adjourn can not take a Member from the floor, can not interrupt the verification of a vote, and can not be entertained while an assembly is dividing. It can not be repeated until some business has intervened, and in the United States House of Representatives it yields to the presentation of a conference report.

Those are the only exceptions stated.

Mr. SWANSON. Mr. President, will the Senator permit an interruption at that point?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Virginia?

Mr. LODGE. I do.

Mr. SWANSON. That is true; it is always in order except where the legislative will has expressed itself otherwise, and the only way you can change the legislative will when it has once expressed itself is to move to reconsider. We say this motion is contrary to the motion to take a recess; and where the legislative will has expressed itself definitely the right way to change that will is to move to reconsider. That principle of parliamentary law—that where the legislative will has once expressed itself it must remain in force until it is reconsidered—changes the general parliamentary law that a motion to adjourn is always in order, provided the legislative will has not been otherwise expressed.

Mr. LODGE. This is the first time I ever heard stated the exception referred to by the Senator from Virginia, and it is not found in any of the books, if they are of any value.

I will now read from Cushing:

As it always must necessarily be within the power of the House to bring its sittings to a close for the day—for otherwise it would seem that it might be kept sitting against its will and for an indefinite time—a motion to adjourn may be made at any time, with one exception, namely, when the question of adjournment has just previously been put and decided in the negative. If this motion, therefore, is made and seconded whilst any other question is pending, it takes precedence of such question, and if decided in the affirmative that question is, of course, interrupted and superseded without being decided either in the affirmative or negative.

No expression of the legislative will can deprive a legislative body of the power of adjournment; otherwise it could be kept in eternal session.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. But the Senate has made an order that not later than 9 o'clock this evening the Senate shall take a recess until 11 o'clock to-morrow morning.

Mr. LODGE. Mr. President, my point is that no action of the Senate can supersede the motion to adjourn.

Mr. KERN. Mr. President, if the Senator will allow me—

Mr. LODGE. It is a question of the highest privilege. It is the first motion. It takes precedence of every other motion. It

is vital to the life of the assembly. It can not be set aside by any arrangement whatever. We have just set aside an arrangement of the Senate which is a standing rule—to adjourn until 12 o'clock. We have just set it aside by a motion to recess to a day certain. It takes precedence of that motion.

Mr. KERN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Indiana?

Mr. LODGE. I do.

Mr. KERN. Does the Senator from Massachusetts hold that when an order of the Senate has been made and entered, by a deliberate vote of the Senate, that it will recess until to-morrow at 11 o'clock, that order may be vacated and rendered nugatory by a motion to adjourn?

Mr. LODGE. Why, unquestionably, by a majority vote to adjourn. If the Senate, as frequently happens, agrees that it will adjourn at 6 o'clock or 7 o'clock or at whatever hour you please, that does not cut off a motion to adjourn before that time; and a motion to adjourn takes precedence of a motion to take a recess.

Mr. KERN. The Senator's position is, then, as I understand, that after an order of the Senate has been deliberately made by a vote of the Senate it may be vacated without a motion to reconsider?

Mr. LODGE. Why, certainly, Mr. President; it may be vacated by a motion which takes precedence of it.

Mr. SWANSON. If the Senator will permit me, the precedence exists only before the vote is taken. If you do not make your motion to adjourn before a vote is taken on the motion to take a recess, it does not take precedence after the legislative will has expressed itself. You are entitled to have a vote on adjourning first. If you wanted to adjourn instead of voting to take a recess, you should have made the motion; then the issue would have been made. You failed to do that, however, and waived your precedence, and the legislative will has expressed itself for a recess.

The rule is that during the legislative session you can not possibly have one law passed contrary to another, because after the legislative will on the subject has expressed itself the only way it can be gotten rid of is under the rule which allows a motion to reconsider to be made in a limited time, which I think is three days. There never will be a termination of questions that have been voted on if the decision can be gotten rid of without a motion to reconsider. If the Senator will read further in that book on reconsideration and the settlement of matters, he will find that it has been decided by all writers on parliamentary law that the only way to change the legislative will when once expressed is to avail yourself of the motion to reconsider.

Mr. LODGE. It does not touch the motion to adjourn.

Mr. SWANSON. The motion to adjourn was entitled to precedence. The Senator failed to make it, and the legislative will expressed itself in favor of a recess.

Mr. CLARK of Wyoming. Mr. President, will the Senator from Massachusetts yield to me?

Mr. LODGE. I yield.

Mr. CLARK of Wyoming. I should like to ask the Senator from Virginia a question. He uses the expression "the legislative will." What legislative will does he mean, the will of a single house of a legislative assembly or the will of both bodies?

Mr. SWANSON. Possibly "legislative will" would mean the decision of both bodies, and therefore it might be an inapt term; but I mean that the will of the Senate, as expressed, is that not later than 9 o'clock to-night we shall take a recess until 11 o'clock to-morrow. The only way you can get rid of that legislative will is to move to reconsider under the rules.

Mr. LODGE. Mr. President, I do not think anything can shut off a motion to adjourn except the exception stated in all the authorities.

Mr. KERN. If the Senator will allow me one word further, the motion I made sometime ago that the Senate take a recess at an hour certain, is a motion that has been very frequently made. The records of Congress are full of precedents for that motion. I undertake to say that in no instance has that motion ever been vacated by a motion to adjourn. We make the motion here almost every day. It has been made every month; it has been made every year—a motion that at a certain time the Senate will take a recess; and that is final. It has not been undertaken, heretofore, to vacate that order by a motion to adjourn. The motion is made and carried. The Members of the Senate have a right to rely upon it. They do rely upon it. They have always relied upon it. They go their ways. They understand, when they leave the Chamber, as to the time of the meeting next day. The Senator's proposition, on the other hand, is that when the order is solemnly entered upon the rec-

ords of the Senate any Senator at any time may vacate it and get rid of it by moving to adjourn. I submit that the mere statement of the proposition shows its absurdity.

Mr. SWANSON. Mr. President, I should like to ask the Senator a question. The same rule the Senator has cited says that you may offer an amendment. There is one amendment that can always be offered—

Mr. LODGE. An amendment to what?

Mr. SWANSON. An amendment to a bill. Motions to amend, to recess, or to adjourn are always in order; but you can not offer an amendment that is contrary to a motion that has been previously adopted by the Senate, because it is out of order.

Mr. LODGE. This is not an amendment at all; it is a question of a privileged motion.

Mr. SWANSON. The Senator has the right, this being a privileged motion, to make it at any time, even though there is another question pending, provided it is not contrary to a motion that the Senate had previously adopted, and the right to amend ceases when the amendment is contrary to what has been previously adopted. A motion to adjourn, therefore, is not in order when it is contrary to something that has been previously adopted.

Mr. LODGE. Mr. President, if the motion to take a recess has such power as that, of course it takes precedence of all motions. The motion to take a recess, however, is not only inferior in point of precedence to the motion to adjourn, but the motion to take a recess to a time certain is an amendable motion. This particular motion simply was that the Senate should take a recess not later than 9 o'clock and that when it took the recess it should be until 11 o'clock to-morrow. It did not say that it should not take a recess earlier than that. My point is simply that no vote as to time can deprive the motion to adjourn of its privilege. It is the only motion privileged by the Constitution. It has the highest privilege that any motion can possibly have. It is absolutely vital to the existence of the body, and no man would suppose for a moment that any arrangement about a recess would prevent the body from adjourning.

The PRESIDING OFFICER. It is not an arrangement; it is an act of the Senate itself.

Mr. LODGE. No act of the Senate can cut off the motion to adjourn. I am not aware of anything that can cut it off except those things stated by every authority. Every authority treats the motion in the same way—that it is in order at any time, no matter what has happened, except when the house is dividing, or during the verification of a vote, or, of course, when no business has intervened. In this case business has intervened. We have adopted this motion, and therefore none of the circumstances have arisen which would interfere with it. We are not calling the roll; we are not verifying a vote; and I can only say that to me it seems the most extraordinary idea that a motion to adjourn can be held to be out of order.

Mr. BRANDEGEE. Mr. President, will the Chair permit just one remark?

The PRESIDING OFFICER. The Chair will be glad to hear from the Senator from Connecticut.

Mr. BRANDEGEE. I can see no force whatever in the claim that because the Senate has voted, as the Senate did vote, that not later than 9 o'clock it would take a recess, therefore it has estopped itself from changing its mind on the subject. There is nothing sacred about the majority vote of the Senate, which at that time thought it was in the mood to take a recess, and so voted. To say now that a motion to adjourn can not be made because it is something different from what the Senate thought an hour ago seems to me to present no point of order at all. The Senate changes its mind from hour to hour.

Mr. SMITH of Georgia. Mr. President—

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

Mr. BRANDEGEE. Certainly.

Mr. SMITH of Georgia. If the Senate changes its mind upon a question, should it not express that fact by a formal reconsideration of the first expression?

Mr. BRANDEGEE. There is no doubt if the Senate wanted to reconsider the motion it would be in order, but if it does not care to reconsider but cares to express its change of purpose by carrying a motion which renders null and void the previous motion it has a perfect right to do it, and it can not be ruled out on a point of order, that it is not in order for the Senate to adjourn instead of taking a recess.

Mr. JAMES. Perhaps the Senator has not a right to move to reconsider.

Mr. BRANDEGEE. Of course he would have to vote with the majority to make the motion,

Mr. JAMES. He could not have voted with the majority and therefore could not make the motion.

Mr. BRANDEGEE. I am not saying whether he could or not. The Senator from Georgia asked me if it was not necessary to move to reconsider if the Senate wanted to do anything different. In my opinion, I answer him frankly, it is not, because if the Senate votes to adjourn it does something different, and it accomplishes its purpose.

Mr. JAMES. It would be perfectly in order to reconsider, but that is not the course that was adopted.

Mr. SMITH of Georgia. I wish to ask the Senator a question. The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Georgia?

Mr. BRANDEGEE. Certainly I yield.

Mr. SMITH of Georgia. I am entirely indifferent about this matter, but it is the effect of what the Senate has done that to-day we will not adjourn, but we will take a recess. We stop our session in two ways, either by a recess or by an adjournment. Is not the resolution that we passed a formal declaration by the Senate that the session to-day shall not close by an adjournment but by a recess?

Mr. BRANDEGEE. Formally, but it is not final and is not sacred.

Mr. SMITH of Georgia. No; it is not final.

Mr. BRANDEGEE. If the Senate later wants to adopt a course which is inconsistent with taking a recess, it has a perfect right to do it if the majority so determines.

Mr. SMITH of Georgia. But is not the only way to keep the record of the procedure properly, when you change your mind, that you express the change by a reconsideration?

Mr. BRANDEGEE. That would be a perfectly orderly method, and so with a motion to adjourn. There is no question in my mind—

Mr. JAMES. In one instance the Senator from Utah—

Mr. BRANDEGEE. I do not yield just at the present in the midst of a sentence. I will yield to the Senator in a second.

Mr. JAMES. That is all right.

Mr. BRANDEGEE. This is merely a reconsideration of the intention an hour or two ago. They thought then it was desirable that we should take a recess to-night instead of an adjournment, and so voted. To say now that it is not in order to propose anything that is inconsistent with that action, if they have changed their minds and want to do something else, I would not use the word "puerile," because that is not a proper word to characterize the conduct or opinion of Senators, but it is a most startling novelty. I can not conceive that a point of order will lie against a motion to adjourn whenever the Senate wants to adjourn.

Mr. ROOT. Mr. President, I speak with great diffidence on any question relating to the rules, because I am a young Senator, and I do not know very much about them, but it appears to me to be both the meaning of the rules and the precedents on the subject, and the common sense, that all dispositions made by the Senate as to what it will do at any particular time are always subject to a motion to adjourn—that it is always in order, and that it is not competent to debar the Senate from the right to adjourn by any order that can be made as to the future. It is a matter of common occurrence that a special order is made for a particular time, and no one will doubt that although the order has been made that the Senate at a particular time will proceed to consider a particular order of business, it is always subject to the Senate's right to an adjournment. The Senate can always do away with the effect of its order that at a particular time it will do a particular thing by adjourning before that time comes, and any resolution adopted that not later than a particular time a recess will be taken must be deemed to be subject to the always existing right of the body to adjourn.

Is it possible, sir, that a body can be tied up for the future by its own resolution? Suppose the Senate were to adopt a resolution that it would never adjourn—that clearly would not be competent. The right of adjournment is one that is always preserved by necessary implication in whatever disposition is made regarding future action.

Mr. STONE. Mr. President, may I say just a few words?

The PRESIDING OFFICER. The Senator from Missouri will be heard.

Mr. STONE. With all due respect to some of my colleagues on this side, I express the opinion that a motion to adjourn is in order.

The PRESIDING OFFICER. The Chair has no doubt about it, and has so ruled. The Chair decided at the outset that the motion is in order.

Mr. STONE. I did not desire the Chair to decide it. I desired to make some observations. I think a motion to recon-

sider when made by a Senator entitled to make it is in order. I think a motion to take a recess now in accordance with the order of the Senate at any time before 9 o'clock is in order.

The PRESIDING OFFICER. On that line the Chair will suggest to the Senator from Missouri that there is a precedent, of date the 16th of August, 1912, where unanimous consent was given to take up a certain bill for that particular day, and when a motion was made to adjourn, although there was a unanimous-consent agreement, it was held by the Chair that a motion to adjourn is always in order.

Mr. STONE. Mr. President, I do not quite see the pertinency of the suggestion of the Chair on the point as to whether this motion is in order.

Now, I want to say as preliminary to a final observation that the scheme or plan being followed by our friends on the other side is perfectly apparent. We take a yea-and-nay vote on any question and they disappear in the cloakroom, leaving one or two on guard. A point of no quorum is raised, and upon that roll call they march out and answer "Present." That can be repeated, and it has been repeated several times to-night.

Now, what is the significance of it? It means that if they answer to the roll call—that is their idea and they are acting upon it—and a quorum is disclosed, no motion can be made to compel the attendance of absent Senators, and thereupon you proceed again until a motion is made to adjourn or to take some other action, and, when a yea-and-nay vote is called for, then they disappear, and when there is a new roll call to find a quorum they come in.

Now, what I want to do is to have no quorum on a roll call. I desire to have an order made by the Senate to arrest absent Members and bring them here to the bar of the Senate. The only way I see to thwart the highly entertaining and reputable practice pursued by our friends on the other side is for Democrats to refrain from voting when the roll is called, and then let the motion be made to bring in absent Senators. A game that two can play at is the one these gentlemen are attempting. What we want is an order for absent Senators and a writ issued by the Chair to bring them here.

Mr. FLETCHER. Mr. President, let me make a parliamentary inquiry. If the motion which is now pending is carried, will it mean that the Senate enters now upon the recess which it had previously determined to enter upon sometime before 9 o'clock, that the recess goes into effect and the Senate will meet to-morrow at 11 o'clock in pursuance of its previous action?

The PRESIDING OFFICER. The Senate made an order to take a recess. A motion to adjourn is always in order. A motion in this case would be in the nature of a reconsideration of the former action, because the Senate has a right to adjourn under the rules, and by adopting the motion would modify the order for a recess. If it does not and the motion to adjourn is voted down, then the order of the Senate to take a recess until 11 o'clock to-morrow will be operative.

Mr. FLETCHER. I wish to ascertain what the Chair would rule in that case.

Mr. JAMES. Mr. President—

Mr. FLETCHER. If the Senator will allow me to finish—

Mr. JAMES. Certainly.

Mr. FLETCHER. The point the Senator from Kentucky makes goes to the question of the Senate putting itself in a conflicting position in this, that if it has decided, as it did, that some time before 9 o'clock to-night, or by 9 o'clock, it will take a recess until 11 o'clock to-morrow, then if a motion is made to adjourn and it is carried the question would be whether that meant that at the time of the adjournment the recess before determined upon would be entered upon and would take effect as had been previously decided by the Senate. If the motion to adjourn is in order, it seems to me it can only be in order in that respect, to carry out the previous decision and action of the Senate. Otherwise there is a hopeless conflict, and the only motion in order after the Senate has adopted the first motion, that on or before 9 o'clock it will take a recess until 11 o'clock to-morrow, would be to take a recess now. That motion would be in order, and to make a motion to adjourn after having taken the first step is precisely like, after having passed a bill, to have some one get up and move that it be recommitted. If the motion is in order at all it can only be in order, I submit to the Chair, in so far as it carries out and is consistent with the previous action of the Senate, and it would only mean that instead of waiting until 9 o'clock to enter upon the recess the Senate decides to do so at this time. If it means that, then I say it is in order and is precisely the same motion, in effect, as would be a motion to take a recess now.

Mr. JAMES. Mr. President, the Senator from Florida [Mr. FLETCHER] loses sight of the fact—

Mr. OLIVER. Mr. President, I rise to a point of order.

Mr. JAMES. I have taken the floor to argue upon a point of order.

The PRESIDING OFFICER. The Senator from Kentucky has the floor on the question of order.

Mr. JAMES. I do not yield to the Senator from Pennsylvania. I have the floor for the purpose of discussing the point of order.

The PRESIDING OFFICER. The Senator from Kentucky has the floor and will proceed.

Mr. OLIVER. Mr. President, I rise—

The PRESIDING OFFICER. The Senator from Kentucky has the floor to argue the point of order.

Mr. JAMES. I shall take but a moment, Mr. President. The statement of the Senator from Florida that the motion of the Senator from Utah [Mr. SMOOT] would have the effect to take a recess I do not agree with at all, because the Senator from Utah is quite explicit in moving not to take a recess, which he could do and which, under the former action of the Senate, the Senate could take at this time or any moment up to 9 o'clock, but he very deliberately moves to adjourn. Of course his purpose is to have the Senate meet at 12 o'clock and give an opportunity for further filibustering. Then the order of the Senate to take a recess at a certain hour to a certain hour amounts to nothing. If the point of order I have made is overruled and a motion to adjourn, which is to do the very thing the Senate had theretofore determined that it would not do, is in order, then there is not the slightest use for a Senator to make a motion to take a recess until the Senate is ready to recess.

The Senator from Utah could not make a motion to reconsider the order for a recess. He knew that very well. He could not move to reconsider, because he did not vote with the prevailing side. Therefore he does by indirection, according to the ruling the Chair has intimated, that which he could not do directly. He has moved to adjourn, and of course if it is to be held that when the Senate deliberately takes action fixing a time at which it will do one thing, without ever moving to reconsider that action it can do another thing, you will find that you will have confusion worse confounded.

Mr. OLIVER. Mr. President, I simply wish to ask the Chair a question. I understood that the Chair a short time ago ruled upon the motion of the Senator from Utah.

The PRESIDING OFFICER. In answer to the question of the Senator from Pennsylvania the Chair will state he has no doubt the Senate can adjourn, and if it adjourns it will adjourn until 12 o'clock to-morrow.

Mr. SMOOT. Mr. President, I have not said anything yet upon the point of order raised by the Senator from Kentucky [Mr. JAMES], and I would not have done so but for the statement he has just made. It has been held in the Senate ever since I have been a Member of this body that the Senate can not only adjourn when the motion is carried by a majority, but where there has been a unanimous-consent agreement it can be set aside by a motion to adjourn.

Mr. JAMES. I should like to ask the Senator if in all the line of precedents he has before him or that he can obtain, can he cite the Chair to a single instance where the Senate had agreed to take a recess at a certain hour and then a motion was made to adjourn without theretofore moving to reconsider the former action of the Senate?

Mr. SMOOT. I thought that was so apparent that I have not even taken the time to look it up and see whether there is such a precedent or not.

Mr. LODGE. It was never raised.

Mr. SMOOT. I do not believe it was ever raised in the Senate before; certainly it has not been done while I have been here, because every Senator has taken it for granted that it could be done.

I simply wanted to say to the Senator that I made the motion under the rule, knowing exactly that I had a right to make the motion. Of course the Senate can vote it down. That is all there is to it. I do not see that there is anything further to decide than the Chair has already decided.

The PRESIDING OFFICER. The Chair overrules the point of order. A motion to adjourn is always in order. The question is on the motion of the Senator from Utah [Mr. SMOOT] that the Senate adjourn.

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

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

Mr. BRYAN (when his name was called). I have a pair with the junior Senator from Michigan [Mr. TOWNSEND]. I transfer that pair to the junior Senator from Georgia [Mr. HARDWICK] and vote "nay."

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

Mr. DU PONT (when his name was called). I have a general pair with the senior Senator from Texas [Mr. CULBERSON]. As he is absent from the Chamber, I withhold my vote.

Mr. JAMES (when his name was called). Making the same transfer as upon the former roll call, I vote "nay."

Mr. SAULSBURY (when his name was called). I transfer my pair to the junior Senator from Louisiana [Mr. RANSELL], as before, and vote "nay."

Mr. SUTHERLAND (when his name was called). I announce my pair with the Senator from Arkansas [Mr. CLARKE], who is absent. I transfer my pair to the Senator from Wisconsin [Mr. STEPHENSON] and vote "yea."

Mr. TILLMAN (when his name was called). Repeating the announcement of the transfer I made a little while ago, I vote "nay." I will let this announcement stand for all subsequent votes.

Mr. WILLIAMS (when his name was called). Making the announcement that under the terms of my pair I have a right to vote to make a quorum, I vote "nay."

The roll call was concluded.

Mr. JOHNSON. Transferring my pair as before, I vote "nay."

The result was announced—yeas 14, nays 38, as follows:

YEAS—14.

Brandegee	Kenyon	Page	Sutherland
Catron	Lippitt	Root	Warren
Clark, Wyo.	Lodge	Sherman	
Jones	Oliver	Smoot	

NAYS—38.

Ashurst	Kern	Saulsbury	Thomas
Bryan	Lane	Shafroth	Thompson
Chamberlain	Lee, Md.	Sheppard	Thornton
Chilton	Martin, Va.	Shields	Tillman
Fletcher	Martine, N. J.	Shively	Vardaman
Gore	Overman	Simmons	Walsh
Hollis	Pittman	Smith, Ariz.	White
Hughes	Pomerene	Smith, Ga.	Williams
James	Reed	Stone	
Johnson	Robinson	Swanson	

NOT VOTING—44.

Bankhead	Culbertson	Lea, Tenn.	Perkins
Borah	Cummins	Lewis	Poindexter
Brady	Dillingham	McCumber	Ransdell
Bristow	du Pont	McLean	Smith, Md.
Burleigh	Fall	Myers	Smith, Mich.
Burton	Gallinger	Nelson	Smith, S. C.
Camden	Goff	Newlands	Stephenson
Clapp	Gronna	Norris	Sterling
Clarke, Ark.	Hardwick	O'Gorman	Townsend
Colt	Hitchcock	Owen	Weeks
Crawford	La Follette	Penrose	Works

So the Senate refused to adjourn.

Mr. SMOOT. Mr. President—

SEVERAL SENATORS. Regular order!

Mr. SMOOT. I move that the Senate take a recess until 11 o'clock to-morrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah.

Mr. SMOOT. Upon that I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah that the Senate now take a recess until 11 o'clock to-morrow, on which he asks for the yeas and nays.

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

Mr. DU PONT (when his name was called). As previously stated, I have a general pair with the senior Senator from Texas [Mr. CULBERSON]. As he is absent from the Chamber, I will withhold my vote.

Mr. JAMES (when his name was called). I make the same transfer as before and vote "nay."

Mr. SAULSBURY (when his name was called). I make the same transfer as before and vote "nay."

The roll call was concluded.

Mr. WALSH (after having voted in the negative). I observe that the Senator from Rhode Island [Mr. LIPPITT], with whom I am paired, has not voted; but it being obvious that there is doubt as to whether or not a quorum will be developed, I will let my vote stand.

Mr. GALLINGER (after having voted in the affirmative). When I voted I did not observe that the junior Senator from New York [Mr. O'GORMAN], with whom I have a general pair, was absent. I therefore withdraw my vote.

Mr. DILLINGHAM (after having voted in the affirmative). I withdraw my vote, as I see the senior Senator from Maryland [Mr. SMITH], with whom I am paired, is not present.

The result was announced—yeas 9, nays 39, as follows:

YEAS—9.

Catron	Kenyon	Oliver	Sherman
Clark, Wyo.	Lodge	Page	Smoot
Jones			

NAYS—39.

Ashurst	Kern	Root	Swanson
Bryan	Lane	Saulsbury	Thomas
Chamberlain	Lee, Md.	Shafroth	Thompson
Chilton	Martin, Va.	Sheppard	Thornton
Fletcher	Martine, N. J.	Shields	Tillman
Gore	Overman	Shively	Vardaman
Hollis	Pittman	Simmons	Walsh
Hughes	Pomerene	Smith, Ariz.	White
James	Reed	Smith, Ga.	Williams
Johnson	Robinson	Stone	

NOT VOTING—48.

Bankhead	Culbertson	Lewis	Poindexter
Borah	Cummins	Lippitt	Ransdell
Brady	Dillingham	McCumber	Smith, Md.
Brandegee	du Pont	McLean	Smith, Mich.
Bristow	Fall	Myers	Smith, S. C.
Burleigh	Gallinger	Nelson	Stephenson
Burton	Goff	Newlands	Sterling
Camden	Gronna	Norris	Sutherland
Clapp	Hardwick	O'Gorman	Townsend
Clarke, Ark.	Hitchcock	Owen	Warren
Colt	La Follette	Penrose	Weeks
Crawford	Lea, Tenn.	Perkins	Works

The PRESIDING OFFICER. On the motion of the Senator from Utah [Mr. Smoot] that the Senate take a recess until 11 o'clock to-morrow, the yeas are 9 and the nays are 39. The Chair counts the Senator from Rhode Island [Mr. LIPPITT], the Senator from New Hampshire [Mr. GALLINGER], and the Senator from Vermont [Mr. DILLINGHAM] as being upon the floor. A quorum is present, and the motion of the Senator from Utah is lost.

Mr. ROOT. Mr. President, I move—

Mr. GALLINGER. If the Senator from New York will allow me, I simply want to register my objection to the ruling of the Chair that a Senator who is paired can be counted. The ruling, however, of course, will stand, but I merely wish my protest to go into the Record.

Mr. ROOT. Mr. President, I move to reconsider the vote upon the motion which has just been voted upon—the motion to take a recess—and upon that I call for the yeas and nays.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York that the Senate reconsider its vote on the motion to take a recess.

Mr. STONE. I make the point of order that the Senator from New York did not vote in the affirmative.

Mr. ROOT. I voted in the negative with the prevailing side.

The PRESIDING OFFICER. The Senator from New York voted in the negative.

Mr. STONE. Of course, as the Senator from New York says, that on the motion to take a recess at not later than 9 o'clock to-night until 11 o'clock to-morrow morning he voted for that motion, he can move to reconsider.

Mr. ROOT. No; that is not what I am moving to reconsider. I am moving to reconsider the decision of the Senate upon the motion of the Senator from Utah [Mr. Smoot] that we now take a recess until 11 o'clock to-morrow morning. Upon the motion of the Senator from Utah I voted in accordance with the decision of the Senate, and I therefore have the right to move to reconsider.

The PRESIDING OFFICER. The Senator from New York moves to reconsider the vote by which the previous motion was carried.

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

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

Mr. DU PONT (when his name was called). I have a general pair with the senior Senator from Texas [Mr. CULBERSON]. As he is absent from the Chamber, I withhold my vote.

Mr. GALLINGER (when his name was called). I announce my pair with the junior Senator from New York [Mr. O'GORMAN].

Mr. JAMES (when his name was called). Making the same transfer of my pair as heretofore, I vote "nay."

Mr. SAULSBURY (when his name was called). I transfer my pair as before and vote "nay."

Mr. WALSH (when his name was called). I have a general pair with the Senator from Rhode Island [Mr. LIPPITT]. That Senator having been lately called suddenly from the Chamber, I transfer my pair with him to the Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the Senator from Illinois [Mr. LEWIS] and vote "nay."

The roll call was concluded.

Mr. SUTHERLAND. I have a pair with the Senator from Arkansas [Mr. CLARKE], who is absent. On that account I withhold my vote.

Mr. DILLINGHAM. I observe that the senior Senator from Maryland [Mr. SMITH] has not voted. I have a general pair with that Senator, and therefore withhold my vote.

Mr. CHILTON (after having voted in the negative). I omitted to state my pair and its transfer. I should like to have the RECORD show my pair and its transfer as heretofore, and I allow my vote to stand.

The result was announced—yeas 7, nays 39, as follows:

YEAS—7.		SMOOT	
Clark, Wyo.	Lodge	Root	Smoot
Jones	Oliver	Sherman	
NAYS—39.		SWANSON	
Ashurst	Kenyon	Robinson	Swanson
Bryan	Kern	Saulsbury	Thomas
Chamberlain	Lane	Shafroth	Thompson
Chilton	Lee, Md.	Sheppard	Thornton
Fletcher	Martin, Va.	Shields	Tillman
Gore	Martine, N. J.	Shively	Vardaman
Hollis	Overman	Simmons	Walsh
Hughes	Pittman	Smith, Ariz.	White
James	Pomerene	Smith, Ga.	Williams
Johnson	Reed	Stone	
NOT VOTING—50.			
Bankhead	Culberson	Lippitt	Ransdell
Borah	Cummins	McCumber	Smith, Md.
Brady	Dillingham	McLean	Smith, Mich.
Brandege	du Pont	Myers	Smith, S. C.
Bristow	Fall	Nelson	Stephenson
Burleigh	Gallinger	Newlands	Sterling
Burton	Goff	Norris	Sutherland
Camden	Gronna	O'Gorman	Townsend
Catron	Hardwick	Owen	Warren
Clapp	Hitchcock	Page	Weeks
Clarke, Ark.	La Follette	Penrose	Works
Colt	Lea, Tenn.	Perkins	
Crawford	Lewis	Polindexter	

The PRESIDING OFFICER. On the motion of the Senator from New York [Mr. ROOT] to reconsider the vote by which the Senate refused to take a recess, the yeas are 7 and the nays are 39. The Chair counts the Senator from Rhode Island [Mr. LIPPITT], the Senator from Connecticut [Mr. BRANDEGEE], the Senator from Vermont [Mr. DILLINGHAM], and the Senator from Utah [Mr. SUTHERLAND] present. A quorum is present, the nays have it, and the motion is rejected.

Mr. LIPPITT. Mr. President, I understand that during my temporary absence I was counted as being present on a previous vote. I should like to ask if that is correct.

The PRESIDING OFFICER. The Chair thinks that is so. The Chair saw the Senator come into the Chamber and walk out.

Mr. LIPPITT. I should like to ask—

Mr. JAMES. Regular order, Mr. President.

The PRESIDING OFFICER. The question is—

Mr. LIPPITT. Was my question answered?

The PRESIDING OFFICER. The Chair answered the Senator's question.

Mr. LIPPITT. I did not understand it. Excuse me; what was the answer?

The PRESIDING OFFICER. The Chair answered that he saw the Senator from Rhode Island [Mr. LIPPITT] come into the Chamber while the roll was being called, and he was, therefore, present.

Mr. LIPPITT. I do not think I was.

The PRESIDING OFFICER. But, without the Senator from Rhode Island, a quorum was present.

Mr. LIPPITT. It is not very important, but I do not think I was present during that time.

Mr. JAMES. Regular order!

Mr. LIPPITT. I went out to the telephone for a few minutes.

Mr. SMOOT. Mr. President, I move that the Senate proceed to the consideration of House bill 13044, an act to pension widows and minor and helpless children of officers and enlisted men who served during the War with Spain or the Philippine insurrection or in China between April 21, 1898, and July 4, 1902, and upon that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SMOOT. Let the bill be read.

The PRESIDING OFFICER. The Secretary will call the roll.

Mr. GALLINGER. Let the bill be read for the information of the Senate.

Mr. JAMES. Whenever we take it up we will have it read.

The PRESIDING OFFICER. The question is upon taking up the bill. The Secretary will call the roll.

The Secretary proceeded to call the roll, and Mr. ASHURST responded in the negative.

Mr. CLARK of Wyoming. Mr. President, a point of order.

Mr. JAMES. Regular order, Mr. President.

The PRESIDING OFFICER. The Chair recognized the Senator from Wyoming before the roll call began.

Mr. CLARK of Wyoming. I wish to make a parliamentary inquiry, and that is as to whether or not this motion is debatable.

The PRESIDING OFFICER. It is debatable.

Mr. CLARK of Wyoming. Mr. President, I ask for the reading of the bill.

Mr. JAMES. Mr. President, I make the point of order that the Senator from Arizona [Mr. ASHURST] had answered to his name, and therefore nothing is in order but the roll call.

The PRESIDING OFFICER. The Chair recognized the Senator from Wyoming before the roll call started.

Mr. CLARK of Wyoming. I was on my feet.

Mr. BRYAN. I make the point of order that upon a motion to proceed to the consideration of a bill, it is not in order to ask for the reading of the bill.

The PRESIDING OFFICER. The Secretary will call the roll.

Mr. CLARK of Wyoming. Mr. President, I desire to be heard upon that matter. I should like the Secretary—

Mr. JAMES. The Chair directed the Secretary to call the roll.

The PRESIDING OFFICER. The Chair will hear the Senator from Wyoming.

Mr. JAMES. The Secretary had begun to call the roll.

Mr. CLARK of Wyoming. The Secretary attempted to call it.

Mr. JAMES. No; the Secretary did call it.

The PRESIDING OFFICER. The Senator from Wyoming will proceed.

Mr. CLARK of Wyoming. Mr. President, I ask that the bill be read, in my time, on the debate.

The PRESIDING OFFICER. The Chair has ordered a roll call. The Secretary will call the roll.

Mr. CLARK of Wyoming. Mr. President, does the Chair rule that we are not entitled to have the bill read?

The PRESIDING OFFICER. The Chair rules that when the bill is taken up the Senator can ask to have it read.

Mr. CLARK of Wyoming. But I ask to have it read now, and ask for a ruling of the Chair on my right to have it read.

The PRESIDING OFFICER. The Chair rules that the Senator will not have that right unless the Senate decides otherwise.

Mr. CLARK of Wyoming. Then I most respectfully appeal from the ruling of the Chair, and on that appeal I ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from Wyoming appeals from the ruling of the Chair.

Mr. SMITH of Georgia. What is the question, Mr. President?

The PRESIDING OFFICER. The Senator from Utah moved to take up a certain bill on the calendar. The Chair had ordered a roll call when the Senator from Wyoming rose and demanded a reading of the bill upon which the Chair had ordered the roll call. The Chair ruled that the roll call having been ordered, the bill could not be read unless the Senate set aside that decision of the presiding officer.

Mr. SMOOT. That is, on the ground that the Chair had ordered a roll call.

The PRESIDING OFFICER. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. GALLINGER. Let the roll be called.

The Secretary proceeded to call the roll.

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

Mr. DILLINGHAM (when his name was called). I withhold my vote on account of my pair with the senior Senator from Maryland [Mr. SMITH], who is absent.

Mr. DU PONT (when his name was called). I have a general pair with the senior Senator from Texas [Mr. CULBERSON]. He is absent from the Chamber, and I therefore withhold my vote.

Mr. GALLINGER (when his name was called). I again announce my pair with the junior Senator from New York [Mr. O'GORMAN] and withhold my vote.

Mr. JAMES (when his name was called). Making the same transfer as heretofore, I vote "yea."

Mr. JOHNSON (when his name was called). Announcing the same transfer as before, I vote "yea."

Mr. SAULSBURY (when his name was called). I make the same transfer as before and vote "yea."

Mr. SUTHERLAND (when his name was called). I announce my pair with the senior Senator from Arkansas [Mr. CLARKE]. On account of his absence I withhold my vote.

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the senior Senator from Indiana [Mr. SHIVELY] and will vote. I vote "yea."

The roll call having been concluded, it resulted—yeas 38, nays 10, as follows:

YEAS—38.

Ashurst	Kenyon	Reed	Swanson
Bryan	Kern	Robinson	Thomas
Chamberlain	Lane	Saulsbury	Thompson
Chilton	Lee, Md.	Shafroth	Thornton
Fletcher	Martin, Va.	Sheppard	Vardaman
Gore	Martine, N. J.	Shields	Walsh
Hollis	Oliver	Simmons	White
Hughes	Page	Smith, Ariz.	Williams
James	Pittman	Smith, Ga.	
Johnson	Pomerene	Stone	

NAYS—10.

Catron	La Follette	Root	Warren
Clark, Wyo.	Lippitt	Sherman	
Jones	Lodge	Smoot	

NOT VOTING—48.

Bankhead	Culberson	McCumber	Ransdell
Borah	Cummins	McLean	Shively
Brady	Dillingham	Myers	Smith, Md.
Brandege	du Pont	Nelson	Smith, Mich.
Bristow	Fall	Newlands	Smith, S. C.
Burleigh	Gallinger	Norris	Stephenson
Burton	Goff	O'Gorman	Sterling
Camden	Gronna	Overman	Sutherland
Clapp	Hardwick	Owen	Tillman
Clarke, Ark.	Hitchcock	Penrose	Townsend
Colt	Lea, Tenn.	Perkins	Weeks
Crawford	Lewis	Poindexter	Works

The PRESIDING OFFICER. The Secretary reports that 38 Senators have voted in the affirmative and 10 in the negative. Counting the Senator from Vermont [Mr. DILLINGHAM], a quorum is present. The Chair is sustained.

Mr. CLARK of Wyoming. Mr. President, in supporting the motion of the Senator from Utah to take up Order of Business No. 484, I am moved to say a few words, because I believe we are wasting our time here this evening.

SEVERAL SENATORS. There is no doubt about that.

Mr. CLARK of Wyoming. And we have been doing so since 6 o'clock. Between now and 9 o'clock, without wasting time, we can take up and pass this pension bill.

Mr. JAMES. Who caused the wasting of time? The Senator's side.

Mr. CLARK of Wyoming. Mr. President, I do not yield.

The PRESIDING OFFICER. The Senator from Wyoming is entitled to the floor.

Mr. CLARK of Wyoming. We have before us a bill that provides for pensioning the widows of soldiers and sailors in the War with Spain. We can pass it between now and 9 o'clock. To show exactly what the bill is, so that the Senate will understand it, I wish to read a few lines from it. It is a bill introduced April 6, 1914, now nearly a year ago.

Mr. BRYAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Florida?

Mr. CLARK of Wyoming. I yield for a question.

Mr. BRYAN. The Senator is anxious to save time—

Mr. CLARK of Wyoming. Mr. President, I can only yield for a question. I am afraid of losing the floor, and I want to explain my views upon this matter.

Mr. FLETCHER. Mr. President, I rise to a point of order. The bill has not been taken up, and is not before the Senate.

Mr. GALLINGER. No; but the matter is debatable.

Mr. FLETCHER. Upon the motion to take it up a roll call was ordered, and the first Senator's name was called, and he answered.

Mr. CLARK of Wyoming. That is all ancient history.

Mr. FLETCHER. So that the bill is not before the Senate.

Mr. JAMES. Mr. President, I should like to ask the Senator a question.

Mr. CLARK of Wyoming. I decline to yield.

Mr. JAMES. I should be glad to ask the Senator a question.

Mr. CLARK of Wyoming. I decline to yield, Mr. President.

The PRESIDING OFFICER. The Senator from Wyoming declines to yield.

Mr. FLETCHER. I ask for a ruling on the point of order.

The PRESIDING OFFICER. Does the Senator yield?

Mr. CLARK of Wyoming. No, Mr. President; the time is limited, and I think I had better go on with the statement.

Mr. FLETCHER. Does the Chair overrule the point of order?

The PRESIDING OFFICER. The Senator from Florida will state his point of order.

Mr. FLETCHER. My point of order is that the bill has not been taken up, and that on the motion to take up the bill a roll

call was asked for and ordered and the first Senator's name was called and he answered. That is the status of the matter, so that to discuss the bill now is clearly out of order.

The PRESIDING OFFICER. The Chair thinks discussion of the motion is in order.

Mr. CLARK of Wyoming. Mr. President, what I was intending to do was to discuss the question of taking up this bill. I was endeavoring, in my feeble way, to explain some of the reasons why I thought that during this time, when we are evidently accomplishing nothing, we might devote our time to some useful purpose.

This bill is House bill 13044. It has passed the House of Representatives and needs only the action of the Senate and the signature of the President to enact it into law. It was introduced, as I say, in the Senate of the United States—

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Arizona?

Mr. ASHURST. No; I do not ask the Senator to yield. I rise to a point of order. Inasmuch as the first name on the roll has been mentioned a time or two, it is obviously my duty to say a word.

The Chair, with his usual clearness, stated the question, and my name was called before a single Senator arose or addressed the Chair, and I voted in a loud voice. I therefore say the point of order is well taken, because I made a response, and when I responded no Senator was on his feet to address the Chair. It becomes, therefore, my duty to make this point of order, so that the rules of the Senate shall not be so obviously transgressed and to the end that debate shall not intervene after I have made a response to my name.

I protest against the rule being disregarded by the Chair or by the Senate. When I made a response no Senator was on his feet, and this debate is obviously a violation of the rule.

Mr. CLARK of Wyoming. Mr. President, as I was stating when I was interrupted—

Mr. ASHURST. I do not propose to be isolated in that way.

The PRESIDING OFFICER. The Chair will state to the Senator that at the time the Senator answered to his name the Chair had recognized the Senator from Wyoming.

Mr. REED. Mr. President, has the Chair ruled on the point of order?

The PRESIDING OFFICER. The point of order made by the Senator from Florida?

Mr. REED. Yes.

The PRESIDING OFFICER. The Chair has ruled that this question is subject to debate. The Senator from Wyoming will proceed.

Mr. REED. Mr. President, I appeal from the decision of the Chair.

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

The PRESIDING OFFICER. The hour of 9 o'clock having arrived, the Senate will take a recess until 11 o'clock to-morrow morning.

Thereupon (at 9 o'clock p. m., Wednesday, January 27, 1915), pursuant to the order previously made, the Senate took a recess until to-morrow, Thursday, January 28, 1915, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, January 27, 1915.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Infinite and eternal Spirit, whose unchanging love ministers unto our needs day by day, though we are often fickle and false Thou art ever constant and true, punishing the evil that is in us, rewarding the good; upholding the right, condemning the wrong; and though we may deceive ourselves and others, Thou art never deceived, for Thy judgments are true and righteous altogether. Continue thus we beseech Thee to minister unto us that we may grow as individuals and as a Nation toward the ideals. In Christ Jesus our Lord. Amen.

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

PENNSYLVANIA ARBITRATION AND PEACE SOCIETY.

Mr. BUTLER. Mr. Speaker, I ask permission of the House to print in the RECORD some views of the Pennsylvania Arbitration and Peace Society upon our international relations and policy.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD by