

Sale of Arms to French Agents, and Alleged Custom-house Frauds.

SPEECH

OF

HON. JAMES HARLAN,

OF IOWA,

DELIVERED

IN THE SENATE OF THE UNITED STATES,

FEBRUARY 28, 1872.

WASHINGTON:
F. & J. RIVES & GEO. A. BAILEY,
REPORTERS AND PRINTERS OF THE DEBATES OF CONGRESS.
1872.



Digitized by the Internet Archive
in 2012 with funding from

The Institute of Museum and Library Services through an Indiana State Library LSTA Grant

Sales of Arms to French Agents.

The Senate having under consideration the resolution of Mr. SUMNER in relation to the sales of arms to French agents—

Mr. HARLAN said:

Mr. PRESIDENT: It is not my purpose to detain the Senate for many minutes. It has been asserted by two Senators, on the faith of an official report, as I understand it, that the War Department has stripped the country of the means of defense for the purpose of putting into the market arms for the benefit of some foreign Government.

COUNTRY NOT DEFENSELESS.

I supposed there was some error in this statement, and called this morning at the War Department and obtained a statement from the assistant ordnance officer of the number of arms now in the arsenals. They amount in the aggregate to five hundred and sixty thousand three hundred and fifty-one serviceable arms; and these do not include the arms in the hands of troops; only those that are stored for future use. These facts were as accessible to these eminent Senators as to anybody else; and for what purpose they have paraded the statement in the ordnance report for the last fiscal year it is impossible for me to imagine.

I know that neither of them could have desired to give notice to the nations of the world that we are in a defenseless condition, for this could do no citizen of the United States any good. Now, what other imaginable purpose could be subserved from such a statement? I would not impugn the motives of any Senator; least of all, either of those who have spoken and paraded this pretended fact.

When examined by the whole record, it will be found that the ten thousand refers to a particular pattern. There were but ten thousand nine hundred and six of the model of 1866 in store at the date of the report. And that is all there is of this wonderful record. The facts were within two minutes' walk of the residence of each of these Senators—the official records of their own Government.

RESORT TO FRENCH TESTIMONY.

Now, if it were the pleasure of the Senate, and I could presume on the patience of Senators, I might traverse the last speech that has been delivered and show that it is as baseless from beginning to end of facts pertinent to the pending question as the charge to which I have alluded. I will venture to allude to one point. It will have been observed, I doubt not, by every member of this body, that all the evidence paraded here by the honorable Senator from Massachusetts for the purpose of convicting his own Government is of French origin. I do not remember one particle of evidence presented this morning by the honorable Senator which is from the records of his own Government. He has found records somewhere else that he supposes impugn the honor and integrity of the Government of which he is a part.

I know that that Senator is as patriotic as any member of this body. I am, therefore, at a great loss to know how to explain this significant fact. He reads from telegrams from one French agent sent to another French agent; a letter written and sent by an agent of the French Government to another agent of the French Government; extracts from

what purport to be official records of the French Government relating to employés of a foreign Power. These are arrayed against the unproduced records of our own Government for the apparent purpose of disparaging the latter. It does seem to me that it is a remarkable spectacle to be exhibited on the floor of the American Senate. I ventured the statement a day or two since, when this discussion first began, that it impressed me with a feeling akin to a conviction that this proposition for a committee of inquiry had originated in the mind of some Frenchman, some citizen of that young republic—that some French agent or French officer had some grievance to redress, for himself or for his Government, and that he had found a warm friendship for members of this body convenient for his purpose. I regret to say that the discussion to-day has strengthened this feeling, and if it were proper for me to bring to the attention of the Senate outside statements, not now of record, but which will be brought to light if this committee shall be appointed, I may say that it will be shown to the American people that this French marquis, who has been eulogized here to-day by an American Senator, and who was eulogized a few days since by the Senator from Missouri, has been shrewd enough to turn their admiration for him to practical use.

FRANCE INCITES THE INVESTIGATION.

Sir, I know as far as it is possible for a man to know anything from second-hand testimony, that he made personal application to an American Senator to introduce this resolution, or the substance of it; applied to a Senator who was supposed to be friendly to the present Administration, to allay, perhaps, any suspicion of the object which he had in view. Being unable to secure the services of a Senator supposed to be friendly to the present Administration, may I not fairly infer that he has availed himself of the kind offices of a Senator hostile to the Chief Executive; not, perhaps, of choice; his ends would have been better because more surely secured through another medium. But failing in the effort to secure the more effective instrumentality, he adopts one of secondary importance.

Mr. President, I regret to witness a record of this kind made by the oldest and ablest Senators in this body, an attempt to make a

convenience of the Senate of the United States in the interests of the agents and officers of a foreign Power. I attempted, several days since, to show that this was probably true from the language used in the resolution, which contained, I thought, internal evidence of its paternity. Why, Mr. President, had you been acting as the attorney for the French Government, and had suspicioned that Remington or any employé of that Government had not dealt fairly with his employer, and had desired the Senate to investigate the subject for you, how would you have framed a resolution of inquiry? Could you have couched it in any more apt words than those of the Senator's resolution as first introduced, requiring investigation into the relations that existed between the purchasers of arms of the Government of the United States and the parties to whom they made sale? The resolution required the committee to inquire, not only into the prices paid by the purchasers to the Government of the United States, but the prices which they received on sale to other parties. If Remington had not proved faithful to the Government of France, had charged them for arms at rates greater than paid, it is probable that such an inquiry would develop the desired facts. Hence the desire of this *attaché* of the French legation here to put the Senate of the United States on the scent of the supposed bad conduct of Remington. Sir, no attorney could have drafted a resolution in more apt words if there had been no other purpose in his mind. Now, to sustain this inquiry, what is produced? The supposed or pretended records of the French Government, and nothing more. Give them due credit, and they prove that the French think that they have been cheated by their American agents; that their agent has charged them more for goods than he paid; and not that our Government was defrauded by its officials.

THE SECRETARY OF WAR ENFORCES THE LAW.

I have but one word to say on the suggestion that the Secretary of War overreached his authority under the statute which directed these sales. It has been alleged here several times that the statute provided that no arms should be sold which were fit for use, that no arms under that law could be sold which were fit for use, but only damaged and useless arms.

The statute says no such thing. The words used by the statute are, "otherwise unsuitable"—damaged ordnance and ordnance otherwise unsuitable for the military service. The criticism on this point to which we listened yesterday, although very learned, I must submit, with great respect for the honorable Senator from Missouri, was a mere play upon words. What is the meaning of the words "suitable" and "unsuitable" in this connection? These are terms of relative significance. A flint-lock musket of the oldest pattern would be suitable for the service if no better arm could be procured. The worst arm found in the arsenal, in the absence of a better arm, would be of use. At the commencement of the recent rebellion our Government bought large numbers of old castaway arms from Austria and Prussia. They were useless in their service, because they had a better arm. They were not useless to us, because we had not enough of a better pattern, and these were better than none. They were not considered suitable for their service, and yet they were put into the hands of our troops, and with them to a very large extent they fought successfully the battles of the Republic. But, sir, they are now unsuitable for our service, because we have a supply of a better arm.

Can any one doubt what was meant by the use of the phrase "damaged" arms and arms "otherwise unsuitable for the service?" It must be understood to mean arms that have been superseded by a better pattern. The design of Congress must have been to authorize the Secretary of War to sell off these surplus arms of old pattern, less effective in the hands of troops than the new arms, and to put the proceeds of the sales in the Treasury to aid in paying the national debt. And if these Senators had taken the trouble to look back to the debate that occurred in the House of Representatives, they would have had no doubt on the subject. This debate and the report of the chief of ordnance read on that occasion, as I find it in the Globe, make it perfectly clear that the sale of surplus arms of the old abandoned patterns was intended. Nothing else was intended. It was not intended to authorize the Secretary of War to sell merely the old smashed-up arms as scrap iron to foundrymen, but to turn into coin or green-

backs the useless arms, those that had been superseded by a better pattern.

While I am on this subject I may remark that the first law on this subject was enacted in 1825. This, then, is merely a remedial statute. The two Senators who have spoken are lawyers. I need not tell them that when they proceed to interpret a new law for the purpose of ascertaining the intent of the law-giver they must look back to the old law; they must ascertain what the evil was of which complaint was made, and then interpret the new law in the light of a remedy. Neither of these Senators seems to have done this. They debate the question as if authority to sell arms had been conferred for the first time by the act of 1868. And yet they must have known that these sales commenced in 1865, three years earlier. It is therefore manifest that the Secretary of War supposed he had the right to sell arms before the statute of 1868 was enacted; but under the old law and regulation he was required to sell at public outcry. It was found, however, by experience that under this mode of sale bidders colluded to secure bargains at the expense of justice, so that the Department was frequently compelled to suspend sales or permit the arms to go at less than their mercantile value. To meet this defect in the old law, in 1868 the chairman of the Committee on Military Affairs of the House introduced a bill, which has become the law of the land, authorizing the Secretary of War to sell at private as well as public sale when in his opinion the public interests required it. But we are told that these sales were carried on at a time and under circumstances that compromised our Government with a friendly Power engaged in war with another Power friendly to the United States.

SALES COMMENCED PRIOR TO FRANCO-PRUSSIAN WAR.

It became my duty a few days since to state in debate a pertinent fact on this point, which I will here repeat. These sales began in 1865. They were continued month after month and year after year with but trivial interruptions up to the present date. The sales were going on openly and publicly, at public outcry, until the law of 1868 was enacted, and afterward both publicly and privately. There was no concealment of the fact that the Government was

selling off its surplus arms. It had an immense amount of military stores at the close of the war. I have a memorandum here, made for me by the chief of ordnance this morning, in which he says:

"At the close of the war in 1865 we had in store in our arsenals no less than 1,357,587 serviceable arms."

Not including those in the hands of the troops; and at that time we all know we had more than a million men in the field, more than a million men on foot, so that counting those in the hands of the troops and those in store, we must have had in excess of two millions arms that cost the Government in their production and purchase many millions of money.

Under the laws of Congress, which not only authorized, but directed the sale by the Secretary of War—and I want to call attention to that phraseology, "that the Secretary of War be, and he is hereby, authorized and directed to cause to be sold"—there is on discretion on his part. He is but an executive officer; he is not a lawgiver; he is a servant of the Republic to obey its behest as written down in the statute-books of the nation. Congress authorizes and directs him to make these sales, and he proceeds to carry into effect this command, like an obedient soldier, as he always has shown himself to be, and has sold such arms and put the proceeds into the Treasury to the amount of many millions. Nearly sixteen million dollars has gone into the Treasury of the United States from the sales of these arms.

The honorable Senator from Massachusetts seemed to think that this was of little significance. Well, sir, it may not be to him; it may not be to each one of very many thousands of the more wealthy citizens of this Republic; but it is a matter of some importance to the mass of tax-payers of the nation whether the property of the United States shall be permitted to deteriorate on our hands and become absolutely worthless, or whether it shall be coined into money and put into the Treasury of the United States, to that extent enabling the Secretary of the Treasury to sink the aggregate of the national debt. But if there were any question of propriety in this, that question has been superseded on the part of the Secretary of War by the command of the law-making power of

the nation. He is directed to make these sales, of course exercising his best discretion as to the number of arms and the class of arms that can be put into market without detriment to the public interests.

But, it is said that we may have violated good faith with other nations; we may have trampled on the international code; we may have in an international point of view violated good morals by selling arms which found their way into the hands of French soldiers during the Franco-Prussian war. Prussia may have had good cause to complain. No other Power could. No other Power was in a condition to complain. France surely would not complain. The other great nations of the earth were at peace with each other and with us. They had no right to complain, and I have heretofore shown that the Prussian Government did not, after being made familiar with all the facts in the case, complain. Residing near this Government, in the city of Washington, on terms of easy intercourse with the Secretary of State and through him with the President and other officials, the Prussian minister made no complaint. Learning that a sale had been advertised, or that bids were being received, he called on the Secretary of War and expressed the hope that time might be given for German houses to put in bids. Is it not surprising that that great and enlightened nation, represented here by one of the first subjects of King William, should be acquainted with all the facts, and yet put in no *caveat*, if in their opinion the Government of the United States was trampling on the international code?

PRUSSIA DID NOT PROTEST.

We have been told here repeatedly that these things have not been done in a corner, that they were known all over Europe, that all that we are doing is known in Europe, flashed under the ocean along the Atlantic cable, and overland to the capitals of the great Powers. Well, if so, the Prussian people knew all these facts; the emperor was made acquainted with all the facts that came to the knowledge of the representative of that Government here. He knew them all, and yet put in no protest; merely asked that time might be allowed to German houses to put in bids also, and, as I am reminded by the honorable Senator from Michigan, the time was granted by the Secretary of War.

But we have been told by the honorable Senator from Missouri and the honorable Senator from Massachusetts, in the learned speeches they have delivered here from time to time during this debate, that Bismarck was made acquainted with these facts, and they have been so good as to repeat to the Senate his response to the effect that he had no wish to purchase, that he could pick them up more cheaply on the battle-field of France. Then, it is clear that Bismarck knew that these sales were in progress, and that these arms were reaching France, and their representative here knew it, and they put in no protest. They were not aware that their rights had been trampled on. They are presumed not to have understood the rights of Prussia under the international code. It has been left for American Senators to make this discovery. These Senators are not quite sure themselves, as I infer from their citation, that Prussia has cause of complaint. They think, though, there is grave ground for suspicion; that is all! They wish it investigated by a committee of the Senate.

CHARGE OF CORRUPTION EXPOSED.

I have but one other point to allude to, and that was brought to the attention of the Senate by the honorable Senator from Massachusetts, I believe, in the opening paragraph of his speech. He informed the Senate and the American people that through the vigilance of certain Senators on this floor a corrupt ring had been overthrown at New York.

Mr. SUMNER. No; I said an aroused community in the commercial metropolis had succeeded in overthrowing a corrupt ring. The Senate had nothing to do with that.

Mr. HARLAN. The Senator may be right. I wrote down the Senator's statement at the time as I understood it. But I will have no dispute with him on that point; his memory may be more reliable than my notes; and there is no doubt now as to what he intended to say. I understood him to refer to the so-called custom-house frauds in New York.

This has been lugged into this debate day after day now for some weeks. I believe no speech has been made by the honorable Senator from Missouri in which he has not brought in a dissertation on the vast corruptions in New York connected with the custom-house. Yes-

terday I endeavored with as much skill as I possessed to bring him to a clear statement of the facts. I knew he was familiar with them, having served on a committee of investigation, and I could not question his ability to state them clearly and forcibly. I asked him in what these corruptions consisted. He informed the Senate that they consisted in the first place in having bad men in office; but when reminded that he and other Senators were as responsible for the character of these appointees as the chief executive officer of the Government, as the chiefs in the custom-house, at least, could not be appointed without the advice and consent of the Senate, we were told that the corruptions existed among subordinates who were not directly responsible to the President of the United States; but when pressed on this point for facts, the honorable Senator finally informed the Senate that it consisted in the bad conduct of two gentlemen by the name of Leet and Stocking, who he said were not officers of the Government at all, but private citizens who controlled some warehouses in New York where foreign goods had been stored. Then I pressed him to know what enormous evil thing these men had committed. I desired the exact facts; I wished to learn, if I could, from him, the extent of this enormity. In reply to this inquiry he stated that they were entitled to receive from seventy-five cents to a dollar and a half for handling and storing goods by the package, and that it had been shown in some investigation that they had in some cases charged two dollars and possibly over two dollars a package or bale for cartage and storage.

WAREHOUSE KEEPERS NOT OFFICERS.

Now, what these supposed overcharges has to do with the correction of the misconduct of the officers of this Government it will be difficult for any Senator to perceive when I call attention to the law and the facts. They were not officers of the Government, but the owners of warehouses, with whom the owners of imported goods had made contracts to store their wares, or where goods unclaimed by the owners were stored by the collector of the port. It may be well to go to the bottom of this subject. Let us see what the law is under which this business is done. I ask the Secretary to read from the Statutes at-Large, volume

ten, page 271, section two of an act to extend the warehousing system by establishing private bonded warehouses, and for other purposes, approved March 28, 1854.

The Chief Clerk read as follows :

"Sec. 2. *And be it further enacted*, That unclaimed goods, wares, or merchandise required by existing laws to be taken possession of by collectors of the customs, may be stored in any public warehouse owned or leased by the United States, or in any private bonded warehouse authorized by this act, and all charges for storage, labor, and other expenses accruing on any such goods, wares, or merchandise, not to exceed in any case the regular rates for such objects at the port in question, must be paid before delivery of the goods on duty or thereof by the claimant or owner; or if sold as unclaimed goods to realize the import duties, the aforesaid charges shall be paid by the collector out of the proceeds of the sale thereof before paying such proceeds into the Treasury as required by existing laws. And any collector of the customs is hereby authorized, under such directions and regulations as may be prescribed by the Secretary of the Treasury, to sell, upon due notice, at public auction, any unclaimed goods, wares, or merchandise deposited in public warehouse, whenever the same may from depreciation in value, damage, leakage, or other cause, in the opinion of such collector, be likely to prove insufficient on a sale thereof to pay the duties, storage, and other charges if suffered to remain in public store for the period now allowed by law in the case of unclaimed goods."

Mr. HURLAN. This I understand to be the latest law on the subject. It will be perceived that the evil complained of by the honorable Senator from Missouri, when narrowed down, is that Leet and Stocking charge two dollars, or something in excess of two dollars a package for goods stored with them by the consent of the owner, or unclaimed goods stored with them by direction of the collector of customs, when they were limited in some way to only seventy-five cents or a dollar and a half per package. But the law says nothing about a maximum price, and the Senate may possibly remember that I attempted yesterday to press an answer from the honorable Senator from Missouri on that point. I supposed he knew, and I desired information. I asked him if there was any law fixing the maximum named by him for cartage and storage. When he declined to answer that, I asked him if there was any rule or regulation of the Department at Washington or of the collector of customs fixing a maximum, and he failed to answer that question, but contented himself with saying that they had a right to charge from seventy-five cents to a dollar and a half, and they had charged in some cases over two dollars. The law says they may charge no more than the customary rates in the port. Now I want to read from the regulations. I have here

the "revised warehouse regulations" for 1868, issued by the Treasury Department, regulating this subject.

"Warehouses in which unclaimed and bonded merchandise shall be stored will be known and designated as follows."

Then the compiler proceeds to classify the kind of warehouses.

"Class 1. Stores owned or hired by the United States. All unclaimed goods must be deposited in these stores when there are such at the port available for the purpose."

If the Government of the United States, therefore, should be the owner of a warehouse in New York, it would be the duty of the collector of customs to store such goods in the Government warehouse to the extent of its capacity, but not at the expense of the United States, for the regulation proceeds to provide that—

"All the labor in these stores shall be performed under the superintendence of the officer in charge at the expense of the owner or importer of the merchandise, and all charges for storage, labor, and other expenses, accruing on the goods, shall not exceed the regular rates for such objects at the port."

Then, if these goods had been stored in a Government warehouse, they would have been stored at the expense of the owners, but not in excess of the usual rates. The second class of warehouses is—

"Warehouses in the possession of an importer, and in his sole occupancy, which he may desire to place under the customs lock, in addition to his own lock, (said locks to be of a different character,) for the purpose of storing dutiable merchandise imported by himself, or consigned to him, or purchased by him in bond."

Then, Mr. President, if an importing merchant in New York is the owner of a warehouse, or has rented a warehouse for his own convenience, and does not desire to pay the duty on the goods when landed, by giving the requisite bond he can store them in his own store, putting it, however, under the lock and key of a custom-house officer and in the custody of a Government storekeeper. In such a case there could be no complaint. I ought to observe in this connection that even in that case all the expenses arising to the Government on account of such storage must be paid by the owner of the goods.

There is still another class to which I desire to call the attention of the Senate—class three:

"Warehouses in the occupancy of persons desiring to engage in the business of storing dutiable merchandise under the warehouse acts, and of performing the labor on such goods in what is usually termed the storage business."

"Warehouses of this class shall be used solely for the storage of warehoused goods and of unclaimed and seized goods when ordered by the collector, and shall consist of an entire building."

Again :

"All the labor on the goods deposited in these warehouses"—

And this is the class of which complaint is made—

"must be performed by the owner or occupant of the warehouse." * * * * "All arrangements, as regards the rates of storage and the price of labor on bonded goods in these warehouses, must be made between the importer and the owner or occupant of the warehouse; and all amounts due for storage and labor must be collected by the latter, the collector looking to the safe custody of the merchandise only for the security of the revenue."

MAY CHARGE CUSTOMARY RATES.

From these extracts from the regulations, as well as from a perusal of the law, it is clear that the rates to be charged for storage are not limited to seventy-five cents or one dollar and a half per package, but are not to be in excess of those usual at the port of entry. This is the maximum. There is no rule fixing seventy-five cents or one dollar and a half, that I can find, either in the law or in the regulations. It is the usual rate charged by private parties for similar service at the port—a fact to be settled by testimony. Now, in case of disagreement between the owner of goods and the warehouse-keeper, who is to be the umpire to decide their difference of opinion? The regulations provide precisely what the law itself provides, that where the owner of the goods and the keeper of the warehouse shall differ on this point the question between them shall be settled by the collector of customs. This brings us to an understanding of the nature of the offense committed by Leet and Stocking. Merchants in New York have stored goods with these owners of warehouses, and have been charged more than they deemed fair rates. They probably appealed to the collector for a rebate of charges, alleging that the charges were in excess of the usual rates in that city; and the collector has probably decided that the charges were not excessive. And this is the foundation for the Senator's declaration that officers of this Government at New York had put their arms into the public Treasury up to their elbows. To make the case more clear if possible, let me suppose that a ship is now landing in the harbor of New York laden with goods designed for use in this country.

HOW GOODS ARE ENTERED AT CUSTOM-HOUSE.

What is the first thing her commander is required to do under the law and the regulations? They provide that within twenty-four hours he shall deposit in the post office of New York all the ship's letters, supposed to be letters from the consignors of the goods to the consignees, and within forty-eight hours he must deposit his manifest or invoice of lading with the custom-house officer, who is presupposed to have received in the meantime an invoice of the cargo from the consul of the United States residing in the foreign port from which the ship sailed, forwarded by some other mode of conveyance. This is supposed to be in the hands of the custom-house officer by the time the ship will land.

What is done next? An inspector is put aboard, and within fifteen days, according to the size of the ship, the cargo must be landed.

In the mean time the consignees or owners of the goods are expected to report to the custom-house and pay the duty on the goods that have been consigned to each, or if they do not desire to pay the duties, to give the requisite bonds for the customs dues. If they pay the duty due when the goods are landed, and the Government inspector is ready to deliver them, they take the goods on their own carts and send them off to their own stores. If they are not prepared to pay the duties, then they give the requisite bond, and if they have a storehouse of their own, the goods are put into their own storehouse, but under custom-house lock and key and in the custody of a Government storekeeper, for safe-keeping until the owners are prepared to pay the duty; but if they have no warehouse of their own, they may indicate any other bonded warehouse and make their own terms with the warehouse-keeper. It is a matter of no moment whatever to this Government, so far as the revenue is concerned, how much or how little they pay. They may drive the very best bargain in their power; they may take them to their own stores by paying the duty; they may store them in their own storehouses by giving bond with sufficient security, or they may indicate a warehouse in which they may be stored on just such terms as they and the owner of that warehouse may agree, not to be in excess of the usual charges.

But if some of these goods are not claimed, and it becomes the duty of the custom-house officer to store them for the purpose of protecting the revenue, he directs the goods to be stored in some bonded warehouse for safe-keeping, the warehouseman or the owner of the goods giving the requisite bond. If a dispute shall arise between these private parties on the question of charges, that question is to be settled by the collector of the port, and he is required by the law and the regulations, and his oath of office, to limit such charges to the usual price charged by private parties for similar service. The Government has no interest whatever in the question of rates. It is a matter of importance only to the owner of the warehouse and the owner of the goods.

THE GRIEVANCE TRIVIAL.

Now, pray tell me in what consists this vast pool of corruption, with eloquent descriptions of which the Senate and the country have been feasted for the last two or three months? Some warehouse keeper, a private party, has been put in custody of unclaimed goods. He has given bond for their safe-keeping. He is allowed by law to charge for this service the usual rate paid by private parties for a similar service performed in the ordinary course of trade, and the owner of the goods has in some cases complained that the charges were exorbitant. Well, Mr. President, is that an unusual occurrence in commerce for a man who hires a store to complain of the rent, for a man who hires a hack to complain of the charge of the hackman, for a man who hires a cart to insist that the cartman could haul goods for a lower rate? This, then, is the sum total of these complaints when you dive down to the bottom and pry up the facts. This was my reason for pressing the Senator from Missouri a little out of time to give the facts, to let the Senate and country know in what this vast pool of corruption consisted.

THE REMEDY EASY.

If keepers of bonded warehouses have made exorbitant charges the remedy is easy; the wrong is easily corrected. The owner of the goods could appeal to the collector for redress. If he violated the law, an appeal could have been made to the President for his removal.

CONGRESS COULD REMOVE OFFENDERS.

If the President should fail to act, the House

of Representatives could arraign the collector before the Senate, who would, on the proper showing, remove him. I cannot believe that the House of Representatives, or any member of that body, would wink at corruption any more than the honorable Senator from Missouri. The committee that first investigated this subject was a joint committee. It consisted of able and learned members of the House of Representatives, in part, associated with the honorable Senator and some other able and distinguished members of this body. They made, it is presumed, a thorough examination. They elicited, it may be presumed, all the facts. Their report has been printed. And yet we have not been informed by a committee of the House of Representatives appearing at the bar of the Senate that they have found a corrupt collector at New York and that the President of the United States refuses to remove him. Nor has the Senate portion of that committee, as far as I am informed, proposed even a legislative remedy for the supposed evils. The honorable Senator attempted to convert my inquiry into ridicule yesterday when I asked if he had proposed any remedy. He inquired of me, with some severity of manner, I thought, whether it made any difference whether he did it or whether somebody else did it. It makes this difference in his record: as an organ of this body he was sent to New York specially to investigate a subject involving alleged abuses. He is not an executive officer, he is a legislator. The only remedy which he could propose officially would be a legislative remedy. Did he bring in any bill for the correction of these alleged grievances, such as a bill to regulate charges by bonded warehouse-keepers? Not that I have heard of; but he has brought in and spread before the country several able and eloquent speeches in condemnation of somebody else. I think I may fairly presume that he found no evils of the enormity which his speeches would seem to indicate, or he would have made some attempt at a legislative correction.

But the House of Representatives are not limited to legislative means. They might of course have proposed an amendment of the law, the establishment of regulations, the enactment of rules fixing a maximum rate of charges

which could not be exceeded by a warehouse-keeper. They proposed nothing of this kind; but they had it in their power to propose another remedy. If they had become satisfied that the law was sufficient, but that the collector of the port was corrupt, and that after remonstrances from the merchants of New York, a hundred of whom we are told have been displeased with his conduct, and after the remonstrance of the committee, and after reports from the Secretary of the Treasury, the Chief Executive had failed to remove him, it was their plain duty, under the Constitution of the United States, to bring the culprit to the bar of the Senate. That they have not done so, after full and careful examination of the whole subject, leads me to believe that they found no evil of gravity requiring any such procedure. But if they had found what the honorable Senator from Missouri found, that these custom-house officers were in the Government Treasury up to their elbows, that the custom-house was a cesspool of corruption, and that it was continued by a power above the committee, above the merchants of New York, above public opinion, above the Secretary of the Treasury, could they justify themselves in their silence? If the Representatives of the people in the other House believed what the Senator asserts, I cannot believe they would hesitate to apply the constitutional remedy. If they should thus hesitate, then, sir, republican government is already a failure. If the Representatives of the people of this country will knowingly and deliberately by their inaction keep in office corrupt men, a republican form of government cannot be sustained. No one can believe that the President would retain in office an incumbent known to him to be corrupt. But if we were to grant, for the sake of the argument, that all the Senator intimates of him is true, we cannot blink the fact that the two Houses of Congress by their joint action may remove any civilian from his place. If, then, these corruptions are permitted Congress, the Representatives of the people as well as the representatives of the States, are culpable, the Senate is directly responsible for their appointment if their bad character was known at the time of their confirmation, and the members of the House of Representatives for not bringing in articles of impeachment

just so soon as they learned the existence of these facts and that the case was beyond practical executive remedy.

INTEREST OF FOREIGNERS.

But, sir, I have one other reflection to make on this subject. I have shown at least that so far as the Senator's speech is concerned he has overdrawn the picture. The evil complained of, if it exists, is in fact but a mole-hill instead of the mountain which he has painted. And I must now, in justice to my own convictions of truth, say that this war on the custom-house officials has been prosecuted in the interests of foreign importers, shippers, and manufacturers, more than in the interests of the public revenues. I say this out of no feeling of disrespect for the honorable Senators. I do not impugn their motives. But, in my opinion, the subjects of the crowned heads of the great States of Europe are more interested in the success of this war than the citizens of the United States. I am led to this belief from some of the facts to which I have referred, and from others that are now on record as a part of the debate preceding the appointment of the investigating committee.

We were told by an honorable Senator in debate that these hundred or more merchants of New York remonstrated against the existing general-order system as evil and only evil, and that continually, and recommended a return to the old system. Following my habit of inquiry when I desire information, I asked that Senator what was meant by the "old system." He informed me very frankly and caudly that under the old system goods were stored with the carrier.

Mr. SCHURZ. Does the Senator say that I had a conversation with him about this subject?

Mr. HARLAN. Oh no, sir. I have not intended to intimate any such thing. I said that the fact was adduced in debate by a learned Senator on this floor preceding the appointment of the Committee on Investigation and Retrenchment, that these aggrieved New York merchants desired an abandonment of the present general-order system and a return to the old system. In search of information I inquired what the old system was, and was told that some of the steamship companies

had warehouses of their own, and that under an old regulation, established before some of us were born, they were permitted to store the goods brought over in their ships in their own warehouses, and as their interests and the interests of the consignee were somewhat mutual, it cost the merchants of New York less to have such goods thus stored, stored with their own carriers.

Then that is the only remedy thus far suggested. I mentioned yesterday that the present system had existed as far back as the commencement of my service on this floor. The honorable Senator from Ohio, the chairman of the Committee on Finance of this body, who must be familiar with the whole subject, remarked in that connection that the present system had existed to some extent for at least forty years. The abandonment of the general-order warehouses, and the adoption of the old system, this panacea for the evils of which complaint is made, when understood, means that unclaimed goods shall hereafter be stored with the carriers, with the Cunard and the Bremen lines of steamers, to allow them practically to retain the custody of the goods shipped by them, in their own warehouses until claimed by the consignees.

The owners of these ships are subjects of the crowned heads of Europe, chiefly of the queen of the British empire, and of the emperor of Germany. The goods shipped are of foreign manufacture, made and owned by the inhabitants of the Old World, brought here for sale in competition with the manufactures of our own country. For the promotion of the interests and convenience of these manufacturers of the Old World, goods landed on our shores are permitted to lie in bonded warehouses without the payment of duties for months and years. Such warehouses are of little use to our own merchants, with the exception of a few possessed of enormous means, who are able to compete with European corporations. The multiplied thousands of small merchants receive and pay the duties on their goods when landed, take them to their own stores and put them into market for consumption. The great merchants, chiefly foreigners, store their goods in bonded warehouses, awaiting a favorable market. And heretofore some of them were permitted to store their goods in

the warehouses owned by the companies who owned the lines of vessels in which they were shipped.

GENERAL-ORDER BUSINESS DEMOCRATIC.

I need not inform you, sir, that that system was broken up in pursuance of the recommendation of Secretary Walker, under an act of Congress passed nearly thirty years ago, as was supposed at the time, in the interest of public revenue under a Democratic Administration, under a law enacted by a Democratic Congress, and another system was adopted which, with some modifications, is still in force. These distinguished Senators desire us to go back to the old system; that is, to allow the Cunard and the Bremen steamship companies to store the goods brought over in their vessels in their own warehouses.

In this connection allow me to state another fact which I believe is of historic record, that a very large per cent. of these goods are shipped from foreign manufacturers direct, and are invoiced at the naked cost at the manufactory. The honorable Senator from Maine now before me [Mr. HAMLIN] can correct me if I err. This is the kind of manifest under which they are shipped and landed and stored, not the price in the open markets of the country where they are made as they pass from hand to hand by merchants, but the price at the door of the shop where they are made. They are brought here in advance of a demand for consumption, often at nominal rates of freight, in ships that would otherwise return in ballast, not being able to secure a regular return cargo, and are stored in these bonded warehouses, where they may remain for two or three years, awaiting favorable changes in the markets. The foreign manufacturer is thus able to compete on advantageous terms with our own skilled laborers. And if an advantageous sale should not in the meantime be effected, the goods may be withdrawn and shipped elsewhere without the payment of one cent of tax. Sir, these are the people in whose interests this clamor is raised, who complain if required to pay for storage rates not in excess of the usual rates in the port of entry.

I think it will become clear to any one, from this statement of facts, that the drift of the Senator's argument is in the interest of the manufacturers of the Old World who desire to

store their goods in our ports at a cheap rate, awaiting a demand for consumption, and this I apprehend is at the foundation of the complaints which we have heard of overcharges. It is an effort to reduce the expenses paid by foreign manufacturers who may choose to use storehouses in our ports for their surplus goods, while they await a market, and goods that may never be consumed in this country, but are destined for consumption in South America or possibly in other parts of the world.

REVENUE CAREFULLY COLLECTED.

I have been thus particular in traversing this subject in detail with the hope—a very faint one, I confess—that the people of this country may take notice of what I say and understand that this clamor about custom-house frauds does not arise from the discovery of infidelity in the collection of the revenues. Everybody admits that it has been collected with reasonable skill and diligence under the custom-house officer in New York of whom chief complaint is made. I refer to Mr. Murphy, the late collector. I am told by those who have examined the records that the amount of customs dues collected under his administration is largely in excess of the amount ever heretofore collected at that port during any other equal period of time, and that, too, when the rate of duties on many articles had been greatly reduced. This historic fact is in itself worth a volume of denunciation of Murphy as a corrupt officer. The gravamen of the charge preferred, when stripped of declamation, is that foreign manufacturers and importers have complained of the rates of storage charged by the owners of bonded warehouses with whom they stored their goods, a controversy in which the Treasury of the United States has not the slightest interest.

LEET AND STOCKING.

Some of these foreign importers have complained of Leet and Stocking, the men with whom they have chosen to deposit their goods for the time being, until it shall suit their convenience to pay the revenue, when it was completely within their power at any time to pay the duties and take the goods directly from the wharf, or to give bond and store them in their own warehouses, or, in the third alternative, to designate the warehouse in which they

might be stored and make their own terms with the warehouse owner.

These facts are undisputed and are indisputable. They are in accordance with the law which I have read; they are in accordance with the regulations of the Treasury Department.

FRAUD CONDEMNED.

I am not here to defend any one who may have committed a wrong, although, as I have before observed, I have faith in man; I have faith in my race; I believe it is the predisposition of men to do right, to deal justly with each other; and yet we all know that there are violations of law and recognized principles of justice and equity. If any such exist at the custom-house point them out, name the men, produce the evidence. The remedy is completely within the hand of the Executive, or if he should fail to act, it is within the grasp of the Representatives of the people.

COMPLAINT POLITICAL.

But when Senators know these facts much better, I will concede, than I do, having spent more time in the investigation of the subject under the direction of the Senate, I am at a loss to know why so much valuable time is consumed with these declamations, in the absence of any practicable proposition for a remedy for the supposed wrongs. It has occurred to me, and I am inclined to think it will occur to the American people, that it may possibly have some remote connection with politics. Both Senators say that they do not intend anything of that kind, and I will not impugn their motives. I cannot.

I believe each to be honorable and patriotic, as honorable and patriotic as he is capable, but then we cannot close our eyes to the fact that they have both arrayed themselves against the Administration. In the light of that hostility to the Administration it is barely possible the people will judge of their motives. The people may think that their vision has been a little obscured by possible prejudice; that a desire to damage the prospects of the President for a reelection may have warped their judgment. And I must confess, with my high appreciation of both the Senators, my belief in their purity of character and patriotism, that I still think they are human; they are men in some respects like the rest of us, subject in a

degree to the common frailties of mankind. They may not be as weak as many of us in these respects; and yet probably the great Architect of the human mind made them according to the same pattern by which the rest of us were formed, and it is barely possible that they may be prejudiced, that they may look at these facts through a colored medium. Their desire to injure the President of the United States or his prospects for reelection may have stimulated some of the eloquent periods with which we have all been so greatly delighted. I do think that this is barely possible, and I may say that I think their keen desire for investigation may be accounted for in part on this supposition.

SECRETARY OF WAR EXONERATED.

The Senator from Missouri has already said that he did not call in question the integrity of the Secretary of War. I cannot quote his exact words, they are not before me, but he said in substance that he believed him to be a pure and upright man and an excellent officer. Nobody has questioned the integrity and purity of the Secretary of the Treasury. Then the supposed discrepancy between the books of the two Departments cannot furnish sufficient evidence even to their minds to justify the proposed investigation, and that at the outset was presented as the chief reason for the appointment of a committee. Neither Senator has stated at any time that he did believe and had reason to believe that some officer of this Government had acted corruptly in his official capacity, which I think ought to precede the introduction of every such resolution.

INVESTIGATION NOT JUSTIFIED.

Is it right for a representative of a sovereign State on a floating rumor, a vagrant newspaper article, or at the request of some petty employé of a foreign Government, in the absence of evidence which produces conviction in his own mind, to put on foot an inquiry affecting the good name of the high officers of this Government? Ought it not to be required of a Senator to proceed on his responsibility as a Senator? Has he a right to trifle with his own position? Has he a right to trifle with the Senate? Has he a right to trifle with the feelings, to say nothing of the reputation, of other officers of this Government associated with him in the administration of public affairs?

If a Senator would rise at his desk and say on his responsibility as a Senator that he had reason to believe and that he did believe that some officer of this Government had acted corruptly, and that he therefore asked a committee of inquiry, I would vote for it without a word; I doubt not every Senator on this floor would do the same; all would say "This inquiry must proceed, for a Senator has said on his responsibility as such that he had reason to believe and did believe that there was occasion for such inquiry."

But, sir, the utmost the honorable Senator from Missouri has thus far said is that, in his opinion, after examining the whole subject and illustrating and elucidating it for hours, he thought there was grave ground of suspicion; not that he believed it, not that he had in his own opinion reason to believe there was corruption, but as the debate progressed, and I say it to his honor, he abandoned the imputation, and admitted that he did not believe the Secretary of War was corrupt, but, on the contrary, believed him to be a pure, upright officer. Then who is it that is to be investigated? Who is it that is at fault? Is it the Secretary of the Treasury? Does somebody have grave suspicion that the Secretary of the Treasury has failed to make the proper entries in the records of his Department thus accounting for the sales of arms? No Senator has ventured to make such a statement. No Senator on his responsibility, I think, I may safely predict, will make such an allegation.

PRINCIPAL CHARGE ABANDONED.

In the absence of any such conviction on the part of any Senator it is well that both these Senators have abandoned that allegation of cause for inquiry. What is left? They have grave suspicion that international law may have been violated in the enforcement of a statute of the United States to the possible injury of some other nation. But it has already been shown that no other nation has complained of injury on this account. Is it not reasonable to suppose that other nations are capable of taking care of their own interests? Such a reason for investigation in the absence of complaint is unprecedented in the American Senate, and, as far as I know, in the world's history.

Sir, the Constitution of the United States

has made it the duty of the President of the United States to carry on our intercourse with foreign nations, and, to aid him in the performance of these duties, Congress has authorized the appointment of a Secretary of State. Is it not an inopportune time to inaugurate a change of policy in this respect? Heretofore we have succeeded with tolerable success in managing our diplomatic intercourse with other nations through the constitutional medium, by the use of the constitutional organ. Heretofore under all administrations, Democratic and Republican, we have confided this duty to the President of the United States aided by his Secretary of State. What has arisen during the last twelve months to justify a change of this policy and to require that a branch of the public service, in part at least, should be put into the hands of a committee of the Senate of the United States—surely a service never contemplated by the framers of the Constitution?

REAL MOTIVE.

Is there not, therefore, in the light of these facts some reason to conclude that the judgment of these Senators may have been warped by a possible prejudice against the executive officers of this Government, a possible desire to embarrass them if not in managing the affairs of this Government with other peoples at a time when our relations are said to be somewhat delicate, at least to embarrass the prospects of the President's reelection? It is supposed that he may be willing to become his own successor, if the people should so desire; not, as far as I know, that he has ever said so, but as he has not said the reverse, this seems to be inferred. Is it not possible that

a reading and intelligent people may conclude that this is a part of the motive which has prompted the introduction of this resolution, although perhaps the honorable Senators may not be conscious of it themselves?

These facts, now noticed for the first time, were known years ago. Why was not this inquiry put on foot then? Why was it not put on foot at the time these sales of arms began, in 1865? They began to be made to houses that were supposed to be in communication with both these foreign Governments—Prussia and France—almost at the beginning of hostilities. The honorable Senator from Missouri has informed the Senate and the country that he knew it at the time; that the fact was brought to his attention by his fellow-citizen at its birth; that they urged him to bring it to the attention of the authorities at Washington. Did he fail in his duty? Did he fail in his duty as an American legislator in not putting on foot the inquiry at the time when it would have done some good, at the time that the supposed wrong could have been checked at the very threshold, at the time the evil could have been cured almost before it had birth?

But it was not done then, and years have been permitted to elapse before this inquiry was demanded; and it is demanded immediately preceding a presidential election, on grounds so flimsy as to challenge faith in the sincerity of the authors, the chief of which has been abandoned by themselves before the discussions has closed. In the light of all these facts how is it possible to account for this anomalous procedure if the motive is not political?

Mr. President, I have done.

Handwritten notes at the bottom of the page, including the phrase "Mr. President, I have done." and other illegible text.

