By Mr. MITCHELL: A bill (H. R. 11162) granting an increase of pension to Margaret Gallagher; to the Committee on Invalid Pensions.

By Mr. PARKER: A bill (H. R. 11163) for the relief of Lewis Wood; to the Committee on Military Affairs.

By Mr. PATTON of Pennsylvania: A bill (H. R. 11164) granting an increase of pension to David Tanyer; to the Committee on Invalid Pensions.

By Mr. STEPHENS of Mississippi: A bill (H. R. 11165) for the relief of the heirs of Thomas F. Clayton; to the Committee on War Claims.

By Mr. SMITH of New York: A bill (H. R. 11166) for the relief of Wilhelmina Rohe; to the Committee on Military Affairs.

PETITIONS, ETC.

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

By the SPEAKER (by request): Petition of directors of the Washington Board of Trade, the Chamber of Commerce, and the Retail Merchants' Association, protesting against any change in the half-and-half principle of the act of 1873; to the Committee on the District of Columbia.

By Mr. BALTZ: Petition of the Grundy County (Ill.) Bar Association, favoring the passage of a certain amendment to House bill 9573, rearranging the Federal court districts in the State of Illinois; to the Committee on the Judiciary.

By Mr. BURKE of Wisconsin: Papers to accompany bill (H. R. 10090) granting an increase of pension to Edgar A. Bullis; to the Committee on Invalid Pensions.

By Mr. BURNETT: Petition of citizens of the seventh congressional district of the State of Alabama, favoring the passage of the Lindquist pure-fabric law; to the Committee on Interstate and Foreign Commerce.

By Mr. CARLIN: Papers to accompany bill (H. R. 11041) for the relief of L. C. Reid and Fannie B. Betts; to the Committee on War Claims.

By Mr. COOPER: Memorial of the Advancement Association of Pacific Junction, Wis., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. DIXON: Petition of citizens of Hartsville and Taylorsville, Ind., favoring the passage of the Lindquist pure-fabric and leather bill; to the Committee on Interstate and Foreign Commerce.

By Mr. EDMONDS: Petitions of Business Science Club, Philadelphia, and Employees' Association of Philadelphia, favoring the Philadelphia Navy Yard as location for a new dry dock; to the Committee on Naval Affairs.

By Mr. ESCH: Petition of the directors of the Washington Board of Trade, the Chamber of Commerce, and the Retail Merchants' Association, protesting against any change in the half-and-half principle of the act of 1873; to the Committee on the District of Columbia.

By Mr. GARDNER: Memorial of the Beverly Board of Trade, indorsing the movement for the purpose of designating the Boston Navy Yard as the place for building a ship; to the Committee on Naval Affairs.

By Mr. GRAHAM of Pennsylvania: Petitions of the Business Science Club of Philadelphia and the Employees' Association, Philadelphia, favoring the Philadelphia Navy Yard as the location for the new dry dock; to the Committee on Naval Affairs.

By Mr. KIESS of Pennsylvania: Petition of citizens of Lycoming County, Pa., favoring legislation to pension emergency men; to the Committee on Pensions.

By Mr. LAFFERTY: Papers to accompany bill (H. R. 11149) granting an increase of pension to Frederick H. Rix; to the Committee on Invalid Pensions.

By Mr. LANGHAM: Memorial of the Federation of Jewish Farmers of America, favoring the passage of a bill for adequate rural credit facilities; to the Committee on Banking and Currency.

By Mr. MAHAN: Petition of the Chamber of Commerce of New Haven, Conn., favoring the passage of House bill 6282, relative to the restriction of narcotics; to the Committee on Ways and Means.

Also, petition of the German-American Alliance of New York, protesting against the passage of the Burnett immigration bill; to the Committee on Immigration and Naturalization.

By Mr. McCLELLAN: Petition of the common council of the city of Hudson, N. Y., relative to the location of the deep-water terminal of the Hudson River at Hudson, N. Y.; to the Committee on Rivers and Harbors.

By Mr. SELLS: Petition of the business men of Newport, Tenn., favoring the passage of House bill 5308, relative to mail-order houses; to the Committee on Ways and Means.

By Mr. SCULLY: Petitions of Patent and Enameled Leather Manufacturers' Association, and committee on manufactures of the board of trade of Newark, N. J., favoring bill to compel concerns to properly label goods; to the Committee on the Judiciary.

Also, petition of C. B. McLaury, of New Brunswick, N. J., protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

Also, petition of citizens of Navesink, Sea Bright, Elberon, and Long Branch, protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. WILLIS: Petition of Mrs. J. E. Myers and 90 others, members of the Woman's Missionary Society of the First Presbyterian Church of Bucyrus, Ohio, favoring an amendment to the Constitution to prohibit polygamy; to the Committee on the Judiciary.

SENATE.

MONDAY, *December 22, 1913.*

The Senate met at 12 o'clock m.

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

We bless God for the light and glory of a new day. Thou hast not been satisfied to unveil Thy face to show us Thy glory alone, but Thou hast been pleased to make us partners with Thyself in the execution of a great plan and coworkers together with God in that which works out the design of the divine mind. So with our hands full of this divine commission, with our lives full of the divine plan, we must give ourselves day by day to the execution of the task that God has committed to us.

In so far as Thou hast given us in trust a personal influence may it be for the establishment of the highest and the best among men. In so far as Thou hast committed unto us power may it be to restrain evil and to help on the good. In so far as Thou hast committed to us wisdom may it be used for the working out of the wise designs of God among men, so that our whole life with all its energies may be consecrated to the plan that God has revealed to us through His Son, our Lord and Savior, Jesus Christ. We ask the blessing of God upon us this day, for His holy name's sake. Amen.

The Journal of the proceedings of Saturday last was read and approved.

TELEPHONE SERVICE IN THE DISTRICT.

The VICE PRESIDENT. The Chair presents a communication from the Public Utilities Commission of the District of Columbia, transmitting information relative to telephone service in the District, which information was requested by the Senate in a resolution of November 13, 1913.

Mr. GALLINGER. I think the communication should be printed and referred to the Committee on the District of Columbia.

The VICE PRESIDENT. If the Senator from New Hampshire will bear with the Chair, he will state that it is a very large document and contains a great deal of matter the printing of which the Chair is in doubt about, and the Chair would prefer to refer it first to the Committee on Printing.

Mr. GALLINGER. I think that reference first would be proper under the circumstances.

Mr. NORRIS. I was going to make an inquiry in regard to the disposition of the report. I could not hear what the Chair said.

The VICE PRESIDENT. The Chair stated that, in the first instance, he would refer the communication to the Committee on Printing, as it appears to be a very voluminous document, and the Chair is in doubt as to whether it should be printed. It will be referred to the Committee on Printing, and the Senator from Nebraska can consult with the members of that committee in reference to the printing.

Mr. NORRIS. That course is satisfactory, I will say to the Chair.

FEDERAL RESERVE CITIES.

Mr. POINDEXTER. Mr. President, I present several telegrams, including one from the mayor of the city of Seattle, Wash., setting forth the claims of the city of Seattle to be designated as a Federal reserve city under the currency act which is about to be enacted. I ask that they be printed in the RECORD.

Mr. SMOOT. I did not hear the request of the Senator.

Mr. POINDEXTER. There are several telegrams that I submit, and I ask that they be printed in the RECORD.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. SMOOT. Upon what subject?

Mr. POINDEXTER. Upon the subject of the city of Seattle being made a Federal reserve city under the national banking act.

Mr. SMOOT. If there is not any real desire on the part of the Senator that they be printed in the RECORD, I wish that he would withdraw the request. The bill has passed, the subject is settled, and it is only filling the RECORD with the views of individual citizens.

Mr. POINDEXTER. I could not hear quite clearly what the Senator said.

Mr. SMOOT. I say if there is not any good reason why the telegrams should be printed in the RECORD and if the Senator is not particularly interested in having them printed, I wish he would withdraw the request.

Mr. POINDEXTER. I would be very glad to comply with the wish of the Senator from Utah, and would comply if I were not particularly interested in having these telegrams printed. I will say to the Senator that they are not altogether telegrams from private citizens. The principal telegram is from the mayor of Seattle. It is not a matter which has been settled; it is a public matter now before the country, and undoubtedly one which will be publicly discussed.

Mr. SMOOT. Would it not do just as well, I ask the Senator, to have the telegrams referred to the Committee on Banking and Currency and let that committee consider them?

Mr. POINDEXTER. I have no objection to their being referred to the Committee on Banking and Currency; I would be very glad if they were so referred; but I should like very much to have the statement contained particularly in the telegram of the mayor of the city of Seattle printed in the RECORD. It is not very long.

Mr. GALLINGER. I will ask the Senator from Washington whether he knows how many banks will probably be established.

Mr. POINDEXTER. I am sorry to say that I do not know.

Mr. GALLINGER. Of course if there are to be but four, it is manifest that Seattle would not probably get one, whatever the wishes of the mayor and citizens of that city might be.

Mr. POINDEXTER. That is very true. My understanding was that there would be not less than eight.

Mr. GALLINGER. I quite agree with the Senator from Utah, Mr. President, that it would seem hardly necessary to commence burdening the RECORD now with telegrams and letters from citizens of the various cities, asking that their city shall be a reserve city, but, of course, I am not in the habit of objecting, and personally I will not object, although if the Senator could persuade himself that the same purpose would be reached by keeping them out of the RECORD I wish he would do it.

Mr. CHAMBERLAIN. Mr. President——

Mr. POINDEXTER. If the Senator will allow me to make a statement with reference to the point made by the Senator from New Hampshire, I agree entirely with the Senator from New Hampshire in the general policy of not burdening the CONGRESSIONAL RECORD with unimportant and extraneous matter, and for that reason as to two of the telegrams which I have presented I withdraw the request which I have made. One of them, from the mayor of Seattle, I should like to have printed in the RECORD.

Mr. CHAMBERLAIN. Mr. President, I simply wish to say in this same connection that my colleague and I have received a number of telegrams and letters on the same subject in reference to our city. As is well known, we are measurably a rival of the magnificent city on the Sound; but we have not felt it advisable to present them and to encumber the RECORD with them. While I do not want to object, if these matters are going in the RECORD we feel that our citizens should not be forgotten in the matter.

Mr. POINDEXTER. I withdraw the request with the exception of that as to the telegram from the mayor of Seattle.

Mr. BURTON. Mr. President, I regard this as a rather serious matter. The great danger to the proposed plan for a system of regional banks is local influence and political manipulation. In my judgment the plan is in a measure handicapped already by exemption from the civil-service rules. The system ought to be so established and managed as to command the utmost confidence of the people.

I really should be glad to see a resolution introduced here and adopted to the effect that no Senator or Representative shall exert any influence for the making of selections for the location of regional banks. A free hand ought to be given to the organization committee and the Federal reserve board to act according to their judgment after full hearings. If requests like this are thrust in here, and every Senator must advocate his own city or some other city in his State, and every Representative some town in his district, we can readily see where we will land.

I do not know that I ought to make any suggestion to any Senator. It is for each Senator to decide for himself. But my hope is that this problem is to be worked out independently of political influence.

Mr. CLAPP. Senators and Representatives could not resist the pressure to make an effort to get these regional associations in cities in their own States. I believe that if we should pass such a resolution it could not be honestly and in spirit carried out, as much as it may be deplored.

Mr. POINDEXTER. With reference to the proposition of the Senator from Ohio, it seems to me that this is peculiarly a matter of public concern in which individuals are not primarily interested, but involving entire regions of the country, involving only the principal cities of the country. I do not think this is an appropriate time, however, to settle or to discuss the propriety or ethics of the question whether Senators should use any influence in reference to the selection of the regional reserve cities. Should the Senator from Ohio introduce such a resolution it would be appropriate then to be discussed. It being not now before the Senate, I only desire to take this occasion to state that I do not altogether agree with the views the Senator from Ohio has expressed.

Mr. SMOOT. Mr. President, I am not going to object to this telegram, but I give notice now that I shall object to the next one which is presented here.

There being no objection, the telegram was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SEATTLE, WASH., *December 21, 1913.*

Hon. MILES POINDEXTER,
Senate, Washington, D. C.:

Request prompt united action of Washington delegation and other influential friends presenting claims of Seattle for designation of Pacific Northwest regional reserve bank. Seattle banking capital deposits exceed Portland one-third. Washington banking statistics double Oregon. Seattle more convenient and logical banking center for three-fourths Northwest than possible at Portland. Seattle clearing house constantly showing substantial increasing lead over Portland despite division of territory with Tacoma, Everett, Bellingham, other Washington banking centers, whereas Portland without large vicinity banking neighbors. Also impress important bearing of Seattle with existing Government revenues and disbursements, remembering regional reserve bank becomes Government depositary and disbursing agency. Emphasize facts that all expenditures of Alaska, Puget Sound Navy Yard, coast-defense forts, large postal contracts, forestry, and other Government services now made from Seattle. Also revenues assay office, Puget Sound customs district, internal revenue, and income tax are concentrated here. These Government revenues and disbursements centering at Seattle vastly exceed similar relations at Portland. Am confident all substantial business considerations and geographical relations amply support selection of Seattle as regional reserve center of Pacific Northwest. Any necessary detail figures promptly furnished. Please present copies of this message to other members of Washington delegation, also my personal friends, Senators OWEN and LEWIS, urging their assistance. Congratulations all along the line for great accomplishment in passage of people's currency measure.

GEO. S. COTTRELL, *Mayor.*

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes, agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. GLASS, Mr. KORBLY, and Mr. HAYES managers at the conference on the part of the House.

The message also announced that the House had passed a bill (H. R. 8142) to authorize the construction, maintenance, and operation of a bridge across Bayou Bartholomew, at or near Wilmot, Ark., in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented resolutions adopted by the Board of Trustees of Crescent City, Cal., favoring the construction of a breakwater and for certain harbor improvements at or near that city, which were referred to the Committee on Commerce.

Mr. BURLEIGH presented a petition of Local Union No. 11, International Brotherhood of Paper Makers of the United States and Canada, of Livermore Falls, Me., praying for the enactment of legislation to make lawful certain agreements between employers and laborers, and persons engaged in agriculture or horticulture, and to limit the issuing of injunctions in certain cases, and for other purposes, which was referred to the Committee on the Judiciary.

Mr. BURTON presented a petition of the Methodist Ministers' Association of Cincinnati, Ohio, praying for the adoption of an international agreement for the suspension of naval construction, which was referred to the Committee on Naval Affairs.

Mr. SMITH of Arizona. I have a resolution in the nature of a petition from the Board of Common Council of Tempe, Ariz., in favor of a grant of certain lands lying near that city. It is very short and contains facts that I am afraid of losing in reference to the matter. For that reason alone, for the preservation of the facts, I ask that the resolution be printed in the RECORD, and I purpose at the earliest convenient moment to introduce a bill on the subject.

There being no objection, the matter was referred to the Committee on Public Lands and ordered to be printed in the RECORD, as follows:

Resolution 2, by the Common Council of Tempe.

Whereas it is desirable that Tempe should secure title to land in the vicinity thereof containing deposits of material suitable for macadamizing streets and roads; and

Whereas large and very desirable deposits of calich suitable for macadamizing streets and roads are found in the southwest quarter of the southeast quarter of section 10 in township 1 north, range 4 east, of the Gila and Salt River base and meridian; and

Whereas said land adjoins the north boundary line of the corporate limits of Tempe and is accessible and desirable for the purpose above mentioned; and

Whereas the title of said land is in the United States, and said land was on December 4, 1908, withdrawn from entry under the first form of withdrawal provided for in section 3 of the act of Congress of June 17, 1902; and

Whereas it is believed by the common council of Tempe that said land will not in any way be needed or required by the United States for any of the purposes contemplated by said act of June 17, 1902; and

Whereas said land and no part thereof is suitable for agricultural purposes and is valuable only for the deposits suitable for road construction contained therein: It is therefore

Resolved by the Common Council of Tempe:

(1) That Joseph T. Birchett, the mayor of Tempe, be, and he is hereby, authorized and directed to take any and all such action as he may deem proper to secure the title of the above-described land for Tempe, either by a special act of Congress or otherwise, as he may be advised or deem best

(2) That a copy of these resolutions be forwarded by the clerk of Tempe to Hon. CARL HAYDEN, the Representative in Congress for Arizona, and that like copies be forwarded to Hon. MARCUS A. SMITH and Hon. HENRY F. ASHURST, the United States Senators from Arizona, and that they and each of them be, and are hereby, petitioned to use their best efforts to secure the title to the above-described land for Tempe, either through a special act of Congress or by such other means as they may deem proper.

I, Curt W. Miller, town clerk of Tempe, do hereby certify that the above and foregoing is a true and correct copy of a resolution passed by the common council of Tempe at a meeting thereof held on December 1, 1913.

In witness whereof I have hereunto set my hand as town clerk of Tempe and the corporate seal of Tempe this 2d day of December, A. D. 1913.

[SEAL.] CURT W. MILLER, *Town Clerk.*

Mr. BRANDEGEE. I send to the desk a memorial which the Senator from Pennsylvania [Mr. OLIVER] left for me to present. I will ask that it be read.

There being no objection, the memorial was read and ordered to lie on the table, as follows:

PHILADELPHIA BOARD OF TRADE,
Philadelphia.

To the honorable the Senate and House of Representatives of the United States in Congress assembled:

This memorial of the Philadelphia Board of Trade respectfully represents:

That the urgency of the situation, as a blow to our American merchant marine, again compels the Philadelphia Board of Trade to address you in protest against the passage of Senate bill No. 136, known as the seamen's bill;

That its provisions are so radically wrong and will affect so seriously our fast disappearing deep-sea tonnage, and will equally cripple the lake and coast tonnage, that Congress should take counsel from the practical experience of shipowners and agents before committing the Government to another death-dealing blow to the interests of our mercantile marine;

That the provision as to the employment of able-bodied seamen for manning lifeboats, it is claimed by those best equipped to pass judgment upon same, is impracticable, as the number required could not be secured; nor is such a provision necessary, as firemen and those employed regularly on steamship lines are well qualified to discharge the duties now assigned them;

That the board of trade is deeply interested in every proper provision for the safety of passengers at sea, and believes that every wise effort should be made to that end, but Congress owes a duty to deal justly by all interests and should halt the proposed legislation until shipowners and others interested be given, either by hearings or through the investigation of a commission, an opportunity to represent the character of legislation needed for the upbuilding of the American merchant marine, now so badly handicapped in its competition for the world's commerce: Therefore

Your memorialist, the Philadelphia Board of Trade, most earnestly protests to your honorable bodies against the passage of Senate bill No. 136, known as the seamen's bill, without radically amending the same to meet the objections urged against its provisions.

And your memorialist will ever pray.

[SEAL.] WM. M. COATES,
President Philadelphia Board of Trade.

Attest:

W. R. TUCKER, *Secretary.*

Mr. BRANDEGEE. I asked for the reading of the memorial because the bill is not before this branch of Congress now; it is in the other House, and that was the only way the matter could be brought to the attention of the people.

SUITS AGAINST COMMON CARRIERS.

Mr. SHIELDS. From the Committee on the Judiciary I report back favorably, with an amendment in the nature of a substitute, the bill (S. 3484) to amend paragraph 8, section 24, chapter 2, of the Judicial Code, and I submit a report (No. 146) thereon. I ask unanimous consent for the present consideration of the bill.

Mr. SMOOT. Mr. President, will the Senator from Tennessee, in as brief a statement as possible, tell the Senate what changes are proposed by the bill and what its effect will be if passed?

Mr. SHIELDS. Mr. President, the object of this bill is to prevent the removal of causes brought in courts of the State against transportation companies under the commerce laws of the United States involving less than $3,000 to district courts of the United States. Section 28 of the Judicial Code, in defining the jurisdiction of district courts, confers on those courts jurisdiction of all suits arising under any law regulating commerce regardless of the amount involved. This bill relates to that particular jurisdiction.

The statute in question is the Carmack amendment to the interstate commerce law which, as all Senators will remember, provides that the initial carrier shall be liable to the shipper for any damage caused by loss, delay, or injury to the property after it has been received for transportation. Under section 28 of the Judicial Code the district courts are given jurisdiction of such cases regardless of the amount or value involved. Therefore all cases arising under the commerce laws may be removed from the State courts to the district courts of the United States. It has become a custom of the transportation companies against which suits of this character are brought to remove them even if the amount is but $25, thus entailing cost and delay, which amount to practically a denial of all remedy and absolutely emasculating the Carmack amendment making the initial carrier liable.

The object of this amendment is to prevent removals of these cases from the State courts where the amount involved is under $3,000.

To refresh the memory of Senators, I will read section 28 of the Judicial Code:

SEC. 28. Any suit of a civil nature, at law or in equity, arising under the Constitution or laws of the United States, or treaties made, or which shall be made under their authority, of which the district courts of the United States are given original jurisdiction by this title, which may now be pending or which may hereafter be brought in any State court, may be removed by the defendant or defendants therein to the district court of the United States for the proper district."

That covers the particular class of cases to which I have referred. This section provides for the removal of other cases not pertinent to the present issue. The concluding clause is in these words:

Provided, That no case arising under an act entitled "An act relating to the liability of common carriers by railroad to their employees in certain cases," approved April 22, 1908, or any amendment thereto, and brought in any State court of competent jurisdiction, shall be removed to any court of the United States.

The proposed amendment is simply another provision to the effect that no suit brought under the commerce laws involving less than $3,000 in a court of competent jurisdiction shall be removed to a district court, but shall remain in the State courts, to be there finally determined.

Mr. SMOOT. I will say to the Senator from Tennessee that his explanation is perfectly satisfactory to me, and I agree that the bill ought to be passed. I have no objection to it.

Mr. SHIELDS. I wish to say that the bill was introduced by the junior Senator from Iowa [Mr. KENYON], who can, if it be thought necessary, more fully and clearly explain it than I have done.

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

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendment of the Committee on the Judiciary was to strike out all after the enacting clause and to insert:

That the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, being chapter 231 of Thirty-sixth Statutes at Large, be amended by inserting at the conclusion of section 28, chapter 3, of said act, the following:

"*And provided further,* That no suit brought in any State court of competent jurisdiction against a railroad company or other corporation or person engaged in and carrying on the business of a common carrier to recover damages for delay, loss of, or injury to property received for transportation by such common carrier, under section 20 of the act to regulate commerce, approved February 4, 1887, as amended June 29, 1906, April 13, 1908, February 25, 1909, and June 18, 1910,

shall be removed to any court of the United States where the matter in controversy does not exceed, exclusive of interest and costs, the sum or value of $3,000."

The amendment was agreed to.

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

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

The title was amended so as to read: "A bill to amend an act entitled 'An act to codify, revise, and amend the laws relating to the Judiciary,' approved March 3, 1911, being chapter 231 of Thirty-sixth Statutes at Large."

BILLS INTRODUCED.

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

By Mr. POINDEXTER:

A bill (S. 3844) granting a pension to John Snider; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 3845) granting a pension to Ada Cary McKenney (with accompanying papers); and

A bill (S. 3846) granting a pension to Arria S. Sargent (with accompanying papers); to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 3847) to provide for a public building at Big Springs, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. SMITH of Arizona:

A bill (S. 3848) authorizing the Secretary of War, in his discretion, to deliver to the city of Tucson, State of Arizona, two condemned bronze or brass cannon, with their carriages and outfit of cannon balls; to the Committee on Military Affairs.

By Mr. BURLEIGH:

A bill (S. 3849) for the relief of Thomas C. Jones; to the Committee on Military Affairs.

A bill (S. 3850) to provide for the purchase of a site and the erection of a public building thereon at Pittsfield, Me.; and

A bill (S. 3851) to provide for the purchase of a site and the erection of a public building thereon at Fairfield, Me.; to the Committee on Public Buildings and Grounds.

A bill (S. 3852) granting a pension to Caroline E. Remick;

A bill (S. 3853) granting an increase of pension to William O. Steele;

A bill (S. 3854) granting an increase of pension to Cornelius T. Ham; and

A bill (S. 3855) granting an increase of pension to John H. Thorn; to the Committee on Pensions.

By Mr. JACKSON:

A bill (S. 3856) granting an increase of pension to Lucinda Holmes; to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 3857) granting an increase of pension to Michael Reynolds (with accompanying papers); to the Committee on Pensions.

By Mr. SHIVELY:

A bill (S. 3858) granting a pension to Edna E. Mead (with accompanying papers);

A bill (S. 3859) granting an increase of pension to Annie T. La Tourrette Romeyn (with accompanying paper);

A bill (S. 3860) granting an increase of pension to Amelia Raschig (with accompanying papers);

A bill (S. 3861) granting an increase of pension to Henry O. Byers; and

A bill (S. 3862) granting a pension to Anna O. Stanton; to the Committee on Pensions.

By Mr. ROBINSON:

A bill (S. 3863) granting lands to Hot Springs Lodge, No. 62, Ancient Free and Accepted Masons, of Hot Springs, Ark.; to the Committee on Public Lands.

By Mr. MYERS:

A bill (S. 3864) to amend an act entitled "An act to protect the birds and animals in the Yellowstone National Park and to punish crimes in said park, and for other purposes"; to the Committee on the Judiciary.

By Mr. POINDEXTER:

A bill (S. 3865) providing for the enployment of an engineer to take charge of the work of caring for the flood waters of the Puyallup, White, and Stuck Rivers, and other streams in King and Pierce Counties, State of Washington; to the Committee on Commerce.

By Mr. DU PONT:

A bill (S. 3866) for the relief of the heirs of John W. Massey; to the Committee on Claims.

COST OF LIVING IN THE DISTRICT OF COLUMBIA.

Mr. KENYON. I introduce a joint resolution, and ask that it be read.

The joint resolution (S. J. Res. 93) relative to the cost of living in the District of Columbia was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the Department of Labor be, and hereby is, authorized and directed to make an inquiry into the cost of living in the District of Columbia, and to report thereon to Congress as early as practicable, and that there be appropriated for this purpose the sum of $6,000; and be it further

Resolved, That the special agents and clerks employed under this appropriation shall be selected from among the persons eligible on any civil-service register.

Mr. KENYON. I ask that the resolution may be referred to the Committee on Education and Labor.

Mr. SMOOT. Inasmuch as the resolution carries an appropriation, I believe, under the law, it ought to go to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. KENYON. I assumed it would have to go to the Committee on Education and Labor first, and then possibly to the Committee to Audit and Control the Contingent Expenses of the Senate. I have no objection, however.

The VICE PRESIDENT. The resolution will go to the Committee to Audit and Control the Contingent Expenses of the Senate.

AMENDMENTS TO INDIAN APPROPRIATION BILL.

Mr. GORE submitted an amendment proposing to appropriate $500,000 in aid of the common schools in the Cherokee, Creek, Choctaw, Chickasaw, and Seminole Nations, etc., intended to be proposed by him to the Indian appropriation bill, which was referred to the Committee on Indian Affairs and ordered to be printed.

He also submitted an amendment authorizing the Secretary of the Interior to make a per capita payment to the enrolled members of the Choctaw and Chickasaw Tribes of Indians, etc., intended to be proposed by him to the Indian appropriation bill, which was referred to the Committee on Indian Affairs and ordered to be printed.

OMNIBUS CLAIMS BILL.

Mr. SMITH of Georgia submitted an amendment intended to be proposed by him to the omnibus claims bill, which was referred to the Committee on Claims and ordered to be printed.

Mr. RANSDELL submitted an amendment intended to be proposed by him to the omnibus claims bill, which was referred to the Committee on Claims and ordered to be printed.

AGRICULTURAL EXTENSION WORK.

Mr. O'GORMAN submitted an amendment intended to be proposed by him to the bill (S. 3091) to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplemental thereto, and the United States Department of Agriculture, which was ordered to lie on the table and be printed.

HATTIE A. KRUEGER AND LIZZIE KRUEGER.

Mr. SMITH of Arizona submitted the following resolution (S. Res. 237), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay out of the contingent fund of the Senate to Hattie A. Krueger and Lizzie Krueger, sisters of Paul A. Krueger, late a clerk to the Committee on Irrigation and Reclamation of Arid Lands of the United States Senate, a sum equal to six months' salary, at the rate he was receiving by law at the time of his death, the said sum to be considered as including funeral expenses and all other allowances.

COMPENSATION FOR INJURIES TO WORKMEN.

Mr. KERN submitted the following resolution (S. Res. 238) which was read, considered by unanimous consent, and agreed to:

Resolved, That the Secretary of War be, and hereby is, directed to supply the Senate with such information as is available on the subject of the laws of the various States of the United States and of foreign countries providing for systems of compensation of workmen for injuries.

ADDITIONAL CLERKS TO SENATORS.

Mr. JONES. I ask to have taken from the calendar Senate resolution 116, providing for an extra clerk for each minority Senator having fewer than three employees, and that it be indefinitely postponed.

The VICE PRESIDENT. Without objection, the resolution will be indefinitely postponed.

Mr. JONES. I also ask that Senate resolution 117, authorizing the Vice President to appoint a committee of five Senators to

consider what clerical help should be allowed Senators and Senate committees, be taken from the calendar and that it be referred to the Committee on Rules.

The VICE PRESIDENT. If there be no objection, that action will be taken.

RELATIONS BETWEEN THE GOVERNMENT AND THE DISTRICT.

Mr. GALLINGER. Mr. President, I have been handed an article which appeared in the Sunday Star of yesterday, the headlines of which are as follows:

The workshop of the Nation—Review of the Federal course in creating a Capital—Significance of the "organic act"—Present District establishment the culmination of process of evolving a seat of government.

The article is by Henry E. Davis, a prominent member of the District bar, and as this matter, Mr. President, is being acutely discussed at the present time in another body and will doubtless be transferred to this body, I ask that this communication be referred to the Committee on Printing with a view to having it published as a Senate document, if the committee thinks it of sufficient importance.

The VICE PRESIDENT. In the absence of objection, that action will be taken.

HOUSE BILL REFERRED.

H. R. 8142. An act to authorize the construction, maintenance, and operation of a bridge across Bayou Bartholomew at or near Wilmot, Ark., was read twice by its title and referred to the Committee on Commerce.

SAN FRANCISCO WATER SUPPLY.

Mr. MYERS. Mr. President, as the introduction of bills appears to have ceased, I desire to take occasion at this time to make a few remarks.

On Saturday last the Senator from California [Mr. WORKS] introduced a bill (S. 3839) to repeal the Hetch Hetchy grant, which has been enacted into law and approved by the President. I desire to make some remarks in connection therewith. I have sent word to the Senator from California that I intended doing so and would be pleased if he should be on the floor, although my remarks will be very brief.

Mr. SMOOT. Mr. President, I will ask the Senator if it would not be just as well to have morning business closed, and then for him to make his remarks?

Mr. MYERS. I thought the morning business was about to be closed, and I desire to speak before it is closed. I will ask if the order of reports of committees has been reached?

The VICE PRESIDENT. It has been passed.

Mr. MYERS. I thought that the morning business was about passed. I wanted to speak before it was entirely closed.

Mr. WALSH. Mr. President, I gave notice on Saturday that at the conclusion of the morning business this morning I intended to ask for the consideration of Senate bill 2860, providing a temporary method of conducting the nomination and election of United States Senators.

Mr. MYERS. Mr. President, my remarks will take only a short time. I desired to get in ahead of other business while we were yet on the morning hour.

At the time the Senator from California [Mr. WORKS] introduced his bill for the repeal of the Hetch Hetchy grant he made some remarks in connection therewith, but from where I sat I was unable distinctly to hear all he said; in fact, I heard very little of what he said. Had I heard what he said in relation to the Senate Committee on Public Lands, I would have made some brief comment at that time, but I certainly did not hear a word of what he said about the Senate Public Lands Committee, and I only learned of it by reading his remarks in the RECORD of Saturday's proceedings. I feel impelled by his remarks in regard to the Senate Public Lands Committee to say a few words by way of comment and explanation.

In support of his rather unusual procedure in introducing a bill to repeal this grant, the Senator from California assigned 14 reasons for his action. I shall take no cognizance of any of them, except the thirteenth, which pertains to the Senate Committee on Public Lands, of which I am chairman, as I feel that it calls for a few words from me in connection therewith. Reason No. 13 is as follows:

13. The bill was reported out of the Committee on Public Lands in the absence of a number of its members known to be opposed to it and without any adequate hearing, and was made a special order by unanimous consent when but a few Senators were present, thus shutting off all further hearing or investigations that were being demanded by people deeply and vitally interested in the subject.

Mr. President, I can not let that assertion go by entirely unchallenged or at least without a few words of comment and explanation. In regard to the first clause of the sentence:

The bill was reported out of the Committee on Public Lands in the absence of a number of its members known to be opposed to it—

I do not deny that; that is entirely true. It is true that a number who were known to be opposed to the bill and who later opposed it were absent; but I will say, Mr. President, that from my experience here it is a very unusual thing at any committee meeting of this body for each and every Senator who is a member of the committee to be present.

Mr. CLARK of Wyoming. Mr. President, will the Senator allow me to interrupt him at that point?

Mr. MYERS. Certainly; with pleasure.

Mr. CLARK of Wyoming. Is it not a fact that prior to the time this bill was taken up and considered in the committee there was an understanding between one member of the committee, who thereafter was absent, and the chairman that this bill would not be taken up in his absence?

Mr. MYERS. Does the Senator refer to the Senator from Utah [Mr. SMOOT]?

Mr. CLARK of Wyoming. I am referring to the Senator from Utah.

Mr. MYERS. I will tell you all I know about the understanding between the Senator from Utah and myself. I was going to reach that presently, but I will take it up right now, as the Senator from Wyoming has asked the question.

Very soon after the tariff bill was passed, which was about the 4th or 5th of September, the Senator from Utah [Mr. SMOOT] came to me and said he was opposed to the Hetch Hetchy bill, that he wanted to be present when it was considered in the committee, and that he desired to be heard upon it before it was reported out. He said that he was compelled to go home to Utah to attend the wedding of his daughter, and asked me either that until his return I should have it not reported or that I should oppose the reporting of it—I do not remember which—but he expressed a desire that the bill should not be acted upon or reported out of the committee until he could be here. I told the Senator from Utah that, so far as I personally was concerned, I would oppose action on the bill or the reporting of it until he could be present and be heard.

The Senator from Utah, in some discussion of this matter during the debate on the Hetch Hetchy bill, used words to the effect that I had promised him that the bill would not be reported until his return; but the Senator, if he meant just exactly that, was mistaken. I did not promise nor guarantee nor undertake to promise nor say that the bill would not be reported until his return. I told him that I would oppose reporting it until his return, but that I could not speak for the whole committee. I am not the committee; I am only one member of the committee, and on anything before the committee my vote only counts one, the same as the vote of any other Senator. I will say in that connection that the Senator from Utah——

Mr. SMOOT. Will the Senator yield just for a moment?

Mr. MYERS. Certainly.

Mr. SMOOT. So that there may be no misunderstanding, Mr. President, I want to state just what I understood regarding the matter. I fully believe that the Senator has stated it just as he understood it; but, Mr. President, if the Senator will remember, before leaving I called his attention to the bill and said I did not want the bill reported out of the committee.

Mr. MYERS. Certainly.

Mr. SMOOT. That I did not want any action taken on it until I returned.

Mr. MYERS. Yes.

Mr. SMOOT. I told the Senator that I had to go home to be present at the marriage of my daughter, and that I would get back here just as quickly as possible; and I asked him if the bill could not remain in the committee until I returned, as I wanted to be heard upon it. The Senator told me he saw no reason why it should not remain there, and that he would see that it was not reported, and, of course, I took it for granted that it would not be reported.

I know, of course, that the Senator can not control the action of the committee, but I did think he could control calling the committee together when there were so many members of the committee absent. The Senator knows that the Senator from California [Mr. WORKS] was out of the city, and he knows that the Senator from Wyoming [Mr. CLARK] was out of the city. He knows that nearly everybody who was opposed to the measure was out of the city.

Of course I am not going to find any fault with the Senator in any way, shape, or form if the balance of the committee forced him to report the bill out of the committee; but I rested upon that promise, and if that promise had not been given me, or at least if I had not understood that the promise was given me, I would not have gone to Utah.

Mr. MYERS. Mr. President, the minutes of the committee meeting show what was done in regard to the matter. The

Senator is certainly mistaken if he thinks I promised him or stated unqualifiedly to him that the bill would not be reported in his absence. I did tell him that I saw no reason why it should be considered or reported in his absence, and that I would oppose any such action, and I did so.

It would be absurd for me to promise what the committee would or would not do. I am not the committee. I have no desire to usurp the functions of the committee or to constitute myself the committee. Nothing could be more remote from my thoughts. When I told the Senator from Utah that I would favor such action as he desired, it applied only to such individual efforts as I could make. I never dreamed nor thought nor said that I could control the committee. I would not undertake to usurp the functions of the committee under any circumstances.

I will say, further, that in our conversation the Senator from Utah told me that his daughter was going to be married on the 17th of September, and that that was what was taking him home, and that he would start back immediately after the 17th of September. The Senator from Utah also told me that we could have a meeting of the committee within any reasonable time after the 17th of September. He told me he would start back immediately after the 17th of September, and would be here soon after that to consider the bill, and said that within any reasonable time, giving him time to get back after the 17th, the bill could be considered in the committee. What he said certainly left me under the impression that he was going to start back immediately after the 17th, and that all he needed was time to get back from Utah after the 17th of September.

Mr. SMOOT. Mr. President, I wish to say to the Senator that I did say to him that the marriage of my daughter would take place on the 17th of the month, but I do not remember telling the Senator that I intended to come right back after the marriage.

Mr. MYERS. I am quite sure of that, because I asked about it.

Mr. SMOOT. I do not want to carry this discussion along any further, as far as I am concerned.

Mr. MYERS. I do not think it is profitable to go very far into these things.

Mr. SMOOT. All I know is that the impression the Senator made upon me—I may be wrong, of course, in my construction of his words—was that the bill would not be reported out of the committee until I returned.

Mr. MYERS. I wish to assure the Senator before closing this phase of the matter that I asked him when he expected to be back. I took pains to make that inquiry. I have a distinct recollection of it. He told me he intended to start back right after the 17th and would be ready to attend the meeting of the committee and participate in it as soon as he could get back after the 17th. I had that very distinctly in mind.

Resuming where I left off when I was asked the question, I will say in regard to the first clause of this reason, numbered 13—

The bill was reported out of the Committee on Public Lands in the absence of a number of its members known to be opposed to it—

That is true. There is no doubt about that. I think it is very seldom that all the membership of a committee is present.

As to the next clause, however—

And without any adequate hearing—

I must deny the correctness of that assertion. I think there was reasonable hearing and every reasonable facility afforded for hearing before the committee.

Mr. CLARK of Wyoming. Mr. President——

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

Mr. MYERS. Certainly.

Mr. CLARK of Wyoming. I should like to ask the Senator what rule the committee adopted as to the length of the hearings.

Mr. MYERS. They had several conferences about hearings. I will enumerate them as I come to them. I will read them.

Mr. CLARK of Wyoming. Let me ask whether it is not a fact that they fixed a certain day upon which they should take up the bill and consider it, and that in that consideration they limited the hearings on behalf of those opposed to it to 1 hour and 45 minutes?

Mr. MYERS. I do not think so. I have no recollection of that. The minutes will show the fact about it; but I do not remember it.

Mr. NORRIS. Mr. President, will the Senator yield to me on that point?

Mr. MYERS. Certainly.

Mr. NORRIS. I think the records of the committee will show that when the matter came up first, both sides being represented, it was agreed unanimously that the hearings of the House committee should be considered by the Senate committee, and that each side should file written briefs. As I remember, there were representatives there both in favor of and in opposition to the bill, and that was agreed to. I think the subsequent hearing, which perhaps the Senator has in mind, occurred after that date—after the committee had voted at a preceding meeting that at the next meeting they should proceed to vote upon the bill and all amendments that might be offered. When that time arrived Mr. Johnson and several other parties appeared, and at their request that order was set aside and they were given a limited time—I do not remember what it was—which, as a matter of fact, went practically to an unlimited time; and the chairman did not call them down at the time, or at least he did not call down a good many of them. So I think the meeting to which the Senator from Wyoming refers was a couple of weeks after the hearings had been formally closed.

Mr. CLARK of Wyoming. Mr. President, I know nothing about it except what the records of the committee show. I have no special fault to find with anything that occurred when the members of the committee were not there, because we all should have been there. Unfortunately, I was detained and was not there; and I was opposed to the bill. I had been opposed to it from its inception.

However, the records of the committee show that when the committee met the first time the bill came up there was a lack of a quorum and that one member was represented by a proxy, making a quorum, and that at that time the question came up on the resolution offered by the Senator from Oregon that the bill should be taken up at the next meeting, seven days thereafter. That vote disclosed a quorum, three members of the committee being against the resolution—among others, the chairman of the committee himself voting against taking it up the following week; but an order was entered at that meeting or at the meeting when it was taken up that hearings upon this bill should be limited, and the opponents of the bill were limited to 1 hour and 45 minutes.

That is what the record of the committee shows. Whether or not it shows the facts in the case of course I am unable to say, because I was not there.

Mr. NORRIS. Was that the last meeting—the day the bill was reported?

Mr. CLARK of Wyoming. That was the day the bill was ordered reported, and an order was made by unanimous consent, or something of the sort.

Mr. NORRIS. I will say to the Senator that, as I remember, referring to the day upon which the bill was reported, that being the day to which the Senator has reference——

Mr. CLARK of Wyoming. Yes.

Mr. NORRIS. I think that is correct; but at a preceding meeting the hearings had been closed, as I stated before.

Mr. CLARK of Wyoming. But there is no record of any hearings having been had before that time, and no opportunity——

Mr. NORRIS. Not at the preceding meeting, but perhaps at the second one preceding that meeting there were representatives there on both sides, and they filed briefs and agreed, since there had been such extensive hearings in the House, that the Senate committee should consider the House hearings and that there should be no further hearings.

Mr. CLARK of Wyoming. That may be, Mr. President.

Mr. NORRIS. So the meeting to which the Senator has reference was in addition to what had been agreed to prior thereto.

Mr. CLARK of Wyoming. I do not suppose there was any necessity for an agreement to consider hearings that had been already had.

Mr. NORRIS. No. I have reference to the agreement that there would not be any further hearings. I think all the members went to the meeting at which the report was made with the understanding that there would be no hearings, or at least they had that understanding until a short time before the meeting; but when they got there people wanted to be heard, and I think we agreed practically unanimously that if they wanted further hearings we should open up the matter and let them be heard, and they were heard for the entire day.

Mr. CLARK of Wyoming. How could that be when an order was made right then and there to report the bill?

Mr. NORRIS. The order to report the bill came after the hearings. They were perhaps limited to an hour, but I have an idea that they ran nearly four hours, because I know it was practically night when the hearings were finished and we reported the bill.

Mr. THOMAS. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. Certainly.

Mr. THOMAS. I attended the last meeting of the committee, and I think the Senator from Wyoming has correctly stated the situation. During the course of the hearing a Mr. Le Hane appeared, and his statement was so comprehensive that it was necessary to give him further time. With the exception of the extension of time which was given to him, I think the situation was precisely as stated by the Senator from Wyoming.

Mr. MYERS. I will try to cover all phases of this matter briefly, because I do not want to take long. I have already been on the floor longer than I intended. If I state anything incorrectly, when I get through I shall be glad to have my attention called to it.

I think the Senator from Wyoming [Mr. CLARK] correctly stated the principle of the matter when he said that members of the committee are supposed to be here, and, if they are not, a majority of the committee is not blamable for going ahead and disposing of business, although I endeavored in this instance to postpone matters still further than they were postponed.

As to the hearings, however, and the opportunity for hearings to be had on this matter, bills for this grant were introduced almost simultaneously in the House and in the Senate early in the special session of the Sixty-third Congress. The first reference I find to either Hetch Hetchy bill on the minutes of the proceedings of the Senate Committee on Public Lands is on the 4th of June. So it appears that one of these bills—in that instance it was the Senate bill—was before this committee on the 4th of June; and the committee, the minutes say, considered the advisability of holding hearings on the subject of a water supply for San Francisco, but took no action. It was discussed, however. The clerk of the committee was directed to secure copies of House Document No. 54 of this Congress and to send each Member a copy. I understand that document is the House hearings.

On the 2d of July there was a meeting. The minutes close by saying that the matter was discussed and that the committee would meet on the following Wednesday for the purpose of considering the measure if the House should make a report on a similar measure on Saturday, as was apprehended.

Again, they held a meeting on the 9th of July, at which the committee considered the advisability of holding hearings on the measure, but concluded to await action on the part of the House committee, which was considering a similar measure section by section.

So at meeting after meeting through the summer this matter was before the Senate committee, and anyone interested had a right to be there and to express his views whether he was a member of the committee or not. As a matter of fact, views were expressed and the matter was discussed in various ways. I am very positive in my recollection that it was decided by the Senate committee at one time during the summer not to have separate hearings of its own, but to have printed copies of the House hearings laid before it and sent to each member, such to be considered the hearings before the Senate committee. I believe that was not objected to by either side, but was acquiesced in.

The House committee held very extended hearings, occupying many pages of printed matter and making a pamphlet of quite considerable size. At those hearings both sides were heard, and there was extended discussion; a great deal of testimony was had, and many views were expressed. The hearings were printed and made quite a pamphlet, as I have stated. They were supplied to each member of the Senate committee, in order that each member might have the opportunity of reading them and making them the hearings of the Senate committee, and getting the benefit of them. Matters ran along in that way until September.

As to the reason for holding a meeting on the 17th of September, when the Senator from Utah could not be here, I will state that there were other matters before the committee that were pressing for consideration. Almost weekly there were coming up appointments to office as to which other Senators would say: "There is an appointment made in my State, and there can be no objection to it. I want a meeting of the committee called to report it out." Appointments were being referred to the committee all fall, right along. Many bills were before the committee, and Senators were requesting meetings of the committee for various purposes. There was a meeting of the committee held, generally speaking, almost every week, whether there was anything of consequence done or not; so it was nothing unusual to have a meeting called on the 17th of September.

A meeting was had on the 17th of September, and I had distinctly in mind the fact that the Senator from Utah could not be there and wanted time to get back. I also had it distinctly in mind that he had said to me that he would start back immediately after the 17th of September and would be here soon after that. On the 4th of September, I see, there was a meeting held, and another on the 17th of September.

At the meeting on the 17th of September a quorum of the committee was present, and a resolution was offered and adopted which I will read. There were people there demanding a hearing on Hetch Hetchy at that time. The advocates of the bill were there in force, very strongly urging a hearing and some action and disposition of the matter. I explained to them very fully the request of the Senator from Utah, and urged them to put the matter over and give him time to be here, and expressed the opinion that no action ought to be taken on that day. As a result, it did go over, in response to my urgent request. It was my personal representation that caused the committee to allow the matter to go over, and the following resolution was offered and adopted:

Resolved, That the bill H. R. 7207 be taken up for consideration on Wednesday, the 24th day of September, and that the same and all amendments pending to, or to be offered thereto, be voted upon and disposed of before the adjournment of the committee.

I voted against that resolution, but nevertheless it was carried, setting the hearing over one week. I wired the Senator from Utah the result of it. I felt confident that, as his daughter was to be married on the 17th, if he was going to start back immediately after the 17th he could be here on the 24th. I felt sure of it. Nevertheless, to be more than sure and more than fair, if possible, I voted against the resolution; but when it prevailed I notified him by wire that the matter would come up on the 24th and that I did not believe I could get it put over any further at that time.

On the 24th of September there was a quorum of the committee actually and corporeally present—not by proxy, nor on paper, nor by request to be counted "present," nor anything of that kind; but there was a corporeal quorum present, consisting of Senators MYERS, CHAMBERLAIN, PITTMAN, THOMPSON, RANSDELL, NORRIS, HUGHES, and THOMAS—8 members out of the 15 constituting the committee—and the Senator from Arizona [Mr. SMITH] was present by written proxy, requesting that his vote be cast for reporting the bill favorably and for the bill generally in all matters.

But, exclusive of that proxy, there were 8 members actually present, a quorum of the committee. A motion was made that the committee proceed to the hearings. I voted against that motion. There were only 2 Senators present who voted against it—Senators MYERS and THOMAS. The other 6 who were present voted in favor of it, and the hearing necessarily had to proceed.

That is all there was to it. The wishes of absent members had been laid before the committee and the committee had voted to proceed, and, of course, it had to proceed. There was nothing else for the committee to do. That hearing occupied one entire day. I think the committee met at 10 o'clock in the morning, and it was after 5 o'clock in the afternoon when the vote was taken on reporting the bill. So one whole day was devoted to the hearings, and the greater part of that time—I think four-fifths or nine-tenths of it—was taken up by parties who were opposed to the bill. No one asked for any further hearing. All expressed themselves as satisfied with the length of time which had been allotted to them. Nobody asked to have the hearing continue for a longer time. At the end of the hearing a motion was made to report the bill favorably, and it was unanimously adopted by the vote of every one of the eight Senators present.

Now, with all due regard to the 7 Senators who were absent, if they had been there I do not see what more they could have done than to have voted against reporting the bill favorably. The vote, anyway, would have stood 8 to 7, but 2 of the absent Senators had sent word that they wanted to be counted for the bill. So, if all had been present, the vote would have been 10 for the bill and 5 against it.

As to the Senator from California [Mr. WORKS], I will not say anything in particular about his absence from the committee meeting at that time because the Senator is not here. I sent him word before I began making these remarks that I was going to make some remarks, and if he cared to be present I would be glad to have him present. But he has not come in. I have not much to say about his absence from the committee meeting, and if I am not correct in what little I may say about it he can correct me some time in the future.

The Senator from California [Mr. WORKS] went home some time before this committee meeting, I think right away after

the tariff bill had been disposed of, early in September, and he stayed until the 1st of December, I think. I am quite sure that before departing he made no request of me that the consideration of the bill be postponed until after his return. The only remark he ever made to me about the bill, I am quite sure, was that he had offered an amendment, and that unless his amendment should be adopted he was opposed to the bill and would oppose it.

When a Senator goes away early in September and remains at home until December 1, whatever the cause may be—and I know nothing about the cause in this instance and have nothing to say about it—I hardly think the proceedings of a committee of the Senate ought to be held in abeyance for nearly three months because a Senator interested in the bill and opposed to it is absent. I am quite sure the Senator from California never made any request of me, as did the Senator from Utah [Mr. SMOOT], to have the bill stand until his return. I believe the Senator from California would verify me in that statement if he were here. I have no recollection of any conversation about it except his statement that he was going home, and that he was opposed to the bill unless an amendment were made to it.

I claim that there was fair and adequate opportunity offered for the consideration of the bill by everyone who was for it and everyone who was against it, and while I regret that some Senators were away when the committee acted, and while I voted against action by the committee at the time it was taken, yet, as the Senator from Wyoming [Mr. CLARK] says, I do not and did not believe that to be a sufficient reason for indefinite postponement nor any valid objection to prompt consideration of a bill by committee or Senate. The Senators who were here, attending to their duties and attending committee meetings and ready to act, were entitled to some consideration.

Now, as to the next clause in paragraph 13:

> The bill * * * was made a special order by unanimous consent when but a few Senators were present, thus shutting off all further hearing or investigations that were being demanded by people deeply and vitally interested in the subject.

When that bill was made a special order there was a quorum of the Senate present. There was a quorum transacting business; frequently calls for a quorum were made, establishing the fact that there was a quorum every day in attendance. That quorum was authorized to do business. What the Senator meant by saying there were only a few Senators here, I do not know. There was more than a majority present. The fact that the bill was set down for a special order, to be voted on upon the 6th of December, was due to the opponents of the bill, not to the advocates of the bill. Two or three days before that order was made, a quorum being called for and being found present, a majority of this body by an affirmative vote ordered that the bill be taken up and made the unfinished business of the Senate. That was done, and the debate ran along for a day or two in a desultory sort of way. There was a good deal of opposition to the bill, and much manifestation of lengthy opposition to it. The advocates of the bill realized that there was no chance of bringing it to a reasonably speedy vote. Then, owing to the opposition of certain Senators, a unanimous-consent agreement was entered into. The bill would have been acted on sooner had it not been for that order, and that order would not have been made had it not been for the Senators who were opposed to the bill. So the making of the order was the result of the action of opponents of the bill. They brought it about, not the advocates of the bill. It was by unanimous consent agreed that the bill should be made a special order, beginning the 1st day of December, and should be voted upon on the 6th of December. There were opponents of the bill present, and all agreed to it. It seemed to suit everybody, and I think it gave reasonable and ample time for debate upon the measure. So all present seemed to think. In fact it was the common talk before the end of the debate that there was a plethora of debate, a surfeit of debate, on it, and everybody seemed to tire of it.

That bill was then debated a whole week. The banking and currency bill which involved the welfare of one hundred millions of people, presenting one of the most vital questions which has ever been before this body in the present or at a past session, was debated only two weeks.

The Hetch Hetchy bill was debated one-half as long as the banking and currency bill was debated. If there was anybody at the time who wished for further debate, I failed to hear of it. Everybody seemed to think it had been debated fully.

As far as the chance for investigation was concerned, an order for the date of voting on the bill was made in October and notice of it was wired to absent Senators and to other people opposing the bill and to the nature lovers and to the irrigators of the San Joaquin Valley and to others interested in all sections of the country. Everybody had an opportunity to come here.

Mr. SUTHERLAND. Mr. President, I rise to a point of order. What is the matter before the Senate?

The VICE PRESIDENT. Nothing.

Mr. SUTHERLAND. I demand the regular order.

Mr. MYERS. I am sorry that I have trespassed on the patience of the Senate so long, but I was about to close. Will the Senator allow me a couple of minutes longer?

Mr. SUTHERLAND. Very well; I withdraw the demand.

Mr. MYERS. I claim, Mr. President, that there was ample opportunity granted to everybody to appear here the first week in December and bring statistics and arguments both for and against this bill to be used in the debate upon it.

As to other reasons assigned as to why the act should be repealed, amongst them it being charged that the majority of the Senators did not understand what they were doing when they voted and that they voted unadvisedly, and that there was a gigantic and insidious lobby here influencing Members of this body, I leave those charged to the Members of this body. I have nothing to say about them; but as chairman of the Committee on Public Lands I desire to disclaim that there was any disposition in that committee to railroad the bill. There was nothing done surreptitiously or stealthily or in any underhand manner by the committee. Everything was done openly and above board; absent Members were notified of what was being done, and the committee endeavored to act in a perfectly fair and upright and straightforward and honorable manner.

I do not believe there is any reason in any action or conduct of the committee for the bill introduced last Saturday by the Senator from California or any ground for any reflection in any way whatsoever upon the committee or any member of the committee.

That is all I care to say.

ELECTION OF SENATORS.

The VICE PRESIDENT. The morning business is closed.

Mr. WALSH. I ask unanimous consent that the Senate resume the consideration of Senate bill 2860.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2860) providing a temporary method of conducting the nomination and election of United States Senators.

The VICE PRESIDENT. The pending question is on the amendment offered by the Senator from Utah [Mr. SUTHERLAND].

Mr. SMOOT. I know that there are one or two Senators out of the Chamber who desire to be here when this question is discussed. For that purpose, and that only, 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	Hitchcock	O'Gorman	Shively
Bacon	Hollis	Overman	Simmons
Bankhead	James	Owen	Smith, Ariz.
Borah	Johnson	Page	Smith, Ga.
Bradley	Jones	Perkins	Smith, Md.
Brady	Kenyon	Pittman	Smith, Mich.
Brandegee	Kern	Poindexter	Smith, S. C.
Bristow	La Follette	Pomerene	Smoot
Bryan	Lane	Ransdell	Sutherland
Burton	Lea	Reed	Swanson
Chamberlain	Lewis	Robinson	Thomas
Chilton	McCumber	Root	Thompson
Clapp	Martin, Va.	Saulsbury	Townsend
Clark, Wyo.	Martine, N. J.	Shafroth	Vardaman
Dillingham	Myers	Sheppard	Walsh
Fletcher	Nelson	Sherman	Warren
Gallinger	Norris	Shields	Weeks

Mr. REED. I announce the necessary absence of my colleague [Mr. STONE] on account of illness, which makes it impossible for him to be present to-day. In his absence he is paired with the Senator from Wyoming [Mr. CLARK].

Mr. MARTINE of New Jersey. I desire to state that my colleague [Mr. HUGHES] is absent from the city on official business.

The PRESIDING OFFICER (Mr. BRANDEGEE in the chair). Sixty-eight Senators having answered to their names, a quorum of the Senate is present.

Mr. WALSH. Mr. President, when this matter was before the Senate for consideration on a prior occasion a suggestion was made that, though the Congress of the United States had power to legislate in relation to the election of Senators and Representatives, giving to that word a narrow significance, it had no authority or power to legislate in relation to the nomination of candidates for United States Senator, and that accordingly those provisions in the bill in relation to the nomina-

tion of candidates would be inoperative. One of the amendments proposed accordingly contemplates eliminating from the bill all its provisions in relation to the nomination of candidates for United States Senator. The high source from which the suggestion comes impels us to give some consideration to it, and I desire to address the Senate briefly with respect to that matter.

When that idea was first advanced I ventured to suggest that the word "elections" as used in the section of the Constitution that is important here was broad enough in its significance to embrace and include all proceedings leading up to the final casting of the vote of the electors and the actual determination of the result thereafter, including the proceedings prescribed by law for the nomination of candidates as well as the ultimate act of choice.

The authority under which we act comes from section 4 of Article I of the Constitution, which provides that—

> The times, places, and manner of holding elections for Senators and Representatives shall be prescribed in each State by the legislature thereof, but the Congress may at any time by law make or alter such regulations.

The determination of the question hinges upon the significance that is to be given to the words "elections" and "regulations" in this provision of the Constitution. I suggested, when the matter was before the Senate heretofore, that provisions in constitutions generally in relation to elections are ordinarily regarded as applying equally to primary elections and to proceedings for the nomination of candidates. I undertake to say that if by authority of any State a compilation of the election laws were made, it would always embrace the laws prescribing the method of nominating candidates. So, likewise, if one is asked as to how elections are conducted in a certain State or in a certain country, he would expect to have information in relation to the manner by which candidates are placed in nomination as well as the manner by which the choice is finally to be made. There is, however, I find upon an examination of the authorities, some diversity of opinion in the courts as to whether general provisions in constitutions in relation to the holding of elections apply to the holding of primary elections. These decisions are not by any means determinative, although perhaps they may be, in a way, persuasive, in seeking to arrive at the correct interpretation to be given to the language of the Constitution under consideration. A great many States hold that provisions in their constitutions in relation to free and equal elections, or in relation to the right of the citizen to vote at elections, embrace primary elections as well as the final election; others hold that they do not; usually, however, by reason of some attendant language in which the significance of the word is restricted. If the matter should be deemed of any particular interest, the investigator will find notes in the Eighteenth Lawyers' Reports, Annotated, and in the Twenty-sixth American and English Annotated Cases which cover the subject. For instance, in the work first referred to, the following résumé is made:

> A primary election for the purpose of placing in nomination candidates for public offices is an "election" within a constitutional provision prescribing the qualifications of electors at "all elections authorized by law." (Spier *v.* Baker, 120 Cal., 370.)
>
> Or within a provision of the State bill of rights providing that "all elections shall be free and equal." (People ex rel. Breckon *v.* Election Comrs., Chicago, 221 Ill., 9; 77 N. E., 321; 5 A. & E. Ann. Cas., 562. See Montgomery *v.* Cheif., infra, contra.)
>
> Or within a constitutional provision prescribing the qualification of voters at "any election." (Johnson *v.* Grand Forks County, 16 N. Dak., 353; 113 N. W., 1071.)
>
> Or within a constitutional reference to "any election." (Leonard *v.* Com., 112 Pa., 622; 4 Atl., 220.)
>
> So, a primary election is within the letter and spirit of a statute prohibiting the sale of intoxicating liquors on "the day of any election." (State *v.* Hirsch, 125 Ind., 207; 9 L. R. A., 170; 24 N. E., 1062.) The court said: "The words 'primary election,' we may say, are as well understood to mean the act of choosing candidates by the respective political parties to fill the various offices as the word 'election' is to mean the final choice of all the electors of the persons to fill such offices. So that the words 'any election' clearly include primary elections, and such elections come within the letter of the statute."
>
> But, on the other had, it has been held that a primary election is not an "election" within a constitutional declaration of the necessary qualifications of electors. (State ex rel. Gulden *v.* Johnson, 87 Minn., 221.)

A word there. Decisions of that character have been rendered in quite a good many States. In the State of Tennessee it was so held in the case of Ledgerwood against Pitts, a leading case, which reviews the authorities upon the subject and holds that a primary election is not an "election" within the meaning of the provision of the Constitution which lays down the qualifications of electors who are entitled to vote at any election. It has been held in cases of that class that the legislature may add qualifications and prescribe limitations upon those who are permitted to vote at the primary election other and different from those that are fixed by the Constitution as controlling in the matter of those who may vote at the general election.

The State of Nevada holds that within the meaning of their constitution a primary election is not an election, and yet its court holds as well that the right to participate in the choice of candidates who are to be voted for at the final election is so much of the essence of the right to vote at all that it is beyond the power of the legislature to add to or take away from the qualifications that are prescribed by the constitution, except to provide that those participating in the primary must belong to the party holding it, or that no one can be permitted to vote except for a choice among the candidates of the party to which he belongs.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Idaho?

Mr. WALSH. I do.

Mr. BORAH. It has been a little difficult, owing to the noise in the Chamber, distinctly to understand the Senator; but, as I take it, the Senator's argument is to the effect that the word "election" reaches back to all the steps which lead up to the final result which constitutes the election?

Mr. WALSH. I take that position. I think, Mr. President, that entirely aside, however, from the question as to whether within the meaning of the language of particular constitutions the word "election" shall be deemed to include primary elections, there are other considerations which easily extend the meaning of the term as it is used in the Constitution of the United States to embrace all preliminary steps. I might say, by way of illustration, that in a Kentucky case it was held that the provision did not apply to the case of primary elections, because it was provided in the constitution of that State that no more than one election should be held in a certain district within any one year, and that, if a primary election was held, there would of necessity be two elections, unless the primary elections were held in the preceding year.

On the general question of power I desire to refer the Senate, however, to some comments of the Supreme Court of the State of Illinois, showing how necessary it is wherever the Australian ballot system exists, how indispensible it is, indeed, to have regulations concerning nominations in order that regulations concerning elections—using the term in the restricted sense—can have any force or significance at all.

Indeed, it will appeal at once to everyone that wherever the Australian ballot system is in existence every comprehensive law in relation to elections must of necessity make some provision in relation to nominations; otherwise it would be impossible to get the name of the candidate upon the ballot at all. The case to which I have referred, People against Board (77 N. E., 321), says as follows, speaking of the Australian ballot law of the State of Illinois:

> That act provides for an official ballot, and in connection with it regulates the nomination of candidates whose names shall be placed on the ballot, the filing of nomination papers and certificates of nomination, and for the printing and distribution of ballots at public expense. No other ballot can be used, and the provisions and restrictions of the act as to what parties and names and other matters shall appear upon it are regulations of elections equally with those provisions which relate to the actual conduct of the election on election day.

I refer to this language particularly because it so happens that it uses the very language of section 4 of Article I of the Constitution—"Regulations in relation to elections"—and the provisions of the law, it is said here, in relation to nominations are just as much regulations of elections as those provisions of the law which prescribe what shall actually be done on the final vote.

> No other ballot can be used, and the provisions and restrictions of the act as to what parties and names and other matters shall appear upon it are regulations of elections equally with those provisions which relate to the actual conduct of the election on election day. It is manifest that, if an official ballot must be used, nominations of candidates whose names shall appear upon the ballot must be regulated in some way, otherwise the whole scheme would become incapable of execution. The right of the legislature to provide for an official ballot is not questioned, and it follows that the legislature may prescribe reasonable requirements concerning it which will not subvert or injuriously restrict the right of suffrage or conflict with the provisions of the Constitution. The act of 1905, which is now under consideration, makes further extensions and regulations for choosing candidates whose names shall be printed on the official ballot, and the legislation is of the same character as the ballot law. All these acts relate to the same subject, and in combination are designed to constitute a single and harmonious system, under which the people may exercise the elective franchise and make their choice between the candidates for public offices. They all relate to elections and are within the meaning of that word as used in the Constitution.
>
> It semes clear that the elections protected by the Constitution are all such elections as are held under authority of law, at which qualified electors may vote; and when statutes are enacted which regulate the form of the ballot to be used, what shall appear upon the ballot, and how the candidates whose names shall so appear shall be chosen, the provision of the Bill of Rights applies to the new condition.

The right to choose candidates for public offices whose names will be placed on the official ballot is as valuable as the right to vote for them after they are chosen, and is of precisely the same nature. There is scarcely a possibility that any person will or can be elected to office under this system unless he shall be chosen at a primary election, and this statute, which provides the methods by which that shall be done and prescribes and limits the right of voters and of parties, must be regarded as an integral part of the process of choosing public officers, and as an election law.

Whatever view may be taken, as I have said, as to the significance to be given to the word "elections" in particular constitutions, there can be no doubt that, when power is given to regulate elections, it must of necessity, wherever the Australian ballot system is in vogue, include regulations by which the names of various candidates may find a place upon the official ballot which is to be used at the final election. That is all I care to say with reference to the general subject of the power to legislate in relation to nominations.

The particular matter before the Senate is the amendment offered by the Senator from Utah [Mr. SUTHERLAND], and I trust very much, indeed, that the amendment will not be adopted.

Mr. SHIELDS. Mr. President——

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

Mr. WALSH. Certainly.

Mr. SHIELDS. Before proceeding to a new branch of the question, I should like to inquire if I am correct in understanding that there is an amendment pending striking out the clause in regard to nominations?

Mr. WALSH. There is such an amendment pending, it having been offered by the Senator from Georgia [Mr. BACON].

Mr. SHIELDS. I had not noticed it, and I merely wanted to know if I understood it correctly.

Mr. WALSH. The committee having this matter under consideration gave very careful consideration to the question of the particular State laws to be made applicable, those in relation to the election of State officers or those concerning Members of Congress. Which ought to be followed as guides in the matter of the election of United States Senators?

The original act prescribed that the provisions of law applicable to the election of Representatives in Congress should be followed. That is a very reasonable provision, and would ordinarily, without reflection, receive acceptance at once; but when you come to think about it, Representatives in Congress are ordinarily elected by single districts; indeed, the statute of the United States now requires that they shall be so elected, except in cases where there is a Representative at large. The regulations, then, applicable to Members of Congress have reference only to single districts, and we can very well conceive that there might be some provisions of law in some State providing a certain method for the nomination and election of a Representative in one district quite different from the regulations in another district. I apprehend that it will be found that in some of the States there are provisions applicable to the nomination and election of candidates for Representatives in Congress in some of the densely populated cities that are not required at all in some of the remote country districts; at least, it is readily conceivable that some provision of that kind would be made.

Likewise, the election for Representative in Congress is to be conducted only in a single district. Of course, there must be some provision for proclaiming the election, for giving notice to the electorate, and for publication of the notice of election. You will at once see that any provision of a State statute which has application to a single district and provides for the publication of the notice of election within a particular district, or even within any of the districts in a State, would be quite inapplicable in the case of the election of a United States Senator, who is to be chosen by the electors of the State at large. The Representatives being chosen by a single district, the laws would ordinarily be found rather inapplicable to the case of the election that is to be conducted through the State at large.

Mr. CHAMBERLAIN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Oregon?

Mr. WALSH. I do.

Mr. CHAMBERLAIN. Is it the opinion of the Senator, and was it the opinion of the committee, that this proposed measure would supply all the necessary qualifications for the election of a Senator in those States which have not enacted any law on this subject since the adoption of the seventeenth amendment?

Mr. WALSH. That was the intention of the act; it is to be made applicable only in those States which have not adopted any specific provision. Those States which have already provided for the specific case will not be affected by the proposed statute at all.

Mr. CHAMBERLAIN. In the State of Oregon, for instance, the law that is now in force was in force before the adoption of the seventeenth amendment, and there is some question now as to what procedure must be followed for the filling of the coming vacancy. The Senator thinks that this bill, if enacted, will meet all of the requirements in any case?

Mr. WALSH. I think so.

Mr. President, the amendment proposed by the Senator from Utah, recognizing that these conditions of which I speak will exist, provides—

That if the manner of such nomination or election is not applicable to the case of a nomination or election by the people of the entire State the laws respecting the manner of nominating or electing the governor shall be followed.

I shall advert to the particular language of the proposed amendment directly, but, speaking generally, it is intended to provide that the method provided for the election of a governor shall be applicable, while the bill as reported by the committee provides that the methods provided by the State statute for the nomination and election of the general administrative and executive officers of the State shall control. The idea of the committee was that some States might have some provisions of law specially applicable to the case of the nomination and election of a governor simply because he is the governor, and different provisions in regard to the general administrative and executive officers of the State; and we wanted the general provisions of law to govern rather than the provisions of the law applicable to any particular officer, because the considerations which took that particular officer out of the provisions of the general statute would have no force in all probability in the case of the selection of a United States Senator.

Mr. SHIELDS. Mr. President——

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

Mr. WALSH. I do.

Mr. SHIELDS. I should like to ask the Senator what would be the effect of this provision in regard to primary elections in States that have no legalized primaries?

Mr. WALSH. It would have no effect whatever.

Mr. SHIELDS. That is what I understood. It can not be a general law applying to all the States of the Union, then.

Mr. WALSH. It is a general law applicable to all the States of the Union which have laws on these subjects. Every State, of course, has a law in relation to elections. Every State has a law in relation to the election—that is, the final choice—of general administrative and executive officers. If it has not any law in relation to the nomination of candidates for offices, of course there will be no law, then, applicable to the nomination of candidates for United States Senator.

Another thing to which I wish to advert in connection with the amendment offered by the Senator from Utah [Mr. SUTHERLAND] is this: Section 1 of the bill as reported by the committee provides for the time of holding the election. It provides that it shall be held at the general election next preceding the expiration of the time for which any Senator was elected, at which general election Members of Congress will be voted for. We did that because in some States they elect a governor only every four years, and if it were not specified particularly it would be necessary to elect the Senator at the time the governor and other State officers were elected, which in some cases might be three years before the time he would take his seat. It was our purpose to make it as close as seemed practicable to the time when he would actually assume the duties of his office.

The next section, section 2, covers the case of the place and the manner of conducting the elections, and says that the place and the manner shall be exactly the same as the place and the manner of electing Representatives in Congress at large, if there is any such provision. If there is no such provision, then as is provided in the case of the general executive and administrative officers.

Section 2, Senators will observe, covers both place and manner. The amendment offered by the Senator from Utah [Mr. SUTHERLAND] provides:

That if the manner of such nomination or election is not applicable to the case of a nomination or election by the people of the entire State, the laws respecting the manner of nominating or electing the governor shall be followed.

This leaves the matter of place to be controlled by the preceding provision. In other words, the Senator, I think, will recognize that at least the amendment should be amended so as to include the place, if he desires to have that method followed. As it is now the place would be prescribed in one

way by one law and the manner would be prescribed by a totally different law.

Mr. SUTHERLAND. Mr. President, I think all of us want to have a law passed here that will be workable. Certainly, so far as I am concerned, I have not any pride of opinion about any amendment I have offered, and I offered it only because I think the bill as reported by the committee is not workable. If it is, then there is no need of my amendment, because it is a matter of no particular concern whether the law with reference to the nomination and election of Representatives at large or with reference to the nomination and election of Representatives by districts is to be followed, or the law with reference to the nomination and election of governor, or that with reference to the nomination and election of the ordinary executive and administrative officers.

The whole object of the amendment is to provide a workable scheme. Therefore the first inquiry it is necessary to make is whether or not the bill as reported from the committee requires any amendment. Is the bill sufficient to cover the matter we have sought to cover?

The bill provides in the first section that the regular election for United States Senators shall be held at a certain time. We all agree about that. It applies only to the regular election and in no manner affects a special election.

The second section covers not only the matter of the general election so far as the place and manner are concerned, as the Senator from Montana has stated, but it also covers the question of time so far as a special election is concerned. If it does not do that, then there is no provision in the law fixing the time for a special election. The second section does not deal with the question of time so far as general elections are concerned, because the question of time with reference to general elections is covered by the first section, but it deals with the question of time and place and manner, all three of them, so far as special elections are concerned.

The provision of the second section is that the nomination of candidates and their election to the office of United States Senator shall conform as nearly as may be to the laws of the State regulating the nomination and election of candidates for Members at Large of the National House of Representatives.

My criticism about that is that there are many States where the law is not applicable to the election of a Member at Large. The language of some statutes will be applicable to the election of Representatives by districts, but not to the election of a Member at Large; so that in those States there would be no rule laid down which can be followed. The language is, I repeat, that the nomination and election shall conform to the law of the State "regulating the nomination and election of candidates for Members at Large of the National House of Representatives."

When Congress has provided a new apportionment, there generally has been a provision that temporarily the Member at Large shall be elected in the State at large; but there are many State statutes that do not deal in terms with the question of the election of Members at Large at all. So it seems to me we must find some other language in place of that which is used in the bill so far as that feature is concerned.

To cover that, I have provided in my amendment that we shall conform to the law of the State with reference to the election and nomination of Representatives in Congress, without specifying whether at large or by districts.

The next part of the bill which, it seems to me, is faulty is the proviso:

Provided, That in case no provision is made in any State for the case of the nomination or election of Representatives at Large—

You see, the bill itself concedes that there may be such cases—

the procedure shall be in accordance with the laws of such State respecting the ordinary executive and administrative officers thereof who are elected by the vote of the people of the entire State.

There are two objections to that. First, there may be in different States—and I have no doubt that is the case—different provisions made for the election of different executive and administrative officers. The auditor may be nominated and elected in one way; the secretary of state may be nominated and elected in another way. So that will introduce an element of confusion. Whenever a State undertakes to comply with this law it will have to determine whether it shall follow the manner of nominating and electing an auditor or the manner of nominating and electing a secretary of state or some other officer.

The second objection to it is that in many States—for example, in my own State—in case of vacancies no executive or administrative officer of the State is elected at all. When a vacancy occurs in the office of auditor, attorney general, secretary of state, or any of the other executive or administrative offices of the State, that vacancy is filled by an appointment. So we will find cases in many of the States to which that proviso will not apply. We will have cases arising in the various States where the substantive provision of the section will not apply, because there is no statute regulating the nomination and election of Members at Large of the House of Representatives; and the proviso will not apply in the case of a special election, because no executive or administrative officer is elected at a special election. He is appointed when a vacancy occurs.

It being apparent, therefore, as it seems to me, that the bill in its present form is faulty, and that it must be amended in some way, the question arises, How shall it be amended?

The Constitution provides that the legislatures of the various States shall regulate the time and place and manner of the election of Representatives and Senators; and it provides, further, that Congress may from time to time make or alter such regulations. As I said the other day in discussing this matter, those three words—"time" and "place" and "manner"—include every possible element of an election; and it is necessary in any bill which we enact into law that those three elements shall be covered.

There never can be any trouble about the question of time and place. The provision of the law that the statutes of the States, with reference to the nomination and election of Representatives by districts, shall govern in this respect will cover the question of time and place, because the time of the election of a Representative in a district clearly can be made applicable to the time of electing a Senator in the whole State. The place also can be made applicable, because the place is only the voting precinct or the voting district.

Mr. POINDEXTER. There would not be any question about that.

Mr. SUTHERLAND. No; there never could be any question about those two things. The only matter that can ever trouble us at all is the question of manner; and that answers the suggestion of the Senator from Montana that the amendment I have proposed is not sufficiently broad because it does not include place as well as manner. There is no need of dealing with the question of time or place at all in the proviso. We provide that the laws with reference to the nomination and election of Representatives shall be followed.

That fully covers the question of time and place, and we need not consider those questions any further. I provide, further, having passed that point:

Provided, That if the manner of such nomination or election is not applicable to the case of a nomination or election by the people of the entire State, the laws respecting the manner of nominating or electing the governor shall be followed.

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

Mr. SUTHERLAND. I yield to the Senator.

Mr. CHAMBERLAIN. I rather like the language of the amendment of the Senator from Utah, but I can see one difficulty even in that. Take the case of the State of Oregon. We have no Member of Congress at Large.

Mr. SUTHERLAND. No.

Mr. CHAMBERLAIN. So your bill provides for that?

Mr. SUTHERLAND. Yes.

Mr. CHAMBERLAIN. It provides for the nomination and election of a Senator as Representatives in Congress are nominated and elected?

Mr. SUTHERLAND. Yes.

Mr. CHAMBERLAIN. In Oregon, for instance, a different rule is provided for the nomination of a Congressman in a particular district from the rule which is provided for a general State officer—for instance, the governor.

Mr. SUTHERLAND. In Oregon you have a primary law with reference to the nomination of United States Senators.

Mr. CHAMBERLAIN. There is some question in some quarters there about that. I think, myself, our laws are sufficient; but while this matter is being fixed up, I should like to have it broad enough to cover that, if it is going to cover some other States.

Mr. SUTHERLAND. This is only temporary, Mr. President. It is to tide over the period which will intervene between now and the time when the various legislatures can meet in regular session and adopt laws in reference to this matter.

Mr. CHAMBERLAIN. In Oregon there will be no session of the legislature until 1915.

Mr. SUTHERLAND. I know that; but there will be no difficulty about proceeding under this law in Oregon. If you have a law in Oregon which deals with the subject of nominating United States Senators, that law will apply, because the provision of the bill is that until or unless otherwise specially

provided by the legislature this shall go into operation. If you have not such a law, then this bill furnishes you a plan upon which you can operate until you have a law.

Mr. CHAMBERLAIN. I think probably the last clause of the proposed amendment of the Senator would cover even Oregon, where it provides that the laws providing for the election of a governor shall be followed in case the laws for the election of a Congressman do not apply.

Mr. POINDEXTER. Mr. President——

Mr. SUTHERLAND. I yield to the Senator from Washington.

Mr. POINDEXTER. The statement made by the Senator from Oregon will illustrate the proposition involved in the bill. So I should like to ask the Senator from Oregon why the laws of that State with reference to the nomination and election of Representatives could not be applied to the nomination and election of a Senator throughout the entire State?

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (S. 48) to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes.

Mr. CHAMBERLAIN. I ask that the unfinished business be temporarily laid aside.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent that the unfinished business be temporarily laid aside. Is there objection? The Chair hears none, and it is so ordered.

Mr. CHAMBERLAIN. In reply to the Senator from Washington I will state that there is only one reason why there might be a difference. For instance, the petitions filed for the nominations for Representatives in Congress have to be signed by the voters of the certain counties in the particular district, while petitions for the nomination of general officers of the State are signed by not only the members of the particular congressional district, but of the others as well.

Mr. POINDEXTER. Of course it seems to me perfectly obvious that administrative officers would construe the law so as to make it applicable to the entire State, simply applying the method and the manner that are used in the district.

Mr. CHAMBERLAIN. I will state to the Senator that so far as I am concerned I believe that the Oregon laws are sufficient, but there is some question about it, and while it is attempted to correct conditions I thought I would raise the question in that respect.

Mr. SUTHERLAND. I suggest to the Senator from Washington that if the law of any State, with reference to the nomination and election of a Representative from a district, can be made applicable to the case of the nomination and election of a Senator, then the bill permits that to be done. The proviso is only put in by way of precaution in case there shall be such a law in any State that is not applicable to the case of the nomination and election of a Senator; then we go to the law with reference to the nomination and election of a governor.

Mr. NORRIS. Mr. President——

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

Mr. SUTHERLAND. I do.

Mr. NORRIS. It seems to me that the Senator would simplify the situation very much—and I am speaking as a friend of the amendment; I like it better than the bill—if he would apply it only to one officer. In the case the Senator from Oregon suggests the question would arise, if there were a vacancy in Oregon, whether the law applicable to Members of the House of Representatives would apply, and difficulty might arise as to the very proposition as to whether the law was applicable or not, that law being different from the law that applies to the nomination and election of a governor. I want to suggest to the Senator that he eliminate in his amendment everything except the nomination and the election of a governor. I take it that in all the States they have a regulation as to that, and it would make it general and prevent that kind of a difficulty.

Mr. SUTHERLAND. The difficulty with that is that we are not only providing for general elections, but we are providing for special elections as well. I do not know of any State where, when a vacancy occurs in the office of governor, a special election is held. When a vacancy occurs in the office of governor in my State the secretary of state succeeds under the law. In other States the lieutenant governor succeeds. So the bill would not cover the case of a special election. That is the difficulty.

Mr. NORRIS. But why not by this law have the nomination and election of a governor at the regular election apply both to the special and regular election of a Senator?

Mr. SUTHERLAND. Because when you call a special election you have to fix the time. The time is not fixed by statute. The statute will provide, for example, that the governor shall issue a notice 30 days or 60 days before the election. If you provide for adopting the law of the State with reference to the nomination and election of a governor, there being no governor elected at a special election, there would be no provision of law which would govern the matter of time. That is the difficulty with that.

The Senator will find the more he looks into it the more complex the subject becomes. If we were dealing by the bill only with general elections, it would be a very simple matter. Then we could adopt the law with reference to the election of governors. But we are dealing with the question of special elections as well.

As I have said, the law with reference to the nomination and election of Representatives, so far as time and place are concerned, will always apply, because in every State there is a provision for holding a special election to fill a vacancy caused by the death or resignation of a Representative in Congress, although there is no law with reference to the case of a vacancy in the office of governor. Here the element of time and place will be amply taken care of. If we adopt a law wherever the general law of the State with reference to the election of Representatives is not applicable, then we will simply adopt, as is suggested in my amendment, a provision that we shall follow the law of the State with reference to the manner of nominating and electing a governor, we will cover the whole field, it seems to me.

Mr. ROBINSON. Mr. President——

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

Mr. SUTHERLAND. I do.

Mr. ROBINSON. The language reported by the committee does appear to be somewhat indefinite. It is—

> That in case no provision is made in any State for the nomination or election of Representatives at Large, the procedure shall be in accordance with the laws of such State respecting the ordinary executive and administrative officers thereof.

I ask the attention of the Senator from Montana [Mr. WALSH] to this language. It occurs to me that it might be quite difficult to determine how the election should be held in States where the manner of choosing the executive officers differs from the manner of choosing the administrative officers or where the manner of choosing one executive officer of the State differs from the manner of choosing another executive officer of the State.

Mr. SUTHERLAND. That I stated a moment ago.

Mr. ROBINSON. It seems to me that it might open a conflict as to the manner of making this choice. In my State the law is uniform as to the manner of choosing both executive and administrative officers. Still there might be some States where a controversy growing out of the difference in the provision as to choosing administrative and executive officers would arise.

I want to call the attention of the Senator from Utah to a feature of his amendment and ask his opinion about its practical operation. If it be limited to the manner of choosing a governor, it would give the approval of Congress in some cases, under the existing manner of choosing governors, for instance, in the State of Louisiana, to a choice expressed four years before the beginning of the term of the Senator to be chosen.

While, if Congress is to legislate on the subject at all, I am heartily in sympathy with the general principle that runs through the bill and through the Senator's amendment of recognizing the preference of the States in those matters, I wonder if it is desired by this legislation to approve of a nomination made in that way? Take the case of Louisiana, for instance. It is possible, if the Senator's amendment prevails, that a Senator from Louisiana may be nominated practically four years before his term will begin. That would not be possible under the election if conducted in the same way that Representatives are chosen, but it would be possible both under the amendment reported by the committee and under the amendment introduced by the Senator from Utah.

If the Senator will pardon me for just one moment further, my idea is to make the system of popular elections harmonious, so that the nomination and the election may be within a reasonable time of the beginning of the service of the Senator, and that it is inconsistent with the spirit of the amendment to say that a Senator may be chosen four years before he shall actually begin his service. That would result, as I think I have already pointed out, in some of the States, notably the State of Louisiana. A Senator might be chosen, for instance, to succeed Senator RANSDELL four years in advance of the expiration

of Senator RANSDELL'S term, because under the law of Louisiana a governor is chosen only once in four years. It has happened once in the recent past that the choice has been made in that way.

Mr. SUTHERLAND. The situation which the Senator speaks of could not arise under this bill because, in the first place, express provision is made with reference to the regular election in the first section, namely:

That at the regular election held in any State next preceding the expiration of the time——

Mr. ROBINSON. I understand that——

Mr. SUTHERLAND (reading):

for which any Senator was elected to represent such State in Congress, and at which election a Representative to Congress is regularly by law to be chosen.

That makes it necessary for the State to hold the election for United States Senator to fill the regular term at the November preceding the March at which the term of office expires.

Mr. ROBINSON. Yes; but as the governor is elected only once in four years, it could not be done in that way.

Mr. SUTHERLAND. The bill does not adopt the law with reference to the election of governor, so far as time is concerned. It is limited to the manner of election. As the Senator will see, if the manner of such election is not applicable to the case of a nomination and election by the people of the entire State, the laws respecting the manner of nominating or electing the governor shall be followed, leaving the element of time and place to be governed in all cases by the law with reference to the nomination and election of Representatives.

Mr. ROBINSON. If that is the correct construction of it, I think the amendment is more definite than that reported by the committee.

Mr. SUTHERLAND. As I use only the word "manner," there can be no confusion of the kind to which the Senator calls attention.

Mr. POINDEXTER. The amendment of the committee, speaking with reference to the suggestion made by the Senator from Arkansas, contains this language:

Until or unless otherwise specially provided by the legislature thereof.

It is not intended either by the amendment offered by the committee or by the amendment offered by the Senator from Utah [Mr. SUTHERLAND] to interfere in any way with the right of the State, acting through its legislature, to make such regulations on the subject as are not inconsistent with or in conflict with the seventeenth amendment to the Constitution. So before the four years, which the Senator from Arkansas speaks of as in some States, such as Louisiana, elapsing between the election and beginning of the term, the Legislature of Louisiana would have had an opportunity to make such regulations on the subject as it might see fit under either form proposed for the bill.

Mr. ROBINSON. I am inclined to think from the statement made by the Senator from Utah that the objection which I have suggested is obviated by the language which he has carefully chosen.

Mr. SUTHERLAND. Mr. President, with the criticism which is made by the Senator from Arkansas upon the proviso as contained in the reported bill I quite agree. I had already stated it, perhaps before the Senator came into the Chamber, namely, that if we conform to the law respecting the ordinary executive and administrative officers, confusion is certain to result in some States where the different administrative and executive officers are nominated and elected in different ways.

I also call the attention of the Senator from Arkansas to the other criticism which I made, which seems to me to be more important, that in many, if not all, the States—I do not know whether there is an exception to it, but I know in many of the States, in my own State, as I have already stated, whenever a vacancy occurs in the office of an executive or administrative officer an appointment to fill the vacancy is made by the governor. So we never could have an election at a special election if we conform to that rule, because there is no special election with reference to executive and administrative officers.

Mr. President, as I said in the beginning, my only anxiety, and that is the anxiety of the Senator from Montana as well, is to have a scheme that will be workable; and it does seem to me that if we adopt the bill as reported by the committee we are bound to run into some difficulties and confusion. I think the amendment which I have suggested will obviate that.

Mr. BRANDEGEE. Mr. President, I am strongly in favor of the amendment proposed by the Senator from Utah [Mr. SUTHERLAND], but I do not care to discuss that question. The Senator has made it clear to me, and I have nothing to say about it. I wanted to ask the Senator in charge of the bill, however, to turn his attention to page 2 of the bill, looking at the first line on page 2, and then follow me as I call his attention to another feature of it. It provides—

That at the regular election held in any State next preceding the expiration of the term for which any Senator has been chosen to represent such State in Congress, at which election a Representative to Congress is regularly by law to be chosen, a United States Senator from said State shall be elected by the people thereof for the term commencing on the 4th day of March next thereafter.

The first line of that section speaks of this election as a regular election. In line 10, where the section refers to what I assume is the same thing, it describes it as a general election, "elected either at a general election or at any special election." It occurs to me that in the first line of the bill it would be better to say "that at the general election held in any State" instead of at the regular one.

Then I wanted to ask the Senator whether in the case of Louisiana, which has been referred to by the Senator from Arkansas [Mr. ROBINSON], if it is true that they have a general election only once in four years, what would happen if the provision contained in lines 7 and 8 of page 2 were in force, to wit, "a United States Senator from said State shall be elected by the people thereof for the term commencing on the 4th day of March next thereafter"?

After the election, which had been held perhaps four years previously, would there not be a conflict about it?

Mr. WALSH. It could not possibly be so, Mr. President, because the election for Senator is to be held at the regular election at which Representatives in Congress are chosen next preecding the expiration of the term, regardless of what the provision says in relation to the election of State officers.

Mr. BRANDEGEE. I think the Senator is correct about that.

Mr. WALSH. I will say to the Senator that I find the words "regular" and "general" are interchangeable with reference to those elections which occur at stated times. I dare say it might probably be more advisable to use the same word in both connections.

Mr. BRANDEGEE. Would it not be better to describe the official as the Representative "in Congress" rather than "to Congress"?

Mr. WALSH. I followed in the framing of the bill the language of the statute as it is already framed. I think I had it so framed.

Mr. BRANDEGEE. Does the statute so describe the officer?

Mr. WALSH. That is my recollection.

Mr. BRANDEGEE. It is almost universally printed the other way, Mr. President. This print is so confused and interlined with amendments that it is impossible for me to tell, not having been here on the day when it was previously considered, which have been adopted and which are pending.

Mr. WALSH. None of them have been adopted.

Mr. BRANDEGEE. They are all pending then upon the same basis as to precedence in consideration?

Mr. WALSH. I am not posted as to the order of them.

Mr. BRANDEGEE. I will wait then until they are proposed in their order.

Mr. WALSH. Mr. President, I merely wish to say, on the amendment under consideration, because it was adverted to by the Senator from Arkansas [Mr. ROBINSON], of course we can conceive that there would be some provision in the State applicable to one or more executive or administrative officers and other provisions applicable to some other administrative or executive officers. But that is so remote a chance that we ought not to hesitate about passing the bill speedily because of the possibility of confusion there.

I do desire, however, to suggest in connection with the amendment offered by the Senator from Utah [Mr. SUTHERLAND], that there is, it seems to me, much force in the suggestion made by the Senator from Nebraska [Mr. NORRIS]. The amendment proposed makes applicable, in the first place, the provisions of law in relation to the nomination and election of Representatives in Congress, but if those provisions are not applicable, then the provision in relation to the nomination and election of candidates for governor. In other words, the question will always come up and be an ever-recurring question of controversy that will have to be settled in the courts as to whether the laws in relation to nomination and election of Representatives in Congress are or are not applicable. I undertake to say that in some States it will be found and held that they are applicable and in some other States the courts will hold that they are not applicable, and I am very much afraid confusion will ensue.

Now, I have no personal interest in this matter at all, because we have already made special provision in my State for the case of the nomination and election of candidates for United States Senator. So the act would not affect my State at all. I think, however, that we spend too much time upon this matter, because, as suggested by the Senator from New York some time

ago, in all reasonable probability the States will speedily take this thing up and legislate themselves in respect to the matter, and we are not likely to find any great amount of controversy arising. I think we might well have allowed the bill to pass as reported.

Mr. VARDAMAN. Before the Senator from Montana takes his seat, I wish to ask him a question:

And provided further, That in any case the candidate for Senator receiving the highest number of votes shall be deemed elected.

Does that have any reference to the nomination?

Mr. WALSH. I would say not.

Mr. VARDAMAN. It does not?

Mr. BACON. Will the Senator from Montana allow me to ask him a question in that connection? If we have the right under the law to regulate the manner of the nomination, why have we not just as much right to determine what vote shall be sufficient in the nomination as we have to determine what vote shall be sufficient to constitute an election?

Mr. WALSH. I should say so unquestionably.

Mr. BACON. Therefore the contention of the Senator is——

Mr. WALSH. Excuse me. I should say it would be exceedingly unwise to legislate on the matter; but we have the power to do it, I think.

Mr. VARDAMAN. Does not the Senator from Montana think it should be made sufficiently clear to prevent any possible complication resulting from it as to whether it shall or shall not apply in any State which requires a majority to nominate for the office?

Mr. WALSH. I should say there could be no reasonable doubt about it.

Mr. VARDAMAN. I do not think the Federal Government has any right to legislate upon the question of nomination at all, and it should not exercise it if it has the power. But certainly it ought to be made very clear.

Mr. BRADLEY obtained the floor.

Mr. JONES. I understand that the Senator from Kentucky has given this matter a great deal of thought and he has a particular proposition which he wants to present to the Senate. Therefore 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	Norris	Smith, Ariz.
Bacon	James	O'Gorman	Smith, Ga.
Bankhead	Johnson	Overman	Smith, Md.
Bradley	Jones	Page	Smith, S. C.
Brady	Kenyon	Perkins	Smoot
Bristow	Kern	Poindexter	Sutherland
Bryan	Lane	Reed	Swanson
Burton	Lea	Robinson	Thomas
Catron	Lewis	Root	Thompson
Chamberlain	McCumber	Saulsbury	Townsend
Chilton	Martin, Va.	Sheppard	Vardaman
Clark, Wyo.	Martine, N. J.	Sherman	Walsh
Dillingham	Myers	Shields	Warren
Fletcher	Nelson	Shively	Weeks
Gallinger	Newlands	Simmons	Williams

Mr. REED. I desire to renew my announcement regarding the illness of the Senator from Missouri [Mr. STONE], and I will let this statement stand for the day.

The VICE PRESIDENT. Sixty Senators have answered to the roll call. There is a quorum present. The Senator from Kentucky will proceed.

Mr. BRADLEY. Mr. President, I am satisfied that the bill now pending authorizing and regulating the election of United States Senators, at any rate in so far as the filling of vacancies is concerned, is unconstitutional, and in proof of this assertion I desire to call the attention of the Senate to my reasons therefor.

In determining this question, we must take into consideration above all other things the seventeenth amendment to the Constitution; and in construing that amendment we must consider the purpose of its proposal and ratification, and the circumstances existing at the time. We very frequently hear the expression that the people adopted this amendment. In one sense of the word that is true. The people have adopted it through their agents, to wit, the legislatures of the States.

It is also frequently said that we must do what the people desire. There is no Senator on this floor who bows with more becoming submission to the will of the people than do I, nor is there one who has more respect for their will, nor who would more cheerfully comply with it when it can be done without violence to the organic law. I deny that it is their will that we should enact this law. When we undertake to ascertain what the will of the people is we must consider the amendment itself in order to determine, for through it they have spoken. We have no authority to go outside of the language it contains.

At the time when this question was being agitated, there was absolutely no discussion as to how vacancies should be filled in the terms of the old Senators—I call them "the old Senators" to designate the Senators who were elected before the seventeenth amendment became valid as a part of the Constitution—there was absolutely no discussion on that point. The whole discussion was on the right of the people thereafter to elect their Senators. So when the State legislatures ratified the amendment, they very clearly indorsed the language therein contained, thereby expressing their purpose. To say that something was intended more than was expressed in the amendment is merely idle; to say that it does not express the will of the people is to say that the people and their agents had not sufficient intelligence to make known their desire.

I voted for it when it was before the Senate. I did so with very grave doubt as to whether or not such an innovation should be adopted. But believing that the great majority of the people of the country demanded it, I yielded my opinion and voted for it. I am in favor of complying with the will of the people, but I am not in favor of doing something for which the people have made no request, merely to cater to what may be thought by some to be their wish or to play the demagogue in order to acquire cheap notoriety. I prefer to confine myself to the written law of the land in the performance of duty in this body.

In the first place, we must consider the mischief attempted to be remedied. What was it? The further election of Senators by the legislatures of the States. That was the only mischief, and it was to be remedied by giving the people the right to elect. We must take into consideration, too, the provisions of the Constitution as they stood before the amendment was adopted and ratified. Sections 3 and 4 of Article I of the Constitution clearly lay down the rule concerning vacancies. Under these sections of the old Constitution—and we will call it that in order to distinguish it from the Constitution after the seventeenth amendment was adopted—Senators were elected for a period of six years. When a vacancy occurred during the term of any Senator, if the legislature was in recess the governor of the State was empowered to fill it temporarily until the legislature met, when that body was authorized to fill the remainder of the unexpired term by election.

Let us see when we proposed this amendment and when it was ratified what we necessarily took into consideration. In the first place, it was not absolutely certain that it would be ratified, though such was the general belief. In the second place, if it should be ratified, it was not known how much time would be consumed in its ratification by the various State legislatures. In the third place, it was reasonable to suppose that during that period vacancies would occur in the Senate. Consequently, the question directly presented itself as to how these vacancies should be filled. It was known by this body, and it was known by the legislatures of the States, that some of the State legislatures met annually, some biennially, some triennially, and some quadrennially. All these matters were taken into consideration in the preparation of the amendment, and it was the intention that ample time should be given for carrying its provisions into effect. At all times we had in view that section of the Constitution—the only section—that can not be amended, section 1, Article V, which provides "that no State, without its consent, shall be deprived of its equal suffrage in the Senate."

We all knew, Senators, the mighty struggle which took place in the Constitutional Convention on the question of equal senatorial representation among the States; we knew that intense excitement prevailed in the discussion of that question, and that it seemed to be imminent at one time that there would be an irreconcilable disagreement. Finally, after mature consideration and much deliberate and acrimonious debate, it was determined that each State should have two Senators, who should serve for six years. Fearing future action might change this basis by way of constitutional amendment, a prohibition was placed in the organic law that:

No State, without its consent, shall be deprived of its equal suffrage in the Senate.

That section did not mean that no State should be prevented from having its equal suffrage for the whole six years; it meant exactly what it said, that no State should be prevented from exercising its right of equal suffrage in the Senate without its consent for any part of the time.

The State of Alabama did not ratify the seventeenth amendment, and hence did not consent to a deprivation of equal suffrage. We had presented here from that State a certificate of appointment by the governor; but I will come to that further along.

If the seventeenth amendment has the effect, or if it was its purpose to deprive any State in the Union of its equal suffrage in the Senate for any length of time, then it is absolutely void; but I contend that such was not its intention and that such is

not its effect. We have presented before us this peculiar state of case; Senator Johnston died on the 8th of last August, over four months ago. Since that time we have had before this body more important legislation, possibly, than has ever been before it during the same length of time. During all that period the State of Alabama had but one Senator, when she was entitled to two. The governor promptly made an appointment of Senator Johnston's successor and sent him here. The matter was referred to the Committee on Privileges and Elections, but before that committee acted the gentleman who had been appointed withdrew. Now, the governor of Alabama has certified another appointment, and his action only accentuates the condition of affairs.

I say it was not the intention that we should have this hiatus; yet we have it. Why? Because, if the seventeenth amendment controls, as contended, the State of Alabama has not passed any law empowering the governor to appoint or any law directing an election. Consequently, when he made the appointment, it was contended by some Senators that he had no right to make it, because he had not been empowered by the Legislature of Alabama to do so. This, I contend, was unnecessary, because the amendment contemplated nothing of the kind, the object being to leave in force the third and fourth sections of Article I of the Constitution as to all the Senators who had been elected before the amendment became valid as a part of the Constitution. In no other way could this hiatus be avoided. Under the old Constitution the present vacancy could be supplied by temporary appointment, and then the legislature could elect for the remainder of the term, but it never was the intention when there was such a great uncertainty as to whether the amendment would be ratified or, if ratified, when that ratification would occur, and after that as to how long it would require to have the proper legislation under it, give notice of the time of holding the election and receive the certificate, that there should be a vacancy on the floor of the Senate and the State prevented from having equal representation.

The governor of Alabama believed that he had the right to appoint a Senator under the old Constitution, and he had a right to that opinion. The nonaction of the governors of the different States in failing to call special sessions of the legislatures shows that they thought it was unnecessary, as vacancies in the terms of old Senators would be filled under the provisions of the old Constitution. If I remember correctly, not a single governor in the United States has called the legislature of his State together, notwithstanding all were bound to know that vacancies might occur at any moment in the offices of the old Senators chosen before the amendment became valid as a part of the Constitution.

The governor of Alabama, I say, is entitled to his opinion as to what the law is. Suppose he had called a session of the legislature——

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

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Montana?

Mr. BRADLEY. Certainly.

Mr. WALSH. Mr. President, the discussion which the remarks of the Senator provokes is an intensely interesting one. Of course, as I understand him, he is now arguing in favor of the power of the governor of Alabama to fill the vacancy.

Mr. BRADLEY. That is merely incidental, I will say to the Senator.

Mr. WALSH. I was going to say, suppose, now, that we concede, for the purpose of the discussion, that vacancies of that kind ought to be filled in accordance with the old Constitution and not by election under the provisions of the new Constitution, what is there in the bill that the Senator finds objectionable?

Mr. BRADLEY. I am coming to that in a very few moments. I will try to make myself understood.

Mr. WALSH. I thought possibly the Senator might have overlooked it.

Mr. BRADLEY. I am traveling in broken stages.

Mr. WALSH. Not at all; but I thought possibly the Senator might have overlooked the fact that, at his suggestion, I have said to the Senate that it was my purpose to propose the following amendment——

Mr. BRADLEY. I understand that perfectly; and I am coming to that.

Mr. WALSH. The amendment is:

That nothing herein contained shall be construed to affect the right of any person to a seat in the Senate under any election held or appointment made since the ratification of the seventeenth amendment to the Constitution.

Mr. BRADLEY. I remember that very distinctly.

Mr. WALSH. Section 2 provides:

That in any State wherein a United States Senator is hereafter to be elected, either at a general election or at any special election—

And so on.

So that, if the Senator is right, and those vacancies are not to be filled at elections, then this proposed statute will not be applicable.

Mr. BRADLEY. Mr. President, I will go out of my way to take that matter up at this time. The position I assume is that under this law as proposed elections can be held, either general or special, to elect Members of the Senate, and that there is no exception in the law which applies to Senators who are elected to fill vacancies in the terms of Senators who were in office when the amendment became valid as part of the Constitution.

I proposed the amendment referred to by the Senator and never heard before that he approved it. Besides, even with that amendment included, the bill is unconstitutional.

Mr. WALSH. Mr. President, I feel that the Senator ought to be corrected, for evidently he is laboring under the impression that the bill provides that in all cases hereafter when a vacancy occurs, the vacancy shall be filled by election. That is not the bill at all. The bill simply provides that whenever hereafter an election is to be held it is to be conducted in this manner. The bill does not purport to control any elections at all except those that are to be held pursuant to this legislation.

Mr. BRADLEY. I trust the Senator will bear with me and I will try to make myself understood. The position I take is this: It is true that an amendment has been offered to the effect that this bill shall not be construed to affect any appointment that has been made heretofore, but that amendment is an empty delusion and a snare, because whenever the Senate passes a bill providing for special elections when called to fill vacancies in the offices of the old Senators, then the Senate declares in so many words that the governor of Alabama had no right to make that appointment, because if we have the right to pass such a law, then he had no right to make that appointment, and the saving clause that is put into the bill is absolutely worthless. I will try to make myself understood as I proceed. I am doing so for the purpose, in one way, of reaching the intention of Congress in proposing and of the legislatures in ratifying the amendment.

I was about to show where the enforcement of the amendment as to filling vacancies in the terms of the old Senators would carry us. Suppose the governor should call the legislature of his State together and that legislature should not feel that it had authority under the constitutional amendment to authorize him to make an appointment; or suppose the legislature should have the same opinion of the amendment that he has, it follows they would decline to act. Then what would be the condition? Still another delay would ensue and a hiatus exist in the representation of Alabama. Or suppose, on the other hand, they should conclude that they did have the right to act, but refused to empower the governor to appoint because of the struggle in that State among the various aspirants for the place, then again you have delay and a continued hiatus. Or suppose they should provide for an election, then considerable time would be consumed in giving notice, in holding the election, and in certifying the returns, and all this time the State of Alabama would be deprived of her equal suffrage in the Senate. When we appreciate the difficulties that present themselves or that manifestly might present themselves they show conclusively what the intention of the seventeenth amendment is.

I call your attention to the fact that the seventeenth amendment is not self-executing. It provides that Senators shall be elected; it provides that in case of certain vacancies the governor may appoint, *provided the legislature authorizes him to do so*, and that the election is to be held *under the direction of the legislature*. Does it mean that elections to fill vacancies in the offices of the old Senators are to be held? Clearly not. When we take the whole amendment together it shows two things: First, that it was not intended to affect those elections, and, secondly, that no election can be held in any State to supply a vacancy in the office of a United States Senator except under the direction of the State legislature. I will refer to this phase of the discussion further along.

The construction that I contend for removes every uncertainty and prevents any hiatus. Every moment of the term of a Senator from any State can be filled when the governor appoints temporarily until the legislature elects a successor, who can serve the remainder of the term.

The language of the amendment in regard to vacancies was intended to apply to vacancies in the offices of Senators who are to be elected under its provisions and is not intended to apply to

others. It seems to me that Congress, in framing the amendment, and the legislatures, in ratifying it, spoke as plainly as they could have spoken. It provides, first:

The Senate of the United States shall be composed of two Senators from each State, elected by the people thereof for six years, and each Senator shall have one vote. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

When vacancies happen in the representation of any State in the Senate the executive authority of such State shall issue writs of election to fill such vacancies.

If the amendment had stopped there, it might with some slight reason be contended that under its provisions sections 3 and 4 of Article I were repealed and the old Senators made subject to its provisions. But the following proviso is added:

Provided, That the legislature of any State *may empower the executive thereof to make temporary appointment* until the people fill the vacancies *by election as the legislature may direct.*

We have it settled here how vacancies in the office of Senators who are elected under this amendment are to be filled. Now, let us go a little further:

This amendment shall not be so construed as to affect the *election* or *term* of any Senator *chosen before it becomes valid as part of the Constitution.*

What is the meaning of this language? Could it be more clearly or plainly expressed in English that the old senatorial terms are not to be affected, changed, or impaired? Had the object been otherwise, it might have been provided that the *election* shall not be affected; but the significant words are added that it shall not be construed to affect "the *term* of any Senator *chosen*."

It was not necessary to insert the word "term" if the amendment was to apply only to the election, because the Senator, having been elected under the Constitution, could not be ousted from his office when his election was excepted. The word "term" was inserted for a specific purpose.

Again, the words "term of any Senator" are followed by the word "chosen."

Why was the word "chosen" used? Simply to prevent interference with any Senator who had been temporarily appointed by the governor to fill a vacancy in the term of one of the old Senators, for it might be said he was not elected. That word embraces both an election and an appointment. Again, if it was desired to affect the portion of the term unexpired, why not provide that it should not affect the "election or *tenure*" of any Senator?

We are compelled to assume that both the Congress of the United States and the legislatures of the States knew the difference in meaning of the two words. Evidently the amendment meant exactly what it says; and when I come to the conclusion of my argument I desire to call your attention to a construction of the amendment which I think unquestionably settles the whole matter.

Mr. SUTHERLAND. Mr. President——

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

Mr. BRADLEY. Certainly.

Mr. SUTHERLAND. Before the Senator passes from the question which he is now discussing——

Mr. BRADLEY. I have not passed from it; I am just getting well started.

Mr. SUTHERLAND. I understood the Senator had not passed from it, but I was anxious to get in a word before he did pass from it.

Mr. BRADLEY. Certainly; I am always willing to give the Senator a chance to do that, because he rarely gets one.

Mr. SUTHERLAND. The Senator has plenty of chances, but he rarely avails himself of them.

The provision to which the Senator is calling attention, that—

This amendment shall not be so construed as to affect the election or term of any Senator chosen before it becomes valid as a part of the Constitution—

has been before Congress in various proposed amendments for many years. I invite the Senator's attention to a report made by Mr. Tucker, who was a very eminent lawyer, from the Committee on the Election of President and Vice President and Representatives in Congress in February, 1892. The report was upon substantially the same amendment as is now embodied in the seventeenth amendment, and it contained the precise clause to which the Senator has called attention and which I have just read. In that report Mr. Tucker says, referring to this particular provision:

That the title of no Senator may be affected who at the time of the adoption of the amendment holds his seat at the hands of the legislature of his State as now provided by the Constitution, the last provision is inserted out of abundant caution.

So it seemed to have been the view of the committee which originally reported the amendment that the language was inserted simply in order to prevent any Senator then holding his seat from being legislated out of his seat. I want to ask the Senator whether or not since 1892, a period of many years, during which time this same amendment has been before Congress many times, he has heard suggested anywhere any dissent from the view thus expressed by Mr. Tucker?

Mr. BRADLEY. Really, Mr. President, I have not had time to examine that report, but I do not think it has anything to do with this discussion. That is a matter of ancient history. It occurred in 1892. We all know that the amendment since that time has been changed in various ways. When it was first proposed it was defeated, and afterwards what was called the Bristow amendment, which is the amendment we now have before us, was adopted. I will not be turned aside to notice that matter now, because, as I have said, I am not through with the proposition I am undertaking to advance. That may have been the opinion of Mr. Tucker and his committee—and Mr. Tucker is a very eminent man; yet other eminent men differ with him.

Mr. BANKHEAD. Mr. President——

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

Mr. BRADLEY. Certainly.

Mr. BANKHEAD. I desire to say, for the information of the Senator from Utah, that Mr. Tucker—Mr. St. George Tucker, the same gentleman who filed this report, not his father—has filed a brief, and I will present it here when this question comes before the Senate, which is as strong, or perhaps stronger, than any brief which any Senator or any other lawyer has filed, and in which he says there can be no question whatever about the right of the governor of Alabama to make this appointment.

Mr. BRADLEY. I thank the Senator.

Mr. BANKHEAD. He has stated it frequently to other Senators.

Mr. BRADLEY. Proceeding in the line from which I was deflected by my good friend from Utah, the question is now, What is the meaning of the word "term"? It is unquestionably true that under the amendment the *term* is not to be affected. Now, if the term can not be affected, how can part of it be affected? The word "term" embraces all of its parts. It is a unit, and not susceptible of partition. When the amendment says "the term shall not be affected," it means the whole term—the six-year term to which the Senator was elected.

We come now to the meaning of the word "affect." That is passed over very lightly by those who favor this legislation and by those who object to the action of the governor of Alabama. It is passed over with the observation that the word "affect" means that the term can not be lengthened or shortened. The word is used in its common acceptation. It is used with the meaning that is applied to it by all lexicographers and synonymists; and in addition to that, as I propose to show in a very brief way, it is used with the meaning that the courts of this country have given it.

First, we will take the definitions of the word, and see whether it shall be confined to the narrow and restricted limit which is given it by those who favor this election law and by those who oppose the appointment by the governor of Alabama.

I have said from the beginning that this bill should not have been brought before the Senate until we passed on that case; that it would necessarily prejudice the right of the gentleman who had been appointed. It has been brought in, however, by the direction of every member of the committee, except myself.

I now desire to take up the definitions of this word and then its synonyms.

Webster's Unabridged Dictionary says the word "affect" means "to act upon," "to produce an effect or change."

Mr. Webster gives the synonyms of the word "affect" as "influence," "operate," "act on," "concern," "move," "overcome," and "impair."

Soulé, in his work on synonyms, gives the synonyms of this word as "influence on," "act upon," "work upon," "concern."

Now, for a moment allow me to call attention to some of the decisions of the courts.

In the case of Home Building Loan Association *v.* Nolan (21 Mont., 205) the word "affect," used in an act relating to building and loan associations, providing that except as to taxation the act should not "affect" any association "heretofore organized," was held to be used in the sense of "operate," "act upon," or "concern."

The act of June 13, 1812, relating to rights of property in the territory acquired from France by treaty of 1803, and providing that the rights, title, and claims to certain lots, and so forth, in or adjoining and belonging to towns and villages in the

Territory of Missouri, are confirmed to the inhabitants, and so forth, provided—

That nothing herein contained shall be so construed as to affect—

The exact language of the seventeenth amendment—

The rights of any persons claiming the same—

And so forth.

The word "affect" was construed by the court as "having been used in the sense of acting injuriously upon persons and things."

Such interpretation—

Said the court—

accords with the reason and manifest intention of the proviso, unsettles no confirmed title, and secures to the inhabitants the protection that Congress thought proper to afford.

This is the decision of the Supreme Court of the United States in Ryan *v.* Carter (93 U. S., 78).

In Missouri, in the case of Baird *v.* St. Louis Hospital (116 Mo., 419), the act construed provided that nothing contained therein should be construed to affect the rights of any person, and so forth. The court held that the word "affect" meant that it should not be so construed as to "prejudice or injuriously affect such rights."

In Conniff *v.* City (4 E. D. Smith, 430), where the language under consideration was:

Nothing herein contained shall be so construed as to affect any appointment heretofore made under other acts—

The New York court said that the meaning of the word "affect" was to "act upon" or "produce a change."

In Iowa the court held, in Clark *v.* Riddle (101 Iowa, 270):

"Affect" means to "act upon," "to change," and hence a statute applying generally can not affect the charters or laws of cities organized under special charters, the general law providing that no general law shall be construed to "affect" charters or laws of cities having special charters.

Again, in Iowa, it was held:

"To affect does not necessarily mean to impair, but to work a change upon. A right is affected if it is enlarged or abridged."

Hence it was held that under section 50, Code (Iowa) 1873, the repeal of existing statutes, providing that it should not affect any act done, right accrued or accruing before the time the repeal takes effect, "does not change preexisting rights." (Holland *v.* Dickerson, 41 Iowa, 367.)

At page 1159 of the Cyclopedia of Law and Procedure we find it laid down as a general rule that the word "affect" means—

To have effect upon, to influence; but often used in the sense of acting injuriously upon persons and things and sometimes in the sense of "vary."

According to all these definitions, this amendment says in so many words that the election or term of any Senator chosen before the same becomes valid as part of the Constitution shall be acted upon, shall not be affected, or concerned, or enlarged, or overcome, or abridged, or prejudiced, or injuriously affected, or changed, or impaired, or worked upon, or varied, or aimed at, or produce an effect, or influence, or operate upon.

One of two things is self-evident. These vacancies which have occurred or that may occur during the terms of Senators who were in office and who had been elected or chosen at the time the amendment became valid as a part of the Constitution must be filled either under the terms of the old Constitution or under the terms of the seventeenth amendment. I suppose no one will controvert this assertion.

If they are to be filled under the terms of the old Constitution, then the governor temporarily appoints and the legislature elects; and that being true, the Congress of the United States has no power to pass a law providing for an election by the people. Hence the bill is unconstitutional.

But let us take the other horn of the dilemma. Let us agree for argument's sake that the seventeenth amendment controls, and that under its provisions the vacancies that are to be filled are not vacancies in the offices of Senators elected by the people, but vacancies in the offices of Senators elected before the amendment became valid. Then Congress has no right to pass a law providing for an election to fill such vacancies, because the States alone can perform that office, and hence the law proposed is unconstitutional.

Under the old Constitution it was provided that the—

Times, places, and manner of holding elections for Senators shall be prescribed in each State by the legislature thereof, but the Congress may at any time by law make or alter such regulations, except as to the places of choosing Senators.

But when this amendment became part of the Constitution the power to provide for the election of Senators to fill vacancies is conferred exclusively on the legislatures. The selection of a specific agency to enforce the amendment is the exclusion of every other agency. When these vacancies were referred to in the seventeenth amendment the framers and the ratifiers omitted studiously and carefully the right of Congress to legislate upon the subject. This action was and is significant. The amendment provides—

That the legislature of any State may empower the executive thereof to make temporary appointment until the people fill the vacancies by election as the legislature may direct.

What authority have we to intervene when this amendment, which is the last utterance of the people, requires the legislatures alone to direct such elections?

Either the old Constitution governs or the amendment governs. If the old Constitution governs, we can not enact the law, because under its provisions the people can not elect, and the legislatures alone can act. If the amendment governs, we can not enact the law, because that power is distinctly conferred upon the legislature. Hence we are absolutely without any power to enact any law on this subject. Possibly we might enact a law providing for the regular election of Senators whose terms begin after the amendment became valid. It would seem, however, that the intent of the amendment is to empower the legislature to direct the manner of holding all elections.

I have conversed with some of the Senators about this proposed law, and have met with this response: "Oh, well, what difference does it make? The Senate is the judge of the qualifications and election of its Members. If we pass this law, and Senators are elected under it, why we will just go ahead and recognize them."

I do not understand such reasoning. That means in so many words, in the first place, that we may violate our oaths by passing a law which is not constitutional. In the second place, when Senators are elected under it, we may violate our oaths again by giving them seats in this body. I do not believe that any honorable man would be guilty of such action. I do not believe in the propriety of the remark made by some, "What is the Constitution among friends?"

Why, the other night at the Gridiron Club I noticed that the Constitution was mentioned, when some gentleman remarked that it "had not spoken above a whisper for seven years." When I stood at that desk and took an oath without mental reservation that I would support the Constitution of the United States, I believed it right and have felt it was my duty to comply with it. The time has come in this country when the man who proposes the most amendments to the Constitution is thought by many people to be the greatest statesman. We are asked to propose an amendment for woman suffrage, and I saw the other day where some man proposed we should allow the children to vote. Well, I do not know and there is no telling how far this thing will go. The next proposition will be a constitutional amendment proposed to prevent tuberculosis from being contagious.

I do not believe the Constitution should be so lightly regarded. I am an old-fashioned American, and believe in the Constitution of my country. I believe in its enforcement; I believe every citizen is bound by it. We should revere it, we should honor it, we should love it, for it is the fruit of the terrible struggles of our ancestors. It represents the blood and tears that were shed by the fathers and mothers in that supreme struggle for liberty and constitutional government; it is not only cemented with the blood but it has been made sacred by the prayers of our ancestors. So help me God, I will never knowingly violate it. I will cling to it as the article of our faith, the ark of our safety, our haven in every storm.

Mr. SHIELDS obtained the floor.

Mr. BRADLEY. Mr. President, if the Senator will permit me, I will explain that I have offered an amendment to the bill providing that if it shall pass it shall not have any effect on the filling of vacancies in the terms of Senators who were elected prior to the time the amendment became valid as a part of the Constitution. If the bill is to pass, I think that amendment should be adopted; but my argument necessarily leads to the conclusion, if I am correct, that the bill should not be passed.

Mr. SHIELDS. Mr. President, what I have to say is in behalf of the amendment offered by the Senator from Georgia [Mr. BACON] to strike out all of the second section of the bill relating to the nomination of candidates for Senator.

My opposition to these provisions is based upon several grounds. The Congress, in my opinion, has no power to legislate upon this subject; and if it had, such legislation is unwise and an unnecessary interference with local self-government by the people and the internal affairs of the States.

I do not wish to be understood as opposing primary elections for the nomination of Senators. On the contrary, I favor primary elections for the nomination of Senators and Representatives in Congress and all State officers, ordinarily called political officers, when authorized and protected by laws similar to those controlling regular elections. I believe that by this method the will of the people and their choice of representa-

tives and rulers can be expressed and executed with greater certainty than in any other way. It conforms more with the theory and spirit of popular government and makes the domination of bosses more difficult than the old way of nominating by tumultuous conventions.

Chief Judge Parker, in sustaining the validity of a statute of New York providing for nominating primaries, well said:

The dominant idea pervading the entire statute is the absolute assurance to the citizen that his wish as to the conduct of the affairs of his party may be expressed through his ballot, and thus given effect, whether it be in accord with the wishes of the leaders of his party or not, and that thus shall be put in effective operation in the primaries the underlying principle of democracy which makes the will of an unfettered majority controlling. In other words, the scheme is to permit the voters to construct the organization from the bottom upward instead of permitting the leaders to construct it from the top downward.

Primary elections are peculiarly suited to the selection of candidates for Senator in order to effect the purposes of the seventeenth amendment, ordaining that these officers shall be elected by the people. The States, however, have the sole power to provide for primaries. They must be trusted to do so.

But neither the wisdom of a law nor the necessity of the occasion can ever furnish justification for Congress exceeding its powers or invading those of the States.

The question here is not whether nominations by primary elections are the best procedure in the selection of candidates, but one of constitutional power in the Congress to legislate upon the subject and the propriety of leaving the method of the selection of Senators to the people of the several States, who have exercised it without let or hindrance from the Federal Government for more than a hundred years.

The power of the general assemblies of the several States of the Union to enact reasonable primary laws and otherwise regulate the nomination of candidates for State offices and Senators and Representatives in Congress is now well established. A majority of the States have passed such legislation, and its operation has in the main proven satisfactory.

But it does not follow that the Congress of the United States has the same power. The constitutional powers and limitations of the Federal and State Governments are inherently and fundamentally different. These differences are elementary, and every Senator is familiar with them, but it will do no harm to briefly refer to them.

The States are sovereign powers, having all the governmental powers of free and independent States which they have not delegated to the United States in the Federal Constitution, the chief of which is the power to enact laws. The legislatures of the States are the reservoirs of the reserve powers of the States. Their power to enact laws extends to every possible subject, save those over which the Federal Government has been given control and such limitations as the State constitution may contain, while the power of Congress to legislate is confined to the subjects expressly or impliedly confided to it by the Constitution of the United States. When the legislatures of the States have in contemplation the enactment of a law, the inquiry is not whether they have the power to do so but is there any constitutional provision, Federal or State, which prohibits them from doing so, while the Congress must always examine the Constitution to see whether the power to enact the proposed legislation has been vested in it. Therefore, unless the Congress can place its finger upon some provision of that instrument authorizing it to enact a primary law for the nomination of United States Senators, it is without such authority, and the provisions of this bill upon that subject, if enacted into law, will be absolutely void.

The entire provisions of the original Constitution for the election of Senators are as follows:

ARTICLE I.

SEC. 3. The Senate of the United States shall be composed of two Senators from each State, chosen by the legislatures thereof for six years, and each Senator shall have one vote. * * *
* * * And if vacancies happen by resignation, or otherwise, during the recess of the legislature of any State the executive thereof may make temporary appointments until the next meeting of the legislature, which shall then fill such vacancies.

SEC. 4. The times, places, and manner of holding elections for Senators and Representatives shall be prescribed in each State by the legislature thereof, but the Congress may at any time, by law, make or alter such regulations, except as to the places of choosing Senators.

The joint resolution proposing the seventeenth amendment upon the subject, recently adopted, is in these words:

That in lieu of the first paragraph of section 3 of Article I of the Constitution of the United States, and in lieu of so much of paragraph 2 of the same section as relates to the filling of vacancies, the following be proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the States:

"The Senate of the United States shall be composed of two Senators from each State, elected by the people thereof, for six years; and each Senator shall have one vote. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

"When vacancies happen in the representation of any State in the Senate, the executive authority of such State shall issue writs of election to fill such vacancies: *Provided*, That the legislature of any State may empower the executive thereof to make temporary appointments until the people fill the vacancies by election as the legislature may direct.

"This amendment shall not be so construed as to affect the election or term of any Senator chosen before it becomes valid as a part of the Constitution."

The power of Congress, then, to regulate the nomination of candidates for Senator, if it exists, must be found in the provision of section 4, authorizing it to alter the time and manner provided by the States for the election of Senators, which I understand is the contention of the advocates of this bill.

This presents the concrete question whether the power here vested over the election of Senators extends to the selection of candidates who may be voted for in such elections. In other words, is the power to regulate conventions and primary elections—for both methods must be included, if either—for the nomination of candidates included in that given by this section to control the election of Senators?

When the incontrovertible fact that nominating conventions and primary elections were things unknown at the time the Constitution was written and adopted, and therefore could not have been contemplated by the framers of that instrument when they worded section 4 of Article I is considered, I can not see how it can be urged with reason that it was intended to include the control of the selection of candidates by such methods in the provision for elections. There had never been an election for Senator at that time. The manner of election provided in the Constitution almost excluded the idea of a previous party nomination. Political parties were not then known, certainly not defined and organized so as to make nominations by any method either advisable or necessary. To now extend the provisions concerning elections of officers so as to include candidates for office seems to me wholly unwarranted by any known rule of constitutional interpretation or construction.

I have not found any determination of the question by the Federal courts, doubtless because no statute of this character has ever been enacted by Congress, although many of the States have for years had legalized primary elections for the nomination of Senators.

The courts of last resort of several of the States, however, have been called upon to decide the analogous question, whether or not primary elections are included in the provisions in their respective constitutions in regard to elections for both State and Federal officers. There is some conflict in these decisions, but the majority of these courts have held that primary elections were not included in the constitutional provisions for the election of officials, and I believe these opinions are better supported by reason and authority than those which have held otherwise.

One of the latest cases was decided by the Supreme Court of Tennessee, the opinion of the court being delivered by Judge William K. McAlister, a member of that court for 16 years and one of the ablest judges of the day. The style of the case is Ledgerwood against Pitts, and it is found reported in One hundred and twenty-second Tennessee.

The court sustained the power of the legislature to enact a primary election law for State officers and Senators and Representatives in Congress and approved the policy of it, although I may say, in passing, the policy of the law was a thing it had nothing to do with, that being solely a question for the legislative branch of the Government. The direct question was made that the compulsory primary election provided for by the statute was an election within the meaning of the constitution of Tennessee, and hence must be tested by the provisions of that constitution relating to elections and qualifications of voters therein prescribed, with which the provisions of the law were claimed to be in radical conflict. This is the direct question here presented by the bill under consideration, and all the arguments made here in support of this legislation were there made and pressed upon the court. The court, in disposing of this contention, said:

The first inquiry therefore presented for our examination is whether or not these provisions of the constitution have any application at all to primary elections. Admittedly no such thing could have been in contemplation by the framers of the constitution when they came to formulate the election and suffrage clauses of that instrument, for at that time no such thing as a primary election had ever been suggested. The object of this modern invention of political parties is primarily for the purpose of permitting and requiring the entire electorate of that party to participate in the nomination of candidates for political office. The plan is simply a substitution for the caucus or convention. It is true, as stated, it is a part of the political machinery that starts the candidate on his way, and the political party is thereby enabled to crystallize and concentrate its vote on that particular candidate who is chosen as the representative and expositor possibly of their political views; but the limitations and safeguards of the constitution apply exclusively to the final election when the officer is chosen in the mode required by the constitution.

Judge McAlister, in this opinion, in regard to the weight of authority on this question, says:

The right of the legislature to require that nominations shall be by primary and to prescribe additional qualifications for the voters participating in same has been recognized by the weight of authority in the States of the Union. (Runge *v.* Anderson, 100 Wis., 533, 76 N. W., 482, 42 L. R. A., 239; State, ex rel. McCarthy, *v.* Moore, 97 Minn., 308, 92 N. W., 4, 59 L. R. A., 447, 94 Am. St. Rep., 702; State *v.* Drexel, 74 Nebr., 776, 105 N. W., 174; Hopper *v.* Stack, 69 N. J. Law, 562, 56 Atl., 1; Coffey *v.* Dem. Gen. Com., 164 N. Y., 335, 58 N. E., 124; Healey et al. *v.* Wipf (S. Dak.), 117 N. W., 521; Griffin *v.* Gesner, 78 Kans., 669, 97 Pac., 794; Walling *v.* Lansdon, 15 Idaho, 282, 97 Pac., 396; State *v.* Nichols, 50 Wash., 508, 97 Pac. 728.) * * *

An examination of many of these cases has disclosed the fact that they are bottomed on two propositions, namely:

(1) That such primaries are not in reality elections, but merely nominating devices; and

(2) That they are valuable auxiliaries for the promotion of good government and are regulated by legislative enactment for the public welfare.

As against the array of authorities to the contrary, counsel cites the following cases, which hold that compulsory primary elections are "elections" within the purview of the constitution, and that the qualifications for voters in the primaries must be the same as the constitution of the State prescribes.

The Judge then cities the cases referred to by the Senator from Montana [Mr. WALSH].

Johnson *v.* Grand Forks Co. (16 N. D., 363); Spier *v.* Baker (120 Cal., 370; 59 S. E., 145); People *v.* Board of Commissioners (221 Ill., 9).

We do not subscribe to the reasoning of these cases, and, moreover, they are opposed to the great weight of authority.

I have not had an opportunity to examine all of the cases referred to and will not attempt a digest of them, but will quote from a few of them.

In the case of The State *v.* Dillon (32 Fla., 545) the supreme court of that State held:

That the suffrage provision of the constitution of that State prescribing the qualifications of electors at all elections under it does not apply to elections for municipal officers, but such elections are subject to statutory regulations; and, further, that it is competent for the legislature to prescribe the qualifications of voters at the same.

The Court of Appeals of Maryland, speaking through Chief Justice McSherry, in Hanna *v.* Young (84 Md., 183), said:

It is only at elections which the constitution itself requires to be held, or which the legislature under the mandate of the constitution makes provision for, that persons having the qualifications set forth in section 1, article 1, are by the constitution of the State declared to be qualified electors.

The same court, in a later case, Kenneweg *v.* Allegany Co. (102 Md., 122), involving the validity of a State primary election law for the nomination of State and congressional candidates, through the same distinguished jurist, said:

The general assembly possesses all legislative power and authority except in such instances and to such extent as the Constitutions of the State and of the United States have imposed limitations and restraints thereon. In this respect the legislature differs from the Congress of the United States, which has and can exercise only such power as the Federal Constitution expressly or by necessary implication confers upon it. In the general assembly plenary power to legislate is vested, unless restrained by the Constitution. In the State constitution we look not for the power of the general assembly to adopt an enactment but for a prohibition against its adoption. In the Federal Constitution we look not for the prohibition but for the delegated power to enact a measure. The general assembly being, then, the depository of all legislative power, except when restrained by the organic law, it follows that it is clothed with full power to enact a primary election law, if there is no provision in the Constitution depriving it of that authority. There is no such provision to be found in the constitution of the State. It is true that section 42 of Article III of the Constitution provides: "The general assembly shall pass laws for the preservation of the purity of elections," but the power to enact a primary election law lies back of and beyond this provision and is not derived from it at all.

The Court of Appeals of Kentucky, in the case of Montgomery *v.* Chelf (118 Ky., 774), held that the constitutional provisions of that State concerning elections of officers had no application to legalized primary elections. It is there said:

These sections clearly recognize that the committee has the authority to prescribe conditions to be complied with before the candidate is entitled to have his name printed on the ballot in addition to the submission of his name to the committee. We are unable to perceive what these conditions could be, except the payment of a due portion of the cost of the primary. But it is urged that if the statutes mean this it conflicts with the constitution (sec. 6), which provides that "all elections shall be free and equal." That section of the constitution has no reference to primary elections, but applies only to general elections. Section 148 of the constitution provides that not more than one election can be held in any district in each year except as otherwise provided in the constitution. The constitution nowhere makes provision for holding primaries. Therefore if the word "election," as used in the constitution, includes primary elections, the constitution effectually prohibits the holding of primary elections at all. There is a general election every year, and if a primary can not be held in the same year with a general election it can not be held at all. To make it more plain, if the constitution only authorizes one election to be held within a year and a primary election is an election within the meaning of the constitution, then to hold a primary election and a general election the same year would be violative of this provision of the constitution.

The case of State *v.* Felton (77 Ohio Stat., 577) is also instructive as well as directly in point:

The next contention is that section 2919–1, enacted April 20, 1904 (97 O. L., 107), which provides that "no person shall be allowed to vote at any primary election except he be an elector resident of the precinct, ward, or township in which he desires to vote, and except he voted with the political party holding such primary election at the last general election, provided he voted at all at such election, unless he be a first voter; nor shall any person vote more than one time or at any other than the polling place in that precinct, ward, or township in which he resides," conflicts with section 1, Article V, of the constitution, which prescribes that "every male citizen of the United States of the age of 21 years who shall have been a resident of the State one year next preceding the election, and of the county, township, or ward in which he resides such time as may be provided by law, shall have the qualifications of an elector and be entitled to vote at all elections," in this that it adds to the qualifications that entitle an elector to vote. If this contention is sound, then every elector has the constitutional right to vote at the primary election of every party. If the election is one at which merely the candidates of a party are to be selected, it can not be an objection that electors who do not belong to that party are not permitted to take part. That was one of the evils that the legislation was intended to prevent, and as to the test prescribed for determining an elector's partisanship it is impossible to conceive of a political party without the possession by its members of some qualifications, and the test prescribed by the statute is the usual one and is not unreasonable.

But a primary election held merely to name the candidates of a political party is not an election within the meaning of this section of the constitution. That section refers to an election of officers, and not to the nomination of candidates.

The two cases cited last emphasize the incongruity of elections to nominate candidates of political parties and those provided for in the constitution for the election of officers. It is absolutely necessary that different qualifications of electors be provided for and various other regulations be made which can not be applicable to both kinds of elections, and therefore a law providing for a primary election must contain provisions in conflict with constitutional safeguards of elections for officials.

I have stated there are cases of equally high authority which are in conflict with those from which I have quoted. Some of them are by courts of States whose constitutions were framed long after those of the older States of Maryland, Kentucky, Tennessee, and Ohio, and it may be that their constitutions contemplated the modern popular method of nominating candidates. I have not had time to examine them to ascertain whether this be so. But, in any event, I think it can not be denied, in view of the authorities upon the subject, that the question is free from doubt. It is said that the provisions which I challenge can do no harm, because they merely provide for the application of State primary laws. I think they go further by applying those laws to elections to which the States have not applied them. The principle involved in the legislation, however, is what I object to. If the Congress can require the laws of a State to be applied to an election, it can enact other laws applicable to such elections. The one necessarily follows the other once the power be conceded. If the legislation really amounts to nothing and is of doubtful constitutionality, it should not be enacted. It is a rule of all courts that where the constitutionality of a statute is challenged every reasonable doubt must be resolved in favor of its validity, and I think it equally wise for legislators to refrain from legislation where the power to enact it is a matter of serious doubt. Another rule of universal application is that courts will not decide a constitutional question when unnecessary for the decision of the particular case, and it seems to me it would be equally wise for legislators never to enact a law of debatable validity where no great necessity requires such action.

The argument that the provisions of this bill merely provide for the enforcement of State laws, and therefore do not really interfere with the domestic concerns of the States, is, I think, without merit. It evades the real objection to the law. There should be no semblance of the control of State affairs of this kind by Congress. This bill, however harmless it may be in its operations, is the first step toward such control and should not be allowed to become a law.

The supremacy and permanency of republics depend upon the maintenance of the fundamental law as written in constitutions adopted by the people in its integrity, and it is the solemn duty of all those temporarily vested with the power, in all departments of the State, to do this. The necessities of a particular case will not justify a departure from the organic law. It is by such insidious process and gradual encroachment that constitutional limitations and government by the people are weakened and eventually destroyed. It has been well said:

One step taken by the legislature or judiciary in enlarging the powers of government opens the door for another, which will be sure to follow, and so the process goes until all respect for the fundamental law is lost and the powers of government are just what those in authority please to make or call them.

Mr. President, I have said this much as a protest against taking a further step, for I regretfully admit that many of this kind have already been taken in favor of paternalism and against the right of the people of the States of this Union to control their own affairs in local and domestic matters as they deem best to promote their prosperity, happiness, and per-

sonal liberty. I have not attempted to go as exhaustively into the questions discussed as their great importance would justify.

Mr. President, I again call attention to the bad policy of this legislation, if it be conceded that Congress has the power to enact it. The political parties in the several States have for many years selected their candidates for Senator without any assistance or restraint upon the part of the Federal Government. There is no demand for the proposed interference in these local affairs. Many of the States have enacted primary laws for this purpose, and it is apparent that soon all of them will do so. I believe that no necessity for this legislation exists. The people of the States can be trusted to take care of this matter satisfactorily, and unquestionably are doing so.

It has been said of the personnel of this Senate by many men familiar with the history of this branch of Congress, and even by some of its own Members here on the floor at the cost of being somewhat egotistical, that it more fully represents the people than ever before. The Senate of the United States has been the great force that has protected the people, especially those of some of the States, from unjust and improper election laws which the Congress has the power to enact but which were unnecessary and oppressive, on more than one notable occasion in the past. Will it now make a precedent for not only enacting laws of that character but go into debatable ground and legislate upon matters of a mere local character and which will eventually lead to the absolute control of all State elections? It is directly in the face of the last declaration of the Democratic Party in the Baltimore platform, where it is said:

Believing that the most efficient results under our system of government are to be attained by the full exercise by the States of their reserved sovereign powers, we denounce as usurpation the efforts of our opponents to deprive the States of any of the rights reserved to them and to enlarge and magnify by indirection the powers of the Federal Government.

Mr. President, there is another ground upon which I oppose this legislation. It will establish a precedent for the enactment of primary laws by Congress. The questions here involved, if not directly in point, are analogous to those involved in the proposed legislation for presidential primaries. The questions of constitutional power and of public policy necessarily involved in that measure are of the gravest and most serious character, vitally affecting all the States, and especially the group constituting the great South, and all those of comparatively small population in every part of the Union. The enormous cost of holding such a primary and the necessary disturbance and turmoil that will inevitably attend two national elections in the same year are of small importance to the other questions involved. I do not propose to venture into any discussion of them at this time. I believe I can assert without fear of contradiction from any Member of this Chamber that these questions should not be decided until they have been exhaustively debated and had the most deliberate consideration by the Congress, and that no action of the Congress should be had which will in any way commit it upon those questions. The case should not be prejudged in the disposition of a comparatively unimportant and unnecessary measure. I believe that the questions involved in that legislation are closely akin to those presented by the present bill to regulate senatorial primaries, and we should refrain from any action which can be cited as a precedent for it.

I see no objection to the presidential electors in the several States being elected and, if desired, instructed by the people of the respective States under primary laws enacted by the States. It would perhaps be well for this to be done, if it can be, without violating the fundamental law. The Democratic Party stands committed to this by the Baltimore platform. I read from it:

The movement toward more popular government should be promoted through legislation in each State which will permit the expression of the preference of the electors for national candidates at presidential primaries.

We direct that the national committee incorporate in the call for the next nominating convention a requirement that all expressions of preference for presidential candidates shall be given and the selection of delegates and alternates made through a primary election conducted by the party organization in each State where such expression and election are not provided for by State law.

The present method of nominating candidates for President has secured wise and able Chief Executives for this Nation. The rulers of no country in the world will favorably compare with those of this country. The Senators upon this side of the Chamber can not complain that the late Democratic convention at Baltimore was not a success in selecting a President, and it has been a pleasure to me to hear the compliments paid him from the other side of the Chamber by distinguished Senators on more than one occasion. The Senators who represent the Republican Party have little ground upon which to complain in the result of their conventions, for they have placed in the presidential chair some of the greatest men the Nation has produced. I admit that some of them may not have pleasant memories of what occurred at Chicago in 1912, but others have, as they were there and approved what was done. I have heard of no Democrat complaining of the action of that convention.

I will not support the proposed legislation for a presidential primary if introduced into Congress, but will stand on the Democratic platform. I am unable to see how Congress can, directly or indirectly, control the election of the Electoral College, composed of State officers appointed or elected in such manner as the States may provide under provisions of the Federal Constitution. The object of a presidential primary will be to do this. In my opinion it would destroy to a large extent the voice and influence guaranteed to the smaller States of the Union by the provisions of the Constitution granting them equal representation in this body in national affairs. There are other constitutional questions involved, but I will say nothing of them now.

There is general opposition to such legislation in all the Southern States.

I read an extract from the Houston Daily Post, which has been reproduced approvingly in a recent editorial in the Commercial Appeal, of Memphis, Tenn., one of the largest daily newspapers published in my State. The Post says:

THE NATIONAL PRIMARY AND THE SOUTH.

Looking further into President Wilson's recommendation of a national primary to select candidates for President and the result of such a policy upon southern political power and influence, we ascertain some interesting facts.

The old South—Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, and Tennessee—had in 1910 a total population of 22,400,934, or 24.3 per cent of the total population.

In the Electoral College of 1912 these States cast 126 votes, or 23.7 per cent of the whole.

In the Baltimore convention they possessed 23.7 per cent of the voting strength of the States.

In the election of November, 1912, these 11 States of the old South polled a total vote of 1,542,855, or 10.3 per cent of the whole.

In the election of 1912 the single State of New York—population 9,113,279, 10 per cent of all, electoral vote 45, convention vote 90—cast 1,587,983, or 10.5 per cent of the total.

In other words, New York, with 10 per cent of the total population, less than 8.3 per cent of the electoral vote, the same proportion of the convention vote, cast 45,000 more votes than the 11 States of the old South.

Without regard to party considerations at all, therefore, the national primary would reduce the power of the South in the nomination of Presidents from 23.7 per cent to 10.3 per cent, or less than the single State of New York.

From the Democratic standpoint the change would be even more radical. The South is the backbone of the Democracy. Going back to 1908, when the fight was between the two old parties and the Democratic candidate received a larger vote than Mr. Wilson received last year, the 11 States mentioned above gave the ticket all the electoral votes it received, save 42 from the States of Colorado, Kentucky, Nevada, Nebraska, Maryland, and Oklahoma.

And yet the States of New York and Ohio, one of which went Democratic for President last year for the first time in 20 years and the other for the first time since the Civil War, cast more Democratic votes than the 11 States of the old South.

If therefore the national primary election law is enacted and the Republican Party becomes reunited, we will have in all likelihood the spectacle of the Democrats of two States—at best doubtful—exercising more power and influence in Democratic councils than the old southern group that has maintained the integrity of the Democratic Party in all the vicissitudes it has encountered for half a century.

We ask the consideration of this matter by the people of the South who have stood by the Democratic Party when nearly all others had deserted it. We ask our southern President and our southern Congressmen, who now dominate the Government, if it is right to deflower the citizenship of the South and the Democratic Party of the South in any such manner?

It seems to us that the national primary would be the first step toward the ultimate dissolution of the solid South, which has sustained the Democracy in every crisis and brought it clean-handed back to control after so many years of patient waiting and unwavering faith.—Houston Post.

A leading paper of the State of Florida, the Florida Times-Union, editorially said:

The Democratic Party has always stood for State supervision of elections. Especially is this true of the South. Our people have always insisted on control of their own affairs.

If the Federal Government may supervise and control a primary, why not an election? There is no difference in principle, and the one is a step to the other. We do not believe the Democrats in Congress will reverse the position their party has held from the beginning. We feel certain that southern Senators and Representatives will not vote to turn over their primaries to the Federal Government.

The other leading papers of the South, so far as I have read them, are in full accord in their opposition to the measure.

Mr. President, I only call attention to these objections to primary elections in order to emphasize the great importance of the questions involved in such radical innovations in our form of government and the division in opinion of the people of the States in regard to it, and to also emphasize the importance of Congress not now taking any action which will in any way interfere with an untrammeled and proper decision of those questions when they are properly presented to Congress.

Mr. WALSH. Before the Senator from Tennessee takes his seat—I have been very much edified by the discussion of the very interesting questions involved in which he has indulged, and I am disposed to attach a good deal of weight to his views concerning the lack of power of the National Government to legislate in relation to primaries for the nomination of a candidate for President of the United States—I should like to have a clearer idea than I have of the views of the Senator in relation to what power there is to regulate elections of United States Senators.

Clearly there is some power. The fourth section of the first article of the Constitution contemplates that such regulations shall ordinarily be made by the State legislatures. Then, it provides that Congress may at any time make or alter such regulations. What regulations could Congress make with reference to the election of a United States Senator?

Mr. SHIELDS. My views are very clear upon that subject. I think the Constitution meant to vest the power in Congress to make regulations in regard to elections by which men are vested with the power of Senators.

Mr. WALSH. Let me inquire, specifically, then, could Congress, for instance, prescribe that the elections shall be by ballot; that the voter must vote a written or a printed ballot; and that he can not vote by going up and announcing his choice personally, as was formerly done in England?

Mr. SHIELDS. I do not think there is any question but what it could.

Mr. WALSH. Congress has already so legislated.

Mr. SHIELDS. I think Congress can legislate in any matter coming within the purview of the election of the official; but I do not believe that it can go back and legislate and bind the people of the State as to what candidates shall run or who they shall select to be voted for in that election.

Mr. WALSH. Let me follow the inquiry a little further. Congress has legislated with reference to the election of Representatives. The vote must be by written or printed ballot or by a voting machine; no other system can be adopted. Can not Congress further provide, then, that the voting must not only be by written or printed ballot, but that the names of the candidates of all political parties shall be printed upon the ballot, allowing the voter to make his choice among them?

Mr. SHIELDS. If that is granted, it does not follow that Congress can control the selection of candidates voted for in the election.

Mr. WALSH. Exactly.

Mr. SHIELDS. The political parties of the country name their candidates, and others may run without being nominated and their names may be placed upon the ballot by statutory regulations, but the power of Congress does not go back to the day they were nominated.

Mr. WALSH. I want to see how far back we can get. The Senator agrees that the Congress may prescribe not only that the voting shall be by written or printed ballot, but that that ballot shall be in accordance with the Australian system rather than the old system. The old system was for every man to go and write or print whatever names he saw fit on the ballot. The Senator agrees, as I understand him now, that the Congress of the United States might prescribe that the system shall be in accordance with the Australian ballot system, namely, that the names of the candidates shall be printed on the ballot and the voter can mark a cross upon it. If that is the case, then you must have some provision by which the names of the candidates of the various parties shall get on the ballot. Is that not correct?

Mr. SHIELDS. No; that is not necessarily so at all. The candidates themselves provide for that. Citizens may be candidates without the permission of anyone in this country.

Mr. WALSH. Undoubtedly.

Mr. SHIELDS. In this country everyone has a right to run for office, and there is a broad distinction between nominating men for office and electing them to office.

Mr. SUTHERLAND. Mr. President, I should like to ask the Senator from Tennessee a question. As I remember, several years ago Congress passed an election law, and among other things included certain provisions regulating the registration of voters. I think it was never doubted that Congress had the power to do that. Is not the registration of voters a matter preliminary to an election, as much as the nomination of candidates?

Mr. SHIELDS. I think not. Registration relates to electors of elections and not to the candidates.

Mr. SUTHERLAND. It is not a regulation of the election, if the Senator please, but it is a step preliminary to an election; that is, it provides for voters who may vote at the election. Now, if Congress has the power to regulate the method of registering voters in order that they may vote at an election, upon what theory, if that be sound, does the Senator think that Congress may not also provide the method of nominating men to be voted for by those voters? What difference in principle is there between the two things?

Mr. SHIELDS. It is plain to me, because candidates are no part of the election, while voters are necessary. Candidates are necessary, but it is not necessary that the law should provide candidates. The nomination of candidates is not necessary in any sense to hold a regular election for officials. We do have a great many elections in which there are no nominations. In some States they have no primary elections now.

Mr. WALSH. But you do not have the Australian system.

Mr. SHIELDS. The Australian system is for the purpose of effecting the election of officials, of controlling the votes in an official election, and Congress has the right to regulate that; but it is far away from the power to name who shall be the candidates for office in the election to be provided for. But whether or not Congress should have the power is not the question here. My position is that the word "election" was used in the fourth clause in the sense of electing officials to hold office and serve the people, and that it was not used in the sense of selecting candidates who might never become officials.

Mr. SUTHERLAND. Mr. President, I think the Senator is quite correct in saying that the nomination of candidates is not a necessary prerequisite to an election; but when they are nominated, that action constitutes a preliminary step to the election in precisely the same way, it seems to me, that the registration of voters constitutes a preliminary step to an election.

Mr. BACON. If the Senator from Tennessee [Mr. SHIELDS] will allow me, I should like to ask the Senator from Utah [Mr. SUTHERLAND] a question in connection with what the Senator from Utah suggests. The idea presented by the Senator from Utah, as I understand, is that that which leads up to an election and constitutes a connecting part in it is necessarily a part of the proceedings which may be described as "the manner." Now, the question I wish to ask the Senator is this: Under the Constitution as it previously existed Senators were elected by the legislatures of the States. If it be true that the present law would justify the regulation of a nomination on the ground that the nomination was but a preceding step to the election, why was it not true in all these years that, under the power which Congress had to regulate the manner of electing a Senator, except as to the place of election—why was it not true, if that same principle were applied, that Congress did not have the power to regulate the manner in which the legislature should be elected, the legislators being the authority at last which would select the Senator? If it be true that the authority to select a candidate in a nominating convention could be regulated as a part of "the manner," why was it not equally true, under the old law, that the manner of electing a legislature fell within the power of Congress, it being but a precedent step to the election of a Senator? I should like to ask the view of the Senator from Utah on that point, for I know the fertility of his resources.

Mr. SUTHERLAND. I think, Mr. President, that the difference would be that Congress would then be prescribing the qualifications of the members of the legislature.

Mr. BACON. No; I am not speaking of the qualifications; I am speaking of the manner in which they shall be elected.

Mr. SUTHERLAND. I am not certain that within limits Congress might not do that.

Mr. BACON. Logically the Senator could not come to any other conclusion; yet in more than 120 years no such suggestion has ever been made or entertained for a moment; and if any suggestion had been so made, as suggested by my colleague [Mr. SMITH of Georgia], it would have shocked men of all parties throughout the United States; and yet that is a legitimate and logical conclusion.

Mr. SUTHERLAND. Some legislation which Congress passed a few years ago regulating elections shocked my friend from Georgia very much.

Mr. BACON. Yes; it did.

Mr. SUTHERLAND. And it shocked a great many others in the United States; but, nevertheless, Congress passed the law, and it was upheld by the Supreme Court of the United States. It was a period of 80 years before the Congress undertook to provide for a written ballot, and the fact that Congress has not exercised the power for 80 years or 125 years does not constitute a very strong argument in favor of the nonexistence of the power.

Mr. BACON. Do I understand the Senator, then, to concede that, according to the logic of the proposition now advanced, Congress would have had the power under the old law, when a Senator was elected by the legislature, to have controlled the

manner in which the legislature which was going to elect the Senator should be elected?

Mr. SUTHERLAND. I do not care to give a categorical answer to that question. I should like to know the sort of a law the Senator has in mind. I have answered him that I think within limits the Congress might have such power; but I should like to know what sort of law the Senator has in mind before I would go further.

Mr. BACON. Just such a law as is now contemplated as to the way in which candidates shall be nominated. The Senator from Montana [Mr. WALSH] has in view—and I suppose the Senator from Utah also—the application of the Australian ballot to the nomination of a candidate for Senator to be elected by the people at large on a direct vote.

Now, of course, it will be admitted by everyone that the power to designate a State law which shall control must necessarily include the power to legislate directly on the subject, and that if the Congress of the United States has the power to say that in a State a State provision which adopts the Australian ballot shall prevail in the selection of a candidate for Senator, it would be equally within the power of Congress to pass a universal law and provide that in every State the Australian ballot shall be followed in the selection of a candidate for Senator. If that be true, and if the Senator wishes to apply it to the question of the legislature, if it be true that the same principle would give the right to direct the manner in which a legislature shall be elected, and the Senator should ask me in what manner, I would say in that manner. By the same reasoning the Congress of the United States would have the right to say that a legislature under the old law, if it were still a law, should be elected by the Australian ballot system, because, forsooth, it was, after being elected itself, going to elect a United States Senator. There is no escape, it seems to me, from that proposition.

Mr. SUTHERLAND. Mr. President, there is this difference between the case which the Senator supposes with reference to the legislature and the cases that we have been talking about: The old constitutional provision was that the legislature should elect the United States Senator. Now, the Constitution by that recognized the legislature as an existing institution. It might have devolved the power upon the governor or upon any other official of the State, but it saw fit to devolve that power upon the legislature of the State. The legislature of the State discharges other functions; it makes laws for the State. The election of a United States Senator is only one of the things that it does; and I can see a very great difference between the case of prescribing rules for electing members of the legislature and that of prescribing methods for registering voters and prescribing methods for nominating candidates for office. The legislature is a State institution, charged with performing State functions, and there may be many reasons why Congress can not interfere with a body of that kind when it might prescribe methods of registering voters to vote for candidates either for the House or for the Senate.

Mr. BACON. In the same way, if the Senator will pardon me an interruption, a nominating election, as is frequently the case, may select at one time a dozen or two dozen or three dozen candidates for State offices, and in some cases even more than that. Exactly the same machinery is applicable to one as to the other, and at the election which is held for the purpose of selecting a nominee for Senator at the same time and under the same auspices and by the same electors a choice is made of two or three dozen other candidates.

Mr. SUTHERLAND. Yes; but nevertheless Congress has passed laws of that character, and they have been upheld.

Mr. SAULSBURY. Mr. President——

Mr. SUTHERLAND. Just another word, Mr. President, and I am through.

Mr. BACON. I should like to know what the Senator means when he says that Congress has passed a law of that kind which has been upheld.

Mr. SUTHERLAND. Congress passed many years ago, as I recall, a law which provided for inspectors at elections.

Mr. BACON. Yes; those were elections.

Mr. SUTHERLAND. And it provided for regulating the registration.

Mr. BACON. Of course that was in the case of elections for Representatives. Nobody disputes that.

Mr. SUTHERLAND. That is all I have been saying.

Mr. BACON. But the Senator contends that we can go back of the election and control the question as to how those who are to be elected shall be nominated.

Mr. SUTHERLAND. I can see no difference between the two cases; I can see no difference between Congress prescribing methods for registering voters and prescribing methods for nominating candidates for the voters to vote for.

Mr. SAULSBURY. Mr. President——

Mr. SUTHERLAND. I have been diverted, if the Senator will pardon me; I wanted to make just one further observation.

The Senator from Tennessee [Mr. SHIELDS], as I understood him, seemed to think that legislation of this character might hereafter be regarded as a precedent for passing a general presidential primary law. I do not think so. The language of the Constitution with reference to the appointment of electors and that with reference to Representatives and Senators is altogether different. The language of the Constitution with reference to the election of Representatives and Senators is that Congress may from time to time make or alter these regulations with reference to the time, the place, and the manner that gives Congress plenary authority over all the elements of such an election, while in the case of electors for President the power of Congress is limited to fixing the time when the electors may be elected or chosen and the day upon which they shall cast their votes. By the express terms of the Constitution the manner of their appointment is left exclusively to the legislature.

So Congress might have power, under the broader terms of the Constitution, in fixing the time and the place and the manner of electing Senators and Representatives and to regulate the nominations; but under the single power to regulate the time for appointing electors it would have no such power with reference to the electors for President and Vice President.

Mr. SAULSBURY. Mr. President, I think a statement which I understood the Senator from Utah [Mr. SUTHERLAND] to make should not pass unchallenged. If I understood him correctly, he said that with respect to the election of Senators Congress might prescribe regulations requiring the registration of electors. I am not sure I understood the Senator correctly.

Mr. SUTHERLAND. I said to regulate the registration of voters.

Mr. SAULSBURY. The registration of voters at such an election?

Mr. SUTHERLAND. Yes.

Mr. SAULSBURY. In view of the words of the seventeenth amendment of the Constitution, and in view of the very great care which was taken by the framers of our Constitution and the great jealousy of the States regarding their representation in this body, it seems to me such a statement as that should not be passed quietly and unchallenged.

In the very seventeenth amendment which we are discussing I desire to call the attention of the Senator from Utah to this provision:

> The electors—
>
> That is, the electors for Senators—
>
> in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

Clearly providing that the States themselves should regulate the elections by their laws, in so far as to provide who should vote for Senators.

Mr. SUTHERLAND. Oh, yes; there is no doubt about that.

Mr. SAULSBURY. Now, I put this question to the Senator from Utah: In case the laws of any State should not provide for registration of electors before an election, but should leave it to be determined at the election itself, on that day, when and where the elections were held, or should prescribe that all males above the age of 21, for example, might vote at such elections without any previous registration, would the Senator contend that the Congress might prescribe a previous registration which was not necessary for the electors of the most numerous branch of the State legislature?

Mr. SUTHERLAND. The provision of the Constitution, to which the Senator has called attention, would preclude Congress from fixing the qualifications of the voters in any State. Congress has never claimed any such power, and under the language of the Constitution I think very clearly it has no such power.

Mr. SAULSBURY. Then surely it could not provide for the registration of voters at such an election unless the State did so.

Mr. SUTHERLAND. I think it could, to see that the people who were qualified to vote in the State were properly registered; to surround the registration with such safeguards as would prevent fraud, just as it surrounded the polls with supervisors at one time to prevent fraud at the polls.

Mr. SAULSBURY. I am entirely satisfied with having protested against such a construction of the provision of the Constitution as that given to it by the Senator from Utah. I thought such a statement as that should not pass unchallenged, and each time it is made in this body I think it will be challenged.

Mr. SUTHERLAND. Mr. President, let me call the attention of the Senator from Delaware to the provisions of the act to

which I referred. It was repealed, I think, about 1891, or perhaps a little later—perhaps in 1893. The language of the act, however, is contained in section 2016 of the Revised Statutes. It is as follows:

SEC. 2016. The supervisors of election, so appointed, are authorized and required to attend at all times and places fixed for the registration of voters who, being registered, would be entitled to vote for a Representative or Delegate in Congress and to challenge any person offering to register; to attend at all times and places when the names of registered voters may be marked for challenge and to cause such names registered as they may deem proper to be so marked; to make, when required, the lists, or either of them, provided for in section 2026 and verify the same; and upon any occasion and at any time when in attendance upon the duty herein prescribed to personally inspect and scrutinize such registry, and for purposes of identification to affix their signature to each page of the original list and of each copy of any such list of registered voters at such times upon each day when any name may be received, entered, or registered, and in such manner as will, in their judgment, detect and expose the improper or wrongful removal therefrom or addition thereto of any name.

There is a provision of our statute which recognizes the power of Congress to supervise these registrations made under the authority of the State.

Mr. SAULSBURY. I am quite familiar with the statute to which the Senator has referred and have had some experience in connection with it. That statute, I think, was repealed in 1893 or 1894. It was certainly in force, and there was an attempt to enforce it in 1892; but as I recall that statute, it was a remnant of the old post-bellum period. I sincerely hope, and I think every lover of his country hopes, that no attempt will be made to reenact such legislation as that. Certainly an attempt to do so will be always challenged here and will have to pass the scrutiny of the Supreme Court of the United States before it is submitted to.

Mr. SUTHERLAND. I quite agree with the Senator. I should not be in favor of passing any such law as that today. I simply refer to it as indicating the power of Congress to do it.

Mr. SAULSBURY. In which I do not believe.

Mr. ROBINSON. Mr. President, I am heartily in sympathy with the seventeenth amendment, conferring upon the people the right to choose their representatives in this body. I very much fear the passage of this bill will add to the confusion that has already arisen concerning its provisions and its proper enforcement.

In the first place, the bill seeks to regulate the manner of nominating Senators. Under the seventeenth amendment that power does not exist in the Congress. The language of the amendment is:

The Senate of the United States shall be composed of two Senators from each State, elected by the people thereof, for six years; and each Senator shall have one vote. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

This provision plainly indicates that it was the intention of Congress to limit the matter to elections, and not to permit the regulation of primaries, for the reason that it defines the qualifications of those who are entitled to participate in the elections. If the word "election" means "primary" as well as what we commonly understand by the word "election," then it necessarily follows that under this provision of the Constitution either a Republican or a Democrat is entitled to vote in a primary choosing a nominee of a political party, because the qualification of the electors entitled to vote in the election provided for in this amendment is that—

The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

In the next place, it appears to invade the power expressly reserved to the States by the amendment itself. In the matter of filling vacancies, the language is:

When vacancies happen in the representation of any State in the Senate, the executive authority of such State shall issue writs of election to fill such vacancies: *Provided*, That the legislature of any State may empower the executive thereof to make temporary appointment until the people fill the vacancies by election—

Not "as the Congress may prescribe," but—

as the legislature may direct.

That is a limitation upon the manner in which the election shall be held.

It is true that the bill as reported here contemplates that the primaries and the elections to fill such vacancies shall be held in the manner that primaries and elections are held for choosing certain State officers, yet the legislature might not want to adopt that rule. It adds nothing whatever to the power of the legislature already existing under the Constitution itself.

Again, suppose this bill should become a law, and in any State in the Union the grossest frauds were perpetrated in the election of a United States Senator. I want to ask the Senator from Montana and the Senator from Utah what penalty would attach or could be imposed for the practice of those frauds? You can not attach the penalties existing under State laws for violations of the State laws, because you are proceeding upon the theory that the States have made no provision for the election of Senators. You can not attach a penalty by implication.

That is a well-established rule of law. There is nothing in this bill that even seeks to attach any penalty for the violation either of the Federal law or of the State law. You are proceeding upon the theory that the States have not made their election laws applicable to the election of United States Senators, and therefore you are passing a law here for the violation of which in any particular no penalty can be imposed. The mere statement of the proposition, it seems to me, is the argument.

Take the case, for instance, of an election in the State of Maryland or in the State of Arkansas to fill a vacancy that may hereafter arise if the bill is passed. What court would have jurisdiction and what offense could be charged for the practice of any kind of fraud?

It seems to me, too, that another vice in this bill is found in the fact that it constitutes an implied legislative construction of the seventeenth amendment in violation of what I understand to be the true construction and import of the amendment. That is a very broad field. It is a well-known fact that Senators differ gravely concerning the import of the amendment. The Senator from Montana [Mr. WALSH], whose ability and distinction as a lawyer is widely known and well recognized here and elsewhere, has said that this is not intended to affect any case that has heretofore arisen, and he has offered an amendment especially exempting from its provisions cases that have heretofore arisen. I call his attention, however, to the fact that there is no exemption in his amendment of the cases that may hereafter arise.

Will it not be said, Senators, if this bill passes, that it constitutes an implied construction of the saving clause of the seventeenth amendment? That clause says:

This amendment shall not be so construed as to affect the election or term of any Senator chosen before it becomes valid as part of the Constitution.

Will it not be said that the bill impliedly construes that language to mean that in so far as cases may hereafter arise within the terms of Senators already chosen, and where vacancies may occur, elections must be held, when under the plain import of the Constitution an election can not be held for the filling of a vacancy during any term where the initial Senator was chosen before the amendment became valid?

The construction of the saving clause is important in that no election can be held under that clause to fill a vacancy where the Senator originally chosen for the term was chosen before the amendment became valid as a part of the Constitution. If it had been intended to make the saving clause applicable to the seats of Senators, and to exempt, as suggested by the Senator from Utah, only Members sitting—and he reenforced his argument by an opinion expressed by Mr. Tucker, set forth many years ago in a report in which the question was not directly at issue—why did not the framers of the amendment use the word "seat"?

That word is used in the Constitution in another clause, in which it is said that the seats of Senators of the first class shall be vacated at the end of two years, those of the second class at the end of four years, and those of the third class at the end of six years, so that one-third may be chosen every two years. The word "seat" has a fixed meaning in the Constitution of the United States. If the word "term" is synonymous with the word "seat," why did not the framers of the amendment, who are presumed to have used apt words to express their meaning, use a word which was apt and which could have had no other construction?

The word "term," however, does not mean "seat," and it does not mean "election." It means a fixed and definite period of six years. All the courts so hold. The term of a Senator is six years, and it is an entity distinct from the Senator himself.

That argument is reinforced by the fact that in framing the Constitution a great battle was waged about the creation of a definite senatorial term. The State owns the senatorial term. It may remain vacant, but it still exists.

Nor can I concur in the construction of the word "affect" which I believe is impliedly given to the language in the saving clause of the amendment by this bill. The word "affect" has a definite and fixed meaning in law. It means "shall not act upon." To give to the word "affect" the construction which some Senators have urged, to say that it only means "shall neither lengthen nor shorten," is to restrict the usual and ordinary meaning of the word "affect," which is, "shall not act

upon." If you substitute the usual meaning of the word "affect" for the language used and say that "this amendment shall not act upon the term of a Senator chosen," you reach the conclusion that it was the intention of the framers of this provision of the Constitution to save not only the cases which have heretofore arisen, but the cases which may hereafter arise, within the terms of Senators chosen when the amendment became valid as a part of the Constitution.

I am aware of the fact that the language of the bill is:

In any State wherein a United States Senator is hereafter to be elected, either at a general election or at any special election called by the executive authority thereof to fill a vacancy—

And so forth. I am also aware that the bill does not expressly declare that hereafter vacancies shall be filled only by election; but the exemption of the two cases that have already arisen under the saving clause of this amendment, and the failure to exempt other cases that may hereafter arise, might constitute and be urged as an implied construction of this provision of the Constitution.

Mr. WALSH. Mr. President——

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

Mr. ROBINSON. I yield.

Mr. WALSH. I signified my purpose to offer that amendment simply because the distinguished Senator from Kentucky [Mr. BRADLEY], who entertains the same views concerning the amendment as the Senator from Arkansas, desired that it should be put there. If the Senators do not desire to have it, I have no disposition at all to ask its incorporation in the bill. My own view about the matter is that it does not change the meaning of it at all; but if the Senator from Arkansas and the Senator from Kentucky can get together on the subject and agree that it shall go out, we shall all be glad to leave it out.

Mr. ROBINSON. I have no objection to the exemption. The point I make is that the exemption should be broader than is stated within the amendment offered by the Senator from Montana. It is good as far as it goes, but it ought not to be limited to the right of any person to a seat in the Senate under an election held or appointment made since the ratification of the seventeenth amendment. It ought to be applied also to the cases which may hereafter arise under the saving clause in the seventeenth amendment.

Mr. WALSH. Let me say to the Senator from Arkansas that the Senator from Kentucky [Mr. BRADLEY] has proposed as a substitute for this that we incorporate the language of the seventeenth amendment to the Constitution, so that it will apply as the Senator desires. I do not see why we should incorporate the language of the amendment in this bill, because, of course, it would be read there anyway.

Mr. ROBINSON. That suggestion would have great force if this were an ordinary lawsuit to be determined in a court; but this is the court that must finally determine the specific cases which arise under the amendment. A legislative act giving force and effect to the amendment might constitute—and I believe in this instance it does constitute partially in some sense—a legislative construction of the amendment; and I believe that construction is at variance with the true meaning of the amendment itself.

Mr. President, the history of this proposed legislation in the Senate of the United States discloses the necessity for a more careful consideration of the subject. An examination of the bill and the amendments that have been tacitly agreed to discloses the fact that the subject is one which calls for very careful consideration and treatment. The passage of this bill with the language that it now carries may, instead of relieving the subject from confusion, greatly increase it.

Mr. VARDAMAN. Mr. President, I was just about to make from Montana if he will not be willing now to consent that this bill may go over until after the recess? The discussion this afternoon clearly indicates a great variety of opinion on this bill, and I know a number of Senators who desire to discuss it. Some of them are absent from the Chamber at this time, and some others who are present are not quite prepared yet. No time would be lost, I am sure, by permitting the bill to go over until after the recess.

Mr. VARDAMAN. Mr. President, I was just about to make the same request that the Senator from Alabama has made. There are some phases of this question which are of vital importance to certain sections of the Republic. I myself wish to submit some observations upon it, and I am not prepared to do so at this time. I hope therefore the Senator from Montana may consent to the postponement of the bill until after the recess.

Mr. WALSH. Mr. President, I am altogether willing to accede to the reasonable request of the Senator from Alabama. I have no disposition to crowd the matter or to shut off anybody who desires to canvass it, and I apprehend that no great evil will result from a reasonable continuance of the consideration of the bill. I am desirous, however, that something shall be done, and that it shall not be simply left for consideration when nothing else is before the Senate.

I am quite willing to agree to lay the matter temporarily aside if we can fix a day upon which it shall be taken up and disposed of. If the Senator has any suggestion to make in that respect, I shall be very glad to meet it.

Mr. BANKHEAD. Mr. President, of course I quite agree with the Senator from Montana that the matter should be decided as speedily as it can be done with proper consideration of a subject which is so important as this appears to me; but I do not think it is quite the proper thing to do now to agree to a day on which we shall vote on this bill after the recess. I have no doubt, however, that the Senator from Montana can reach such an agreement very soon after Congress convenes after the holidays.

Mr. BRANDEGEE. Mr. President——

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

Mr. BANKHEAD. I do.

Mr. BRANDEGEE. I think the suggestion of the Senator from Alabama is a wise one. The question is complicated, and there are a good many Senators who are not upon the floor at the present time.

With reference to fixing a particular day, I wish to ask the Senator from Montana a question. The bill is now the unfinished business; is it not?

Mr. SUTHERLAND. No; the Alaska bill is the unfinished business.

Mr. BRANDEGEE. I am informed that another matter is the unfinished business. Does the Senator from Montana think it would be desirable, in view of the importance of the bill, that we should attempt now to fix a particular day after the recess when we would have to vote upon it?

Mr. WALSH. I will say to the Senator from Connecticut that my idea about the matter was that it might be appropriately given a place immediately after the disposition of the matter that is the unfinished business—the Alaska railroad bill. If, by any parliamentary procedure or agreement, it could be set down for disposition immediately after the disposition of that matter, I should be very glad to accede to a suggestion of that character.

Mr. BACON. Mr. President, I was going to suggest to the Senator that it is always within the power of a majority to take up a bill at any time it sees fit to do so; and I have no doubt a majority of the Senate will realize the importance of acting upon this measure. I imagine the Senator will have no difficulty in having the Senate agree to a motion to proceed to its consideration.

I think we have had some experiences of late as to the inconvenience which may flow from endeavoring to preempt a time too far in advance. This is not a matter which it will require unanimous consent to take up. Only a majority vote is necessary for the purpose. In the absence of something which should have precedence and which we do not now anticipate, there would not be any difficulty in taking it up.

I think the Senator could very safely let the matter go over, with confidence that it would be at least taken up for consideration. Of course, the Senator does not now desire, as I understand, to fix any day for voting. That would not be proper under the circumstances.

I hope the matter may go over. We recognize it as a case of emergency only within certain limits. It is a subject which should receive attention, in view of the fact that in some States there is no provision for bringing on elections, and we should make some provision; but I imagine it is not a matter of such urgency as to require that we should do so before the holidays. There will be ample time afterwards.

The matter is a most important one. It is a matter of importance and also of some difficulty, as is shown by the debate here, and the vista opens as we proceed a little further into it.

I sincerely hope the bill may go over, and for one I shall not offer any obstacle to its being taken up for consideration whenever the Senate is through with whatever it now has before it as unfinished business, unless some unforeseen emergency should make it imperative that we should consider something else.

Mr. BRANDEGEE. In this connection I was going to ask the Senator from Georgia, if I may be permitted—I mean without occupying some one else's time——

The VICE PRESIDENT. The Senator from Connecticut has the floor.

Mr. BRANDEGEE. Very well. I wish to ask the Senator from Georgia and the Senator from Montana whether the same arrangement which has resulted in making the Alaska railroad bill the unfinished business would not suit the Senators; that is, may we not now agree that upon the legislative day following the final disposition of the present unfinished business, the Alaska railroad bill, we shall make this bill relative to the election of Senators a special order for that day. I realize that Senators would dislike to bind themselves to vote upon the bill at a particular time, and I myself would not want to do that, but making it a special order for a day in the future would simply guarantee its coming up on that day, and then Senators being better informed as to the urgency of various measures could make such further order for its consideration as might be necessary if not finished on that day.

Mr. VARDAMAN. Mr. President, I thought I made respectfully a very reasonable request of the Senator from Montana, that this matter go over, because I myself desire to have something to say on the subject, and I am not prepared to speak this afternoon. The Senator did not seem to hear that request; he passed it over absolutely.

Mr. WALSH. On the contrary——

Mr. VARDAMAN. The Senator's remarks were addressed to the Senator from Alabama [Mr. BANKHEAD], and my request was altogether ignored. I have no desire in the world to delay the consideration of this measure, but I want to say now that the bill will not be passed without further debate, whether it is agreed to postpone it or not.

Mr. WALSH. Mr. President, I regret exceedingly that the Senator from Mississippi, for whom I have the very highest regard, as he knows, felt in any way that I had been discourteous to him. I understood, when the Senator rose, that he simply joined in the request that had already been preferred by the Senator from Alabama. I remember now that I spoke only with reference to the request made by the Senator from Alabama. The answer to the request was that I was quite willing that the matter should go over, so that those who desired to speak on it would have an opportunity to do so, having in mind at the time the request made by the Senator from Mississippi.

I regret very much that I did not include the Senator from Mississippi in answering the request that was made, but I signified then my willingness, and I will say now to the Senator from Mississippi that I am desirous to arrange this matter so that he may be heard upon the measure.

Mr. SUTHERLAND. Mr. President, I think it is quite apparent that the bill can not be disposed of to-day, or probably during the sessions that will be held between now and the holiday adjournment. I think, therefore, it may as well go over; but I should like to suggest to the Senator from Montana whether it would not be well to ask to have it made the special order to follow the Alaska railroad bill, because that, I think, will probably take some time. I do not know—none of us knows—how long that bill will take; but if the pending bill goes over there will be practically two hours every day when a measure of this kind can be considered. I think we will make better headway and finish the consideration of the bill much sooner if every morning after the conclusion of the routine business this bill can be taken up and considered until we reach the unfinished business, two hours after the meeting. In that way we will dispose of it in the course of two or three days. I suggest to the Senator from Montana that, in my opinion at any rate, we would make better headway by that course rather than by having it made a special order to follow the Alaska railroad bill.

Mr. WALSH. I desire to say to the Senator from Utah with respect to the matter that I have observed when the routine business is ended each morning the unfinished business is then ordinarily laid before the Senate to the exclusion of everything else.

Mr. SUTHERLAND. That can only be done by an agreement of the Senate.

Mr. GALLINGER. It can only be done by unanimous consent.

Mr. WALSH. Very well. Under the suggestion made I will ask that the bill be temporarily laid aside.

THE CRISIS IN CONSTITUTIONALISM.

Mr. BRANDEGEE. Mr. President, I take this opportunity to make an observation upon a matter which I regard as of great importance, a matter not before the Senate at the present time in any legislative way, but concerning the Constitution of this country and its form of government with relation to the probabilities of the future and what certain existing tendencies may lead to.

I am going to read a short article appearing in the North American Review for this month by David Jayne Hill, entitled "The Crisis in Constitutionalism." The North American Review comments upon this article as follows:

"FOR CONSTITUTIONAL CLUBS.

"The foremost American diplomat now living—barring Mr. Charles Francis Adams, Mr. Wayne MacVeagh, Mr. Choate, and Gen. Porter as of another generation—is undoubtedly Dr. David Jayne Hill, who served his apprenticeship under Secretary Hay and won the respect and admiration of European statesmen while representing his country abroad. Just as Mr. John Bassett Moore and Mr. Adee stand preeminent as masters, respectively, of international law and the technique of diplomacy, so is Dr. Hill without a peer in the shaping of national policies. It is, then, a matter of sincere congratulation that he has returned to his own country at a time when the wisdom derived from thought and experience is sadly needed.

"We wish that every thinking American might read the article on 'The Crisis of Constitutionalism' which appears in this Review. Dr. Hill writes, of course, as a scholar and philosopher rather than as a diplomat, but the marked advantage which he has acquired, from long and thorough training, over others who have treated of the subject becomes quickly apparent to the reader. We can not recall in recent years a setting forth of the basic principles peculiar to our Government so incomplex and understandable, nor, better yet, so convincing a statement of the reasons for their more rigid application and of the true methods of accomplishment.

"'What is our political future to be?' is the question with which Dr. Hill finds the United States is now brought face to face. That the answer will be found ultimately in the reason and conscience of the people he has no doubt, but first, he declares with emphasis, must be determined the lines on which the answer is to be given. 'What we need at present is not so much leaders as a statement of the principles by which we should be led.' And here the choice must be made 'between experience and experiment; between arbitrary decisions and fundamental principles; in a word, between political anarchy and constitutional government.' If any corroboration of this declaration were needed, it can be found readily in the present tendency of legislation, in the constant expanding of the powers of government, in the growth of paternalistic sentiment, in the resentment against law 'because it is law,' in the encroachment upon the prerogatives bestowed upon others, in the development of positive dictation or 'bossism' in the guise of 'leadership,' and in the ready assurance of those holding or seeking authority that they are, indeed, tribunes of the people rather than the administrative officers they were designed by the Constitution to be. Dr. Hill might well have enlarged, and may yet, we trust, expand his thought along these lines.

"Of his own judgment that the Constitution itself is 'the one overmastering issue,' Dr. Hill leaves no room for doubt. And he is firmly convinced that now, of all times, the preservation of constitutional government hangs upon 'cultivation of respect for the spirit' of our fundamental law. To this end, speaking as a practical statesman, he advocates definite organization. 'If we are to defend the Constitution, we who believe in it must act together.' Finally, recalling that 'in the days of our Civil War much aid was afforded to the cause of preserving the Union by the formation of clubs of citizens,' he urges the inauguration of a similar movement, feeling certain that the opposition sure to arise would at least 'furnish surprising proofs that we are at present passing through a crisis of constitutionalism in which the great structure of liberty and justice erected by our fathers is being insidiously undermined.'

"The suggestion well deserves thoughtful consideration. It is probably not too much to say that, to the adoption of this method many years ago England to-day owes her national existence. Surely, at any rate, to the influence of the clubs may safely be attributed many far-reaching reforms and a higher order of politics generally. If so successful there, why should Dr. Hill's suggestion fail here? Is it not worth while and worth trying?

"We invite opinions from the press."

"THE CRISIS IN CONSTITUTIONALISM.

"Thoughtful men in all countries of the world are united in the conviction that constitutional government embodies the highest ideal for the regulation of human affairs ever conceived by man.

"With regard to the attainability and permanence of this ideal, opinions differ widely. Most men agree in the belief that certain peoples are not ripe for it. Others consider it necessary to combine with it some vestiges of absolutism, as a means of rescuing society from the anarchy that would follow upon

its possible failure. Still others openly oppose it, because, for various reasons, it is their personal interest to do so.

"The dangers to constitutional government, however, do not arise from the open opposition of its enemies, for in the field of free debate it is abundantly able to defend itself. Its real foes—and they are not a few—are those who do not avowedly attack or resist it, but who, while professing to be its friends and its advocates, secretly repudiate or intentionally pervert its fundamental principles.

"In contrast with the political absolutism which it was intended to destroy, and which it has endeavored to supersede, constitutional government is based upon the principle of equal guaranties for the rights of all citizens, without distinction of persons or classes, under the protection of coordinate and distributed powers, exercised by public officers freely chosen by the people, and revocable after fixed periods of office. Recognizing life, personal liberty, and property as elements of inalienable right, constitutional government aims to guard these from every form of violation.

"The mere statement of the meaning of constitutional government plainly indicates who are its natural enemies. These include all those who, in any form whatever, desire to make the State their private servant, and through control of the public powers use it to serve their own personal or class interests at the expense of others.

"The division of men into friends and enemies of constitutional government must be based upon the attitude they assume toward its fundamental principle. This principle being the existence of equal and adequate guaranties, by which the life, the personal liberty, and the property of every citizen are rendered inviolate, every person and every organization that aims by means of exceptional legislation to secure advantages to the detriment of others must be classed as an enemy of constitutional government, which—although not a guaranty of equal conditions, which is impossible—is essentially a guaranty of equal rights.

"The means by which the founders of constitutional government intended to obtain this guaranty were threefold.

"First of all, the 'inalienable rights' of all citizens were to be secured by a fundamental law which placed them beyond the reach of unequal legislation or executive violence. What the advocates of constitutional government had suffered from was the exercise of absolute and arbitrary authority. This they intended to end, and in order to do so they placed certain encroachments upon personal rights beyond the power of legislatures and executives. In brief, legislative bodies and executive officers were themselves made subject to law; and no man was to be judged except in accordance with the law. Life, liberty, and property were not to be taken away without a day in court, in the presence of responsible authorities acting under the obligations of equal laws.

"The second security afforded was a form of government in which public powers were so distributed that no public officer could commit an act of oppression without rendering himself responsible for his action. The people, through their representatives, could make new laws, but they could make no laws which encroached upon the rights already sacredly guarded by the fundamental law. The executive, when necessary, could act, but only according to law. The judiciary could judge if the law was respected, but only in accordance with those personal securities which the fundamental law provided.

"Finally, the people, standing in the place of the sovereign, and exercising sovereign power, did what no other sovereign had ever before voluntarily done in the history of the world—they freely and formally renounced the power to impose their personal arbitrary will upon the organs of government or upon one another. They confided to the operation of the system they had devised and created the legislative, executive, and judicial functions necessary to the application of justice, subject to their approval or reprobation by means already provided for in that system.

"Thus absolutism in every form was intended to be extruded from government, which aimed to be a system of just laws and principles in place of mere arbitrary will actuated by caprice, prejudice, malignity, or self-interest.

"It is easy to see how this system could be covertly attacked by those who, consciously or unconsciously, were inspired by motives for subverting it.

"The first method of attack is through the hasty alteration of the fundamental law itself. Believing in the approximate perfection of our system, the people of the United States have, in general, desired to maintain the stability of the Constitution, and so far it has been subjected to very little change. Being essentially a restriction of arbitrary power, it presents a barrier to the aims of those who seek to derive private advantage through the control of the State. As long as it remains intact there exists a legal obstacle to depredation. No mere demagogue ever has loved, or ever will love, the Constitution, for it is a restraint upon personal ambition and personal interests. He would much prefer to substitute for it the unrestrained 'will of the people,' by which he understands assent to his own proposals. With seductive simplicity he blandly asks, 'What is the Constitution between friends?'

"Undoubtedly, any inflexible obstacle to a transitory popular impulse can at times be made to appear too rigid, but it is precisely this clear and definite obstruction to impulsive and ill-considered action which constitutional guaranties are intended to impose. It is always a dangerous moment for the liberties of a people when it is proposed to substitute for the deliberately established reasonableness of a constitutional provision the impromptu and uncontrolled impulses of the moment, or to open the way without serious reflection and debate for mere political experiments.

"Two constitutional changes have been recently urged and passively accepted. The election of United States Senators by legislative bodies has sometimes been attended with corruption, and this has led to a demand for popular nominations and elections. In order to lower import duties an income tax—hitherto left to the several States, which can levy no import taxes—has been urged as a means of supporting the Federal Government. To accomplish this a constitutional change was necessary, since an unequal tax was prohibited, and an equal tax was not deemed practicable. It is, perhaps, too early to demonstrate the results of these changes, but it remains to be seen how the people, if they can not succeed in choosing trustworthy legislators from among their own immediate neighbors, will be able to select worthier Senators from among persons whom they know only by reputation; nor is it certain that the power to impose a Federal income tax without any kind of restriction may not eventually become the instrument of mere class and sectional legislation. It will be gratifying if these experiments result in an elevation of political morals or in greater social equity, but it is not yet certain that these results will follow.

"A second point of attack upon the Constitution is through the encroachment of one or more of the three divisions of public power upon the legitimate domain of the others. The American conception of government has always laid stress upon the balance of the public powers, which is intended to limit the excesses of all. When, however, we consider the possible effect of the power concentrated in one man both to urge and to veto new laws, backed with the enormous influence of Federal patronage, the employment of which may be so easily concealed behind the mask of apparently beneficent legislation, we contemplate the nearest approach to absolute power now to be found in any constitutional government in the world. In defense of this centralization of authority it may be said that a President of the United States is responsible to the country, and particularly to his party, for the fulfillment of promises made in the platform of the party that elected him, and this is true; but Executive urgency and Executive prohibition have not always been exercised exclusively with the purpose of fulfilling party promises, but sometimes merely upon the personal initiative of the Executive himself, who has thereby assumed the exercise of a prerogative which, however pleasing it may be to those who profit by its results, when considered from a constitutional point of view, is certainly of doubtful propriety, if not of doubtful legality. Fidelity in urging the fulfillment of previously made party promises and personal ballons d'essai sent up for the purpose of securing the favor of the majority, without regard to the previously determined policies of the party, are two entirely different methods of official procedure. The business of a President is to execute the laws and urge the fulfillment of party pledges, but it is not his prerogative to revolutionize the Government.

"But encroachments upon constitutional limitations by the Executive are not more dangerous than those of a legislative origin. For these there is always the plausible excuse that they spring more directly from the expressed will of the people, since the legislators have received a recent mandate from them. It is, however, a perversion of reasoning to maintain that their mandate includes an instruction to disregard the spirit of the Constitution, or to strain it to the breaking point. It is therefore essential that the judiciary be free, pure, and faithful in its interpretation of the fundamental law. It is equally important that it should have the confidence and support of the people. Nothing could so fatally affect the foundations of constitutional government as a loss of confidence on the part of the people in the purity, fidelity, and intelligence of the judiciary. By every means that will leave it free and re-

sponsible it should be placed and kept upon the highest plane of honor and authority, for it is by its essential nature the guardian of our guaranties of liberty.

"There is a third and a far more insidious form of attack upon constitutional government which should not escape observation. It is the disposition to withdraw and annul that act of popular renunciation of each in the interest of all upon which the success of constitutional government is based. It is important that this point should be made clear, for it contains the chief justification for speaking of a 'crisis' in constitutionalism.

"Attention has been called to the fact that the third step in the development of the Constitution of the United States was the voluntary surrender of arbitrary power by the sovereign people. This was not an abdication of power by the people as a whole in the interest of a majority, but a determination that absolutism in every form should be abolished altogether. It was the surrender of will to reason, of private interest to the public good, of the individual to the State as the institution of organized justice.

"The greatest present danger to constitutional government is the revocation of this splendid sacrifice of personal advantage to the common well-being; the agreement of the people not to attempt an act of conquest upon one another, but to live on terms of equality under just laws.

"It is worthy of observation that wherever this act of patriotism has been refused constitutional government has proved an abject failure. If we consider the revolutions that have stained with blood and ruined the economic life of several of our sister Republics on this continent, we shall find ample and striking illustrations of this assertion. They, like ourselves, have had a fundamental law, often expressed in most irreproachable language, and a frame of government in which the division of powers is theoretically accepted. In fact, however, these elements of constitutional organization have not been treated as realities. Personal ambition, conspiracy, and revolution have defied the system, and frequently destroyed it. Instead of devoting themselves to the State and making a religion of vital patriotism—that is, of consecration to the State as the institution of order and justice—these unfortunate brethren have attached themselves to factions, each seeking to dominate by force the others, and thus creating a scene of constant incertitude, turmoil, lawlessness, and rapine.

"We have at the present moment a startling example of this assertion of arbitrary will and repudiation of public authority in our nearest neighbor to the South. Everyone who personally knows the Mexican statesmen of the highest type appreciates their learning, their culture, and their sometimes great executive ability. What is lacking to that country? It is the spirit of personal renunciation of arbitrary power in the interest of the public well-being. Rich in natural resources, situated in a most favorable geographical environment, and not wanting in capable men, Mexico is doomed to stagnation, poverty, and discredit because it is the prey of rival forces within the State, each claiming the right to rule, each determined to destroy the others.

"Let us not lose the lesson of this impressive illustration of the unwillingness of men to accept the authority of principles because we ourselves are not at present harassed by banditti and visibly divided by opposing powers within the State. It is opportune for us to ask ourselves why we are not subjected to this anarchy, and why we enjoy a high degree of peace, order, and justice in our own Republic, which is based on the same fundamental ideas as that of our unfortunate neighbors?

"The answer to this question is evident to every thoughtful observer. We have thus far been able to maintain respect for our Constitution and our judiciary. We have, in the interest of the public peace, renounced the primitive right of personal self-defense. We have differences, but we endeavor, for the most part, to settle them by an appeal to the law and to the courts. We have thus far maintained the renunciation of arbitrary power which has made our Government a success where others have failed, and we have had, and are having, our reward.

"Will this condition always continue? There is more than one sign that it will not unless we are on our guard. The dangers arising from the first and second forms of attack on constitutional government are not unworthy of attention, but they are insignificant in comparison with the third; for further alterations can not be made in the Constitution without fresh consideration by the people, and a misuse of power by the legislative and executive, or even by the judicial, authorities is at least subject to correction. But the third form of attack is of a different nature. It results from a social transformation that may affect constitutionalism at its source by perverting the minds of the people.

"For a long time the chief danger to constitutionalism in our country was the menace of conflict between the States. That peril seems now to have passed, for their interests are so nearly identical and their populations are so homogeneous that a divergence of purposes sufficiently wide to lead to armed conflict is altogether improbable.

"But there is another source of antagonism which would have an equally disastrous effect upon constitutional government, the possibility of which is not entirely excluded from consideration.

"We have in recent years developed in the United States a spirit of class antagonism which is peculiarly disquieting. In stating this point it is not at all necessary to cast the blame on any particular stratum of society, and a careful analysis might distribute responsibility in a manner that would not be welcome in quite opposite quarters. The one undeniable fact is that this antagonism exists and that it has been stimulated by political ambitions that have found their advantage in creating unrest and in deepening the hostility of certain conditions of life toward others.

"The peril of this situation is that it does not consist merely in opposing personal sentiments entertained by isolated individuals, but that it aims to control the State by massing its forces in powerful organizations with the purpose of changing the laws, and even the Constitution, in the interest of special classes.

"Books have recently been written with the endeavor to make it appear that the Constitution of the United States is a belated eighteenth-century construction, devised in the interest of a property-possessing class, and at present an anachronism. For the first time since it was adopted the Constitution has within very recent years been treated with open disrespect. What is the reason for this opposition? It is that the Constitution presents an obvious barrier to the designs of those who oppose it. If we seek the actuating principle of this opposition, we find it in the doctrine that the unregulated will of the majority is a more desirable form of authority than deliberately accepted principles of government sanctioned by general assent and tried and tested by experience.

"Should this tendency become further accentuated by combinations of power able eventually to control the State in their own interest, we should find ourselves in a position not dissimilar from that in which Mexico is placed to-day—divided into hostile factions, one class plundered by another, and the country utterly powerless to defend its interests or maintain its dignity in the field of international relations.

"The means of preventing this calamity, or the remedy for it, if it is already in some degree upon us, is evidently a determination on the part of the people that arbitrary power in every form must be renounced; that life, liberty, and property shall still enjoy protection against any form of absolutism that may be asserted within the State.

"To apply this remedy the country needs two things: First, to consider seriously the drift of the social forces now operating among us, with a view to forming a clear conception of the degree in which we are adhering to or departing from the spirit of conformity to just and equal laws; and, second, an active movement on the part of thoughtful citizens to arrest an anticonstitutional tendency.

"In considering the drift of the social forces now in operation, one is struck by the diminished respect for law simply because it is law. This is, no doubt, in part owing to the changed conception of the source of legal authority. When men sincerely believed in 'inalienable rights' and conceived of law as the guardian of those rights, it was esteemed worthy of a sentiment of reverence. At present the importation of a conception of law as the decree of a dominating will, without relation to fundamental rights, which are alleged to have no demonstrable existence, has made it difficult to respect law in and for itself. If, after all, it is merely arbitrary, if it proceeds from no moral principle, if, in short, it is the expression of mere will and not of reason, it is difficult, it is even unreasonable, to demand that it be respected.

"It is necessary in the life of every nation that from time to time it be called upon to reflect upon the principles that underlie its existence. The present generation has been confronted with no great national crisis that has called for such reflection. The shock that has been given to the party system of government in the United States may prove to be such a crisis. We have suddenly been brought face to face with the question, 'What is our political future to be?' It is for the reason and

the conscience of the people to answer, but it remains to be determined on what lines the answer is to be given.

"Naturally in moments of indecision men look for leaders, but unless they look also for principles they look in vain. The choice must be made between experience and experiment, between arbitrary decisions and fundamental principles; in a word, between political anarchy and constitutional government.

"The one thing most certain is that if we are to preserve and justify constitutional government we must be ever ready to defend it. If we are to defend it, we who believe in it must act together. To many minds it seems at this moment the one overmastering issue. When principles have been settled men have always been found to render them effective. What we need at present is not so much leaders as a statement of the principles by which we should be led and which we should then insist upon having applied in practice. In seeking for these we can not do better than to revert to the great doctrines of our fathers, which, in the midst of revolutions on every side, have brought us to great power as a Nation, and which, if faithfully applied, will continue to give us great prosperity as a people.

"If from the dissolution of party ties, which has brought home to us the problem of our political future, we are able to rally about the one rock of salvation, the rights of the individual citizen as guaranteed by the Constitution, the atmosphere will clear. We shall see that a State can not be built upon private interests of any kind, and that our prosperity as a Republic consists in the readiness to renounce the control of the State for our own advantage, by giving to each individual not only full liberty to exercise and develop all his powers in his own way, but protection in preserving that liberty by preventing the public powers from falling under the domination of any class or combination of men having for its object the subjection of others to their private will.

"In the days of our Civil War much aid was afforded to the cause of preserving the Union by the formation of clubs composed of citizens who perceived in that movement the great issue of the hour. It is possible that the time has come when a similar interest in the preservation of constitutional government, through the cultivation of respect for the spirit of the Constitution, may be desirable and even necessary.

"Such a movement would, undoubtedly, be stoutly opposed, but the intensity of the opposition and the comments that would attend it would, perhaps, furnish surprising proofs that we are at present passing through a crisis of constitutionalism in which the great structure of liberty and justice erected by our fathers is being insidiously undermined, not in the interest of the people, of whose rights it is the only guaranty, but in the interest of private powers within the State, which, for purposes of their own, wish to dominate it and employ it as the instrument of their designs.

"DAVID JAYNE HILL."

Mr. President, I ask that this article may be printed as a public document.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut?

Mr. OWEN. I object. I ask that it be referred to the Committee on Printing.

The VICE PRESIDENT. The article will be referred to the Committee on Printing.

ELECTION OF SENATORS.

Mr. POINDEXTER. Mr. President, I ask as a parliamentary inquiry, what disposition has been made of the bill which the Senate was considering this afternoon in relation to a temporary method of electing Senators? I was paying close attention to the proceedings, but was unable to tell whether any order was made in regard to the matter.

The VICE PRESIDENT. By unanimous consent it went back to the calendar.

Mr. POINDEXTER. I understand that a request was made to lay it aside temporarily. I have no objection, however.

CONFERENCE REPORT—BANKING AND CURRENCY.

(H. REPT. 163.)

Mr. OWEN submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the amendment proposed by the Senate insert the following:

Be it enacted, etc., That the short title of this act shall be the "Federal reserve act."

Wherever the word "bank" is used in this act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this act. The term "board" shall be held to mean Federal reserve board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

FEDERAL RESERVE DISTRICTS.

SEC. 2. As soon as practicable the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "the reserve bank organization committee," shall designate not less than 8 nor more than 12 cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal reserve board when organized: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal reserve board, not to exceed 12 in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia, is hereby authorized to signify in writing, within 60 days after the passage of this act, its acceptance of the terms and provisions hereof. When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within 30 days after notice from the organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to 6 per cent of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal reserve board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal reserve board, said payments to be in gold or gold certificates.

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this act.

Any national bank failing to signify its acceptance of the terms of this act within the 60 days aforesaid, shall cease to act as a reserve agent, upon 30 days' notice, to be given within the discretion of the said organization committee or of the Federal reserve board.

Should any national banking association in the United States now organized fail within one year after the passage of this act to become a member bank or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act, or under the provisions of this act, shall be thereby forfeited. Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal reserve board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than $25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

Stock not held by member banks shall not be entitled to voting power.

The Federal reserve board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

No Federal reserve bank shall commence business with a subscribed capital less than $4,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this act changes the amount of reserves that may be carried with approved reserve agents located therein. The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

BRANCH OFFICES.

SEC. 3. Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal reserve board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal reserve board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal reserve board. The reserve bank shall designate one of the directors as manager.

FEDERAL RESERVE BANKS.

SEC. 4. When the organization committee shall have established Federal reserve districts as provided in section 2 of this act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this act.

When the minimum amount of capital stock prescribed by this act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for a period of 20 years from its organization unless it is sooner dissolved by an act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, such officers and employees as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

Sixth. To prescribe by its board of directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this act.

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or

against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit.

Class C shall consist of three members who shall be designated by the Federal reserve board. When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Federal reserve board shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

No Senator or Representative in Congress shall be a member of the Federal reserve board or an officer or a director of a Federal reserve bank.

No director of class B shall be an officer, director, or employee of any bank.

No director of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner:

The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

Each member bank shall be permitted to nominate to the chairman one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within 15 days after its completion, be furnished by the chairman to each elector.

Every elector shall, within 15 days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of class A and class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

Class C directors shall be appointed by the Federal reserve board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank he shall be required to maintain under regulations to be established by the Federal reserve board a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal reserve board, and shall act as its official representative for the performance of the functions conferred upon it by this act. He shall receive an annual compensation to be fixed by the Federal reserve board and paid monthly by the Federal reserve bank to which he is designated. One of the directors of class C, who shall be a person of tested banking experience, shall be appointed by the Federal reserve board as deputy chairman and deputy Federal reserve agent to exercise the powers of the chairman of the board and Federal reserve agent in case of absence or disability of his principal.

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Federal reserve board.

The reserve bank organization committee may, in organizing Federal reserve banks, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank, it shall be the duty of the directors of classes A, B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the 1st of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.

SEC. 5. The capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members. Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated. When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to 6 per cent of the said increase, one-half of said subscription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of the Federal reserve board. A bank applying for stock in a Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital stock of the Federal reserve bank equal to 6 per cent of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of 1 per cent a month from the period of the last dividend. When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal reserve board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of 1 per cent a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

SEC. 6. If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of 1 per cent per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

DIVISION OF EARNINGS.

SEC. 7. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to 40 per cent of the paid-in capital stock of such bank.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

SEC. 8. Section 5154, United States Revised Statutes, is hereby amended to read as follows:

Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than 51 per cent of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency: *Provided, however*, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of 51 per cent of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national asssociation. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the comptroller has given to such bank or banking association a certificate that the provisions of this act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal reserve act and by the national banking act for associations originally organized as national banking associations.

STATE BANKS AS MEMBERS.

SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal reserve board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located. The organization committee or the Federal reserve board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located. Whenever the organization committee or the Federal reserve board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district, stock shall be issued and paid for under the rules and regulations in this act provided for national banks which become stockholders in Federal reserve banks.

The organization committee or the Federal reserve board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal reserve board. No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking act.

Any bank becoming a member of a Federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal reserve board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections 5198, 5200, 5201, and 5208, and 5209 of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections 5211 and 5212 of the Revised Statutes, and shall be subject to the penalties prescribed by section 5213 for the failure to make such report.

If at any time it shall appear to the Federal reserve board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal reserve board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal reserve bank; upon such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of 1 per cent per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability not previously called, which shall be canceled, and said Federal reserve bank shall, upon notice from the Federal reserve board, be required to suspend said bank from further privileges of membership, and shall within 30 days of such notice cancel and retire its stock and make payment therefore in the manner herein provided. The Federal reserve board may restore membership upon due proof of compliance with the conditions imposed by this section.

FEDERAL RESERVE BOARD.

SEC. 10. A Federal reserve board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the Federal reserve board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The five members of the Federal reserve board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal reserve board and shall each receive an annual salary of $12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal reserve board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of $7,000 annually for his services as a member of said board.

The members of said board, the Secretary of the Treasury, the Assistant Secretaries of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank. Of the five members thus appointed by the President at least two shall be persons expe-

rienced in banking or finance. One shall be designated by the President to serve for 2, one for 4, one for 6, one for 8, and one for 10 years, and thereafter each member so appointed shall serve for a term of 10 years unless sooner removed for cause by the President. Of the five persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal reserve board. The governor of the Federal reserve board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal reserve board. Each member of the Federal reserve board shall within 15 days after notice of appointment make and subscribe to the oath of office.

The Federal reserve board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The first meeting of the Federal reserve board shall be held in Washington, D. C., as soon as may be after the passage of this act, at a date to be fixed by the reserve bank organization committee. The Secretary of the Treasury shall be ex officio chairman of the Federal reserve board. No member of the Federal reserve board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal reserve board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the five members of the Federal reserve board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal reserve board during the recess of the Senate, by granting commissions which shall expire 30 days after the next session of the Senate convenes.

Nothing in this act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this act in the Federal reserve board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal reserve board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section 324 of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds, and, under the general supevision of the Federal reserve board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

SEC. 11. The Federal reserve board shall be authorized and empowered:

(a) To examine at its discretion the accounts, books and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve and the amount, nature and maturities of the paper and other investments owned or held by Federal reserve banks.

(b) To permit, or, on the affirmative vote of at least five members of the reserve board to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal reserve board.

(c) To suspend for a period not exceeding 30 days, and from time to time to renew such suspension for periods not exceeding 15 days, any reserve requirement specified in this act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level hereinafter specified: *And provided further*, That when the gold reserve held against Federal reserve notes falls below 40 per cent, the Federal reserve board shall establish a graduated tax of not more than 1 per cent per annum upon such deficiency until the reserves fall to 32½ per cent, and when said reserve falls below 32½ per cent, a tax at the rate increasingly of not less than 1½ per cent per annum upon each 2½ per cent or fraction thereof that such reserve falls below 32½ per cent. The tax shall be paid by the reserve bank, but the reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Federal reserve board.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the comptroller to the Federal reserve agents applying therefor.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section 20 of this act; or to reclassify existing reserve and central reserve cities or to terminate their designation as such.

(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal reserve board to the removed officer or director and to said bank.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend, for the violation of any of the provisions of this act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

(i) To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this act, and make all rules and regulations necessary to enable said board effectively to perform the same.

(j) To exercise general supervision over said Federal reserve banks.

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

(l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the act of January 16, 1883 (vol. 22, U. S. Stat. L., p. 403), and amendments thereto, or any rule or regulation made in pursuance thereof: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service.

FEDERAL ADVISORY COUNCIL.

SEC. 12. There is hereby created a Federal advisory council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal reserve board. The meetings of said advisory council shall be held at Washington, D. C., at least four times each year, and oftener if called by the Federal reserve board. The council may in addition to the meetings above provided for hold such other meetings in Washington, D. C., or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies shall serve for the unexpired term.

The Federal advisory council shall have power, by itself or through its officers, (1) to confer directly with the Federal reserve board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount busi-

ness, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

POWERS OF FEDERAL RESERVE BANKS.

SEC. 13. Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent member banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal reserve board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this act. Nothing in this act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than 90 days: *Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal reserve board.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months sight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

Section 5202 of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal reserve act.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal reserve board.

OPEN-MARKET OPERATIONS.

SEC. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal reserve board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount, with or without the indorsement of a member bank.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal reserve board;

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

(d) To establish from time to time, subject to review and determination of the Federal reserve board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business;

(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent of the Federal reserve board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, bills of exchange arising out of actual commercial transactions which have not more than 90 days to run and which bear the signature of two or more responsible parties.

GOVERNMENT DEPOSITS.

SEC. 15. The moneys held in the general fund of the Treasury, except the 5 per cent fund for the redemption of outstanding national-bank notes and the funds provided in this act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this act: *Provided, however*, That nothing in this act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

NOTE ISSUES.

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal reserve board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, D. C., or in gold or lawful money at any Federal reserve bank.

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills, accepted for rediscount under the provisions of section 13 of this act, and the Federal reserve agent shall each day notify the Federal reserve board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal reserve board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than 35 per cent against its deposits and reserves in gold of not less than 40 per cent against its Federal reserve notes in actual circulation, and not offset by gold or lawful money deposited with the Federal reserve agent. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal reserve board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank though which they were originally issued. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of 10 per cent upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal reserve notes have been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve bank shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasury, otherwise than for redemption, may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

The Federal reserve board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than 5 per cent; but such deposit of gold shall be counted and included as part of the 40 per cent reserve hereinbefore required. The board shall have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal reserve board shall, through its local Federal reserve agent, supply Federal reserve notes to the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal reserve board, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section 18 of this act upon security of United States 2 per cent Government bonds, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing, with the Federal reserve agent, its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal reserve board shall require the Federal reserve agent to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal reserve board.

In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this act.

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal reserve board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

The examination of plates, dies, bed pieces, etc., and regulations relating to such examination of plates, dies, etc., of national-bank notes provided for in section 5174 Revised Statutes, is hereby extended to include notes herein provided for.

Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the act of May 30, 1908, and any distinctive paper that may be on hand at the time of the passage of this act may be used in the discretion of the Secretary for the purposes of this act, and should the appropriations heretofore made be insufficient to meet the requirements of this act in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: *Provided, however*, That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal reserve board shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

The Federal reserve board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

SEC. 17. So much of the provisions of section 5159 of the Revised Statutes of the United States and section 4 of the act of June 20, 1874, and section 8 of the act of July 12, 1882, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds is hereby repealed.

REFUNDING BONDS.

SEC. 18. After two years from the passage of this act, and at any time during a period of 20 years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal reserve board with a list of such applications, and the Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal reserve board may direct the purchase to be made: *Provided*, That Federal reserve banks shall not be permitted to

purchase an amount to exceed $25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section 4 of this act by the Federal reserve bank: *Provided further*, That the Federal reserve board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Upon the deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section 4 of this act, any Federal reserve bank making such deposit in the manner provided by existing law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national-bank notes except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

Upon application of any Federal reserve bank, approved by the Federal reserve board, the Secretary of the Treasury may issue, in exchange for United States 2 per cent gold bonds bearing the circulation privilege, but against which no circulation is outstanding, 1-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the 2 per cent bonds so tendered for exchange, and 30-year 3 per cent gold bonds without the circulation privilege for the remainder of the 2 per cent bonds so tendered: *Provided*, That at the time of such exchange the Federal reserve bank obtaining such 1-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such 1-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of 1-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of 1-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the 2 per cent United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed 30 years.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of $100, or any multiple thereof, bearing interest at the rate of 3 per cent per annum, payable quarterly, such Treasury notes to be payable not more than 1 year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing 3 per cent interest payable 30 years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States 3 per cent bonds without the circulation privilege now issued and outstanding.

Upon application of any Federal reserve bank, approved by the Federal reserve board, the Secretary may issue at par such 3 per cent bonds in exchange for the 1-year gold notes herein provided for.

BANK RESERVES.

SEC. 19. Demand deposits within the meaning of this act shall comprise all deposits payable within 30 days, and time deposits shall comprise all deposits payable after 30 days, and all savings accounts and certificates of deposit which are subject to not less than 30 days' notice before payment.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to 12 per cent of the aggregate amount of its demand deposits and 5 per cent of its time deposits, as follows:

In its vaults for a period of 36 months after said date five-twelfths thereof and permanently thereafter four-twelfths.

In the Federal reserve bank of its district, for a period of 12 months after said date, two-twelfths, and for each succeeding 6 months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

For a period of 36 months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said 36 months' period said reserves, other than those hereinbefore required to be held in the vaults of the member bank and in the Federal reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at the option of the member bank.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to 15 per cent of the aggregate amount of its demand deposits and 5 per cent of its time deposits, as follows:

In its vaults for a period of 36 months after said date six-fifteenths thereof, and permanently thereafter five-fifteenths.

In the Federal reserve bank of its district for a period of 12 months after the date aforesaid at least three-fifteenths, and for each succeeding 6 months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

For a period of 36 months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said 36 months' period all of said reserves, except those hereinbefore required to be held permanently in the vaults of the member bank and in the Federal reserve bank, shall be held in its vaults or in the Federal reserve bank, or in both, at the option of the member bank.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to 18 per cent of the aggregate amount of its demand deposits and 5 per cent of its time deposits, as follows:

In its vaults six-eighteenths thereof.

In the Federal reserve bank seven-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank, at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section 14 properly indorsed and acceptable to the said reserve bank.

If a State bank or trust company is required by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of 10 per cent of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this act except by permission of the Federal reserve board.

The reserve carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal reserve board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however*, That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

In estimating the reserves required by this act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which reserves shall be determined. Balances in reserve banks due to member banks shall, to the extent herein provided, be counted as reserves.

National banks located in Alaska or outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the reserve board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this act.

SEC. 20. So much of sections 2 and 3 of the act of June 20, 1874, entitled "An act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the act aforesaid, is hereby repealed. And from and after the passage of this act such fund of 5 per cent shall in no case be counted by any national banking association as a part of its lawful reserve.

BANK EXAMINATIONS.

SEC. 21. Section 5240, United States Revised Statutes, is amended to read as follows:

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank at least twice in each calendar year and oftener if considered necessary: *Provided, however,* That the Federal reserve board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

The Federal reserve board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal reserve board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal reserve board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

The Federal reserve board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of 10 member banks the Federal reserve board shall order a special examination and report of the condition of any Federal reserve bank.

SEC. 22. No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized. Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding one year, or both.

Except as provided in existing laws, this provision shall not take effect until 60 days after the passage of this act.

SEC. 23. The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within 60 days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

LOANS ON FARM LANDS.

SEC. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding 50 per cent of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to 25 per cent of its capital and surplus or to one-third of its time deposits; and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal reserve board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

FOREIGN BRANCHES.

SEC. 25. Any national banking association possessing a capital and surplus of $1,000,000 or more may file application with the Federal reserve board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal reserve board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal reserve board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

SEC. 26. All provisions of law inconsistent with or superseded by any of the provisions of this act are to that extent and to that extent only hereby repealed: *Provided,* Nothing in this act contained shall be construed to repeal the parity pro-

vision or provisions contained in an act approved March 14, 1900, entitled "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section 2 of the act last referred to or for one-year gold notes bearing interest at a rate of not to exceed 3 per cent per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

SEC. 27. The provisions of the act of May 30, 1908, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such act on the 30th day of June, 1914, are hereby extended to June 30, 1915, and sections 5153, 5172, 5191, and 5214 of the Revised Statutes of the United States, which were amended by the act of May 30, 1908, are hereby reenacted to read as such sections read prior to May 30, 1908, subject to such amendments or modifications as are prescribed in this act: *Provided, however*, That section 9 of the act first referred to in this section is hereby amended so as to change the tax rates fixed in said act by making the portion applicable thereto read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of 3 per cent per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of 1 per cent per annum for each month until a tax of 6 per cent per annum is reached, and thereafter such tax of 6 per cent per annum upon the average amount of such notes.

SEC. 28. Section 5143 of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal reserve board, or by the organization committee pending the organization of the Federal reserve board.

SEC. 29. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 30. The right to amend, alter, or repeal this act is hereby expressly reserved.

ROBT. L. OWEN,
J. A. O'GORMAN,
JAS. A. REED,
ATLEE POMERENE,
J. F. SHAFROTH,
HENRY F. HOLLIS,
Managers on the part of the Senate.

CARTER GLASS,
CHARLES A. KORBLY,
Managers on the part of the House.

Mr. OWEN. I ask that the report lie on the table and be printed.

The VICE PRESIDENT. The report will lie on the table and be printed.

RECESS.

Mr. KERN. Mr. President, I move that the Senate take a recess until 9 o'clock this evening.

The motion was agreed to, and (at 5 o'clock and 45 minutes p. m.) the Senate took a recess until 9 o'clock p. m.

EVENING SESSION.

The Senate reassembled at 9 o'clock p. m.

EXECUTIVE SESSION.

Mr. OVERMAN. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 37 minutes spent in executive session the doors were reopened.

MISSISSIPPI RIVER FLOODS.

Mr. VARDAMAN. I have taken from the report of the Mississippi River Commission for 1912 a description of the flood of 1912 of the Mississippi River, the changes made in the river bed, the outlets, levees, and flood losses, which I desire to have printed as a public document. I ask that the article be referred to the Committee on Printing with the request.

The VICE PRESIDENT. If there be no objection, that action will be taken.

BANKING AND CURRENCY.

Mr. GALLINGER. Mr. President, I should like to inquire of the chairman of the Banking and Currency Committee as to the probability that the conference report on the currency bill will reach the Senate this evening, and at what hour.

Mr. OWEN. The conference report should reach the Senate between 10 and 11 o'clock.

Mr. GALLINGER. Then, I will venture to inquire further, if the Senator is at liberty to state, what the procedure probably will be. Will the report go over until to-morrow?

Mr. OWEN. We should like to have a unanimous-consent agreement to dispose of the matter at some convenient hour to-morrow—say, at 12 o'clock or at 1 or 2.

Mr. GALLINGER. I was thinking of my own comfort in making the inquiry. I assumed, without having had a consultation with any other Senator, that the report would not be seriously taken up for discussion this evening.

Mr. OWEN. Not unless the unanimous consent is refused.

Mr. GALLINGER. I imagine it will not be refused. I can hardly conceive of its being refused, provided satisfactory arrangements can be made for proper debate, which doubtless can be done.

Mr. OWEN. I ask for unanimous consent to dispose of the conference report on the currency bill by a vote at 2 o'clock to-morrow.

Mr. WILLIAMS. Meeting at 10 o'clock and beginning to vote at 2 o'clock?

Mr. OWEN. Beginning at 10 o'clock to-morrow morning, and having the final vote at 2.

Mr. GALLINGER. Would the Senator make it not later than 2?

Mr. OWEN. We are willing to give three-fourths of the four hours to the opposition, leaving the time to be controlled by the Senator from Minnesota [Mr. NELSON], who is the senior Republican conferee.

Mr. GALLINGER. I somewhat question the propriety of adopting the methods of the other House, and dividing up time. Still, I shall not object.

Mr. OWEN. We can have a gentlemen's agreement without any record of the matter.

Mr. GALLINGER. That is right; without having it stated in the agreement. The Senator will make it not later than 2 o'clock?

Mr. OWEN. Not later than 2 o'clock.

Mr. GALLINGER. I hope consent will be granted.

Mr. THOMAS. Mr. President, do I understand that that divides the time so that only 1 hour will be taken on this side, and 3 hours on the other side?

Mr. GALLINGER. I should object if that were to go into the unanimous-consent agreement, as a part of it; but it seems to me the chairman can arrange that matter with the other members of the conference committee.

Mr. THOMAS. I would suggest 4 o'clock to-morrow afternoon, instead of 2 o'clock. ["No!" "No!"]

Mr. JAMES. Our train leaves here at 3 o'clock.

Mr. THOMAS. I am not going to take any train. I am not worrying about the train myself. I have been here all summer. I do not think this report should go through without some debate from some of us on this side who are not satisfied with it.

Mr. BRISTOW. I desire to say that in the preliminary conferences that have been had in the Chamber during the last hour I suggested that we should vote not later than 4 o'clock to-morrow afternoon. Then it was suggested that that would give six hours for debate, approximately three hours on each side, as the debate would usually run. Then the suggestion was made from the other side that they did not care to occupy much time and that if this side did not want to use that much time the hour of voting might be moved up.

So far as I am concerned, I do not know how much time will be used. I know that a number of Senators wish to speak, but not at much length. Personally, I should prefer that we meet

to-morrow at 10 o'clock and get through as quickly as we can. That would suit me better. If we can get through by 12, we will be through; if we can not, we will go along just as rapidly as possible. That course is always more satisfactory to me, and it would be now, but I am amenable to suggestions.

Mr. OWEN. I suggested that the vote be taken not later than 2 o'clock in order to allow the matter to be concluded at the convenience of the Senate if it should prove to be desirable to take a vote earlier than 2; and I propose meeting at 10 o'clock in the morning, so as to give an abundance of time.

The VICE PRESIDENT. The Secretary will state the proposed agreement.

The SECRETARY. It is agreed by unanimous consent that on to-morrow, December 23, 1913, immediately upon the approval of the Journal, the Senate will proceed to the consideration of the conference report on the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, etc., and that at not later than 2 o'clock p. m. the Senate will proceed, without further debate, to vote upon the question of the adoption of the said conference report.

Mr. WILLIAMS. That request does not provide for the hour of meeting.

Mr. KERN. A clause can be added stating that we shall meet at 10 o'clock.

Mr. GALLINGER. We do meet at 10.

The VICE PRESIDENT. It is the understanding of the Chair that the regular hour of meeting is 10 o'clock.

Mr. KERN. But we changed it the other day.

Mr. GALLINGER. We changed it for only one day, however.

The VICE PRESIDENT. It was changed for one day, but the understanding of the Chair is that the former order has not yet been set aside. Ten o'clock is the regular time of meeting.

Mr. MARTIN of Virginia. It is easy enough to add at the end of the order as read, "and that the Senate shall meet at 10 o'clock a. m. to-morrow."

The VICE PRESIDENT. Is there any objection to the proposed agreement?

Mr. BRISTOW. Mr. President, I know there is objection to incorporating in the agreement an understanding that this side shall have three hours of the time to debate the subject to-morrow. Subject to that understanding, however, I have no objection to it.

Mr. OWEN. The Senator, in referring to "this side," means those opposed to the report. The Senator from Colorado [Mr. THOMAS] opposes the omission of the provision for guarantee of bank deposits, and would like to be heard.

Mr. CLARK of Wyoming. He is not opposed to the report, however?

Mr. OWEN. He opposes the omission of that feature.

Mr. CLARK of Wyoming. But he is not opposed to the conference report?

Mr. OWEN. I do not know what his attitude is upon that subject. I understand he is opposed to dropping the provision for the guarantee of bank deposits.

Mr. BRANDEGEE. I should like to have the proposed unanimous-consent agreement restated.

The VICE PRESIDENT. The Secretary will restate it.

The SECRETARY. It is agreed by unanimous consent that on to-morrow, December 23, 1913, the Senate will meet at 10 o'clock a. m.; that immediately upon the approval of the Journal the Senate will proceed to the consideration of the conference report on the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, etc., and that at not later than 2 o'clock p. m. the Senate will proceed without further debate to vote upon the question of the adoption of the said conference report.

The VICE PRESIDENT. Is there any objection?

Mr. BRISTOW. Mr. President, I do not want to agree to that until we have an understanding with regard to the length of the debate. If there is opposition to the report on the other side of the Chamber, I do not want that time to be taken out of the time we shall need on this side. I am willing to agree to an adjournment not later than 4 o'clock, and to get through with the report as quickly as we can.

Mr. OWEN. I will say that, as far as the chairman of the committee is concerned, he would not ask for more than one hour of the time for those who are with him.

The VICE PRESIDENT. Is there any objection to the unanimous-consent agreement?

Mr. BRISTOW. Mr. President, I temporarily object. I do not wish to make a permanent objection.

Mr. BRANDEGEE. If a little time is given to consider the matter, does not the Senator from Oklahoma think that, by a conference with Senators on his side of the Chamber, he can give some assurance about the total amount of time they will take?

Mr. OWEN. I can say now that, as far as our side is concerned, a vote at 3 o'clock will allow all the time the Senator from Colorado [Mr. THOMAS] will want. I am willing to ask that the hour for voting shall be fixed at 3 o'clock.

Mr. BRANDEGEE. Of course, the Senator from Colorado will not want all the time to be taken by the other side?

Mr. OWEN. No; I hardly think he will, but he is willing to have the vote taken at 3 o'clock.

Mr. JAMES. That will give three hours for the other side.

Mr. BRANDEGEE. The first proposition would have met favor upon this side, I understand, except that the Senator from New Hampshire did not like to have a unanimous-consent agreement to an absolute division of time in the Senate.

Mr. OWEN. I understand.

Mr. BRANDEGEE. That aroused the opposition of the Senator from Kansas [Mr. BRISTOW], because he wanted some assurance that he should have sufficient time to-morrow. If the Senator from Oklahoma could give some assurance about the total amount of time required on the other side, I think the Senator from Kansas might take the assurance without having it incorporated in the unanimous-consent agreement.

Mr. BRISTOW. Yes; I am willing to take the statement of the chairman of the committee.

Mr. BRANDEGEE. Can not the Senator from Oklahoma, so far as he can control the matter, agree that his side shall not take over two hours out of the five hours, and give this side three hours?

Mr. OWEN. The suggestion is made by various Senators who live in the South that unless they can leave the Senate Chamber not later than half past 2 it will cause them a delay of a day; they will not be able to get the train leaving here at 3 o'clock. Can we not meet at 9.30 in the morning?

Mr. WILLIAMS. No; let us meet at 10.

Mr. OWEN. I ask that the agreement be to take a vote not later than half past 2.

Mr. GALLINGER. Yes; try it at half past 2.

The VICE PRESIDENT. The Secretary will restate the proposed agreement.

The SECRETARY. It is agreed by unanimous consent that on to-morrow, December 23, 1913, the Senate will meet at 10 o'clock a. m.; that immediately upon the approval of the Journal the Senate will proceed to the consideration of the conference report on the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, etc.; and that at not later than 2.30 o'clock p. m. the Senate will proceed without further debate to vote upon the question of the adoption of the said conference report.

The VICE PRESIDENT. Is there any objection? The Chair hears none, and unanimous consent is given.

RECESS.

Mr. KERN. I move that the Senate take a recess until 11.15 o'clock to-night.

The motion was agreed to, and (at 10 o'clock p. m.) the Senate took a recess until 11.15 o'clock p. m., when it reassembled.

PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, executive clerk, announced that the President had on this day approved and signed an act (S. 2689) amending an act entitled "An act to increase the limit of cost of certain public buildings, to authorize the enlargement, extension, remodeling, or improvement of certain public buildings, to authorize the erection and completion of public buildings, to authorize the purchase of sites for public buildings, and for other purposes," approved March 4, 1913.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

The message also announced that the House had agreed to a concurrent resolution providing that when the two Houses adjourn December 23, 1913, they stand adjourned until 12 o'clock meridian, Monday, January 12, 1914, in which it requested the concurrence of the Senate.

The message further communicated to the Senate the intelligence of the death of Hon. IRVIN ST. CLAIR PEPPER, late a

Representative from the State of Iowa, and transmitted resolutions of the House thereon.

LAWS OF ALASKA.

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying paper, referred to the Committee on Territories:

To the Senate and House of Representatives:

In accordance with section 20 of the act of Congress entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes," approved August 24, 1912, I transmit herewith a bound volume of the session laws, duly authenticated, containing the acts and resolutions of the first session of the 1913 Territorial Legislature of Alaska.

WOODROW WILSON.

THE WHITE HOUSE, *December 22, 1913.*

HOLIDAY RECESS.

The VICE PRESIDENT laid before the Senate the following concurrent resolution (H. Con. Res. 26) of the House of Representatives, which was read and referred to the Committee on Appropriations:

Resolved by the House of Representatives (the Senate concurring). That when the two Houses adjourn December 23, 1913, they stand adjourned until 12 o'clock meridian on Monday, January 12, 1914.

BANKING AND CURRENCY (S. DOC. NO. 335).

Mr. OWEN. I ask that the conference report on House bill 7837 be printed for the information of the Senate.

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

EXECUTIVE SESSION.

Mr. BACON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After eight minutes spent in executive session the doors were reopened, and (at 11 o'clock and 27 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, December 23, 1913, at 10 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate December 22, 1913.

COLLECTORS OF INTERNAL REVENUE.

Fred C. Kirkendall, of Pennsylvania, to be collector of internal revenue for the ninth district of Pennsylvania, in place of Henry L. Hershey, superseded.

Isaac R. Strouse, of Indiana, to be collector of internal revenue for the seventh district of Indiana, in place of Charles G. Covert, superseded.

Peter J. Kruyer, of Indiana, to be collector of internal revenue for the sixth district of Indiana, in place of Elam H. Neal, superseded.

PROMOTIONS IN THE ARMY.

INFANTRY ARM.

First Lieut. Morris M. Keck, Twelfth Infantry, to be captain from December 21, 1913, vice Capt. Frank H. Kalde, Eighteenth Infantry, dismissed December 20, 1913.

Second Lieut. George R. Harrison, Twenty-fifth Infantry, to be first lieutenant from December 21, 1913, vice First Lieut. Morris M. Keck, Twelfth Infantry, promoted.

CAVALRY ARM.

Second Lieut. Augustin M. Prentiss, Thirteenth Cavalry, to be second lieutenant in the Coast Artillery Corps, with rank from October 4, 1913.

RECEIVER OF PUBLIC MONEYS.

H. Clay Sharkey, of Jackson, Miss., to be receiver of public moneys at Jackson, Miss., vice Thomas V. McAllister, resigned.

REGISTER OF THE LAND OFFICE.

William F. Cummins, of Yazoo City, Miss., to be register of the land office at Jackson, Miss., vice John J. White, whose term will expire January 5, 1914.

POSTMASTERS.

ALABAMA.

Robert Boyd to be postmaster at Dothan, Ala., in place of Byron Trammell, removed.

Jesse B. Hearin to be postmaster at Demopolis, Ala., in place of Buckner L. Garber, deceased.

B. L. Perry to be postmaster at Union Springs, Ala., in place of Sterling P. Rainer, resigned.

John C. Routon to be postmaster at Luverne, Ala., in place of James W. McNeill, removed.

Dora A. Speer to be postmaster at Ashland, Ala., in place of James L. Carwile, resigned.

ARIZONA.

A. T. Pancrazi to be postmaster at Yuma, Ariz., in place of Claus Y. Meeden, deceased.

ARKANSAS.

William E. Brown to be postmaster at Nashville, Ark., in place of Edward I. Stevens, removed.

A. B. McKinney to be postmaster at Corning, Ark., in place of Charles T. Bloodworth, resigned.

G. R. Pendleton to be postmaster at Junction City, Ark., in place of Charles L. Jones, removed.

H. C. Pernot to be postmaster at Van Buren, Ark., in place of John L. Smith, resigned.

Levi B. Sharp to be postmaster at Black Rock, Ark., in place of S. A. Isaminger, deceased.

CALIFORNIA.

A. G. Sawin to be postmaster at Loyalton, Cal., in place of G. E. Arnold, resigned.

F. V. Dewey to be postmaster at Hanford, Cal., in place of William A. Long. Incumbent's commission expired December 16, 1913.

E. E. Drees to be postmaster at Petaluma, Cal., in place of James E. Olmsted. Incumbent's commission expired February 4, 1912.

George T. Fissell to be postmaster at Davis, Cal., in place of J. J. Gallager. Incumbent's commission expired January 30, 1913.

Emily Gavin to be postmaster at Concord, Cal., in place of P. M. Soto. Incumbent's commission expired January 26, 1913.

T. S. Kemble to be postmaster at Alturas, Cal., in place of James T. Negley. Incumbent's commission expired December 16, 1913.

R. W. Lockridge to be postmaster at Delano, Cal., in place of Guy S. Turner, deceased.

Flora B. Reynolds to be postmaster at Mill Valley, Cal., in place of Flora B. Reynolds. Incumbent's commission expired March 29, 1913.

Walter Staley to be postmaster at Selma, Cal., in place of George W. Holmes. Incumbent's commission expires January 12, 1914.

COLORADO.

E. C. McAnelly to be postmaster at Fort Collins, Colo., in place of Marshall Moore. Incumbent's commission expired February 9, 1913.

Thomas McCunniff to be postmaster at La Jara, Colo., in place of Mahala E. Mosier, removed.

R. L. Newton to be postmaster at Arvada, Colo., in place of John L. Miller. Incumbent's commission expired December 13, 1913.

Christopher C. Wilson to be postmaster at Goldfield, Colo., in place of Alfred W. Flanigan. Incumbent's commission expired December 16, 1913.

CONNECTICUT.

Michael H. Walsh to be postmaster at Middleton, Conn., in place of Arthur B. Calef, deceased.

Patrick H. Walsh to be postmaster at New Hartford, Conn., in place of Marie W. Munn. Incumbent's commission expired December 13, 1913.

Camilda A. Woisard to be postmaster at North Grosvenor Dale, Conn. Office became presidential July 1, 1913.

FLORIDA.

Alma P. Carmichael to be postmaster at Melbourne, Fla., in place of Alma P. Martin (name changed by marriage).

Corinne T. Summerlin to be postmaster at Fort Myers, Fla., in place of Isaac E. Foxworthy, removed.

GEORGIA.

Annie Ard to be postmaster at Lumpkin, Ga., in place of Annie Ard. Incumbent's commission expires January 12, 1914.

Harvey C. Bunn to be postmaster at Waycross, Ga., in place of Charles E. Murphy, resigned.

J. H. Cotter to be postmaster at Manchester, Ga., in place of Ada Winslow, resigned.

Walter R. Harrell to be postmaster at Quitman, Ga., in place of Rutledge A. Griffin. Incumbent's commission expired December 16, 1913.

Frank S. Murray to be postmaster at Fort Valley, Ga., in place of Max L. James. Incumbent's commission expired December 20, 1913.

J. M. Scott to be postmaster at Bainbridge, Ga., in place of George L. Liverman, resigned.

William W. Webb to be postmaster at Hahira, Ga., in place of William W. Webb. Incumbent's commission expired December 16, 1913.

IDAHO.

Edmund Ellsworth, jr., to be postmaster at Rigby, Idaho, in place of Howard L. Hoppes, resigned.

O. H. Marsh to be postmaster at Rupert, Idaho, in place of Watson N. Shilling, resigned.

P. C. O'Malley to be postmaster at Pocatello, Idaho, in place of Francis Ball, resigned.

ILLINOIS.

Gus Blair to be postmaster at Murphysboro, Ill., in place of James A. White. Incumbent's commission expired December 21, 1913.

J. H. Carey to be postmaster at Watseka, Ill., in place of B. F. Shankland. Incumbent's commission expired December 16, 1913.

George W. Cress to be postmaster at Washington, Ill., in place of A. H. Heiple. Incumbent's commission expired December 16, 1913.

C. F. Cooke to be postmaster at Ridge Farm, Ill., in place of Eva Y. Hole. Incumbent's commission expired December 16, 1913.

Henry Earle to be postmaster at Hebron, Ill., in place of Edwin A. Mead. Incumbent's commission expired May 13, 1913.

Robin Etter to be postmaster at Waverly, Ill., in place of Bruck Reinbach, removed.

William Finley to be postmaster at Hoopestown, Ill., in place of Charles W. Warner, removed.

Frank B. Huber to be postmaster at Antioch, Ill., in place of Daniel A. Williams. Incumbent's commission expired December 20, 1913.

Bernard McManus, jr., to be postmaster at Cairo, Ill., in place of Sidney B. Miller. Incumbent's commission expired December 20, 1913.

M. M. Morrissey to be postmaster at Bloomington, Ill., in place of J. A. Bohrer. Incumbent's commission expired December 21, 1913.

Michael O'Neill to be postmaster at Gilman, Ill., in place of Herrick Houghton. Incumbent's commission expired December 16, 1913.

R. C. Probasco to be postmaster at Sparta, Ill., in place of Alexander B. Sproul, resigned.

Henrietta Rehwald to be postmaster at Altamont, Ill., in place of John R. Snook, resigned.

J. C. Reuter to be postmaster at Freeburg, Ill., in place of F. W. Herman, resigned.

Charles D. Rock to be postmaster at Farmer City, Ill., in place of Harry S. Farmer. Incumbent's commission expires January 10, 1914.

Thomas J. Ronin to be postmaster at Sycamore, Ill., in place of Edward I. Boies, removed.

H. P. Simpson to be postmaster at Rock Island, Ill., in place of Hugh A. J. McDonald. Incumbent's commission expires January 24, 1914.

William W. Sweeney to be postmaster at Fort Sheridan, Ill., in place of Jennie M. De Roo. Incumbent's commission expired June 9, 1913.

D. B. Ulrey to be postmaster at Martinsville, Ill., in place of James Porter, removed.

INDIANA.

Thomas O. Beck to be postmaster at Lebanon, Ind., in place of Samuel S. Heath. Incumbent's commission expires January 20, 1914.

Ray C. Fickle to be postmaster at Mulberry, Ind., in place of Percy V. Ruch, resigned.

Austin E. Menges to be postmaster at Bristol, Ind., in place of Horace H. Mosier, resigned.

Tilghman Ogle to be postmaster at Carlisle, Ind., in place of Archer R. Orr, resigned.

John Osborn to be postmaster at Culver, Ind., in place of E. E. Parker, resigned.

Nilas Wolf to be postmaster at Bourbon, Ind., in place of Joel F. Martin, resigned.

IOWA.

George A. Crane to be postmaster at Dexter, Iowa, in place of Frank C. Downey. Incumbent's commission expired December 20, 1913.

Laura H. Figert to be postmaster at Marathon, Iowa, in place of Joel E. Johnson. Incumbent's commission expired December 20, 1913.

Weston D. Ralston to be postmaster at Paullina, Iowa, in place of Frank V. D. Bogert, resigned.

Harvey A. Sweigard to be postmaster at Garner, Iowa, in place of C. J. Schneider, resigned.

James S. Webster to be postmaster at Carlisle, Iowa. Office became presidential October 1, 1913.

KANSAS.

Isaac Jordan Barrackman to be postmaster at Humboldt, Kans., in place of William T. McElroy, deceased.

John M. Brown to be postmaster at Minneapolis, Kans., in place of George W. Barker, resigned.

J. C. Cordill to be postmaster at Alton, Kans., in place of Mary A. Campbell, resigned.

H. C. Duckworth to be postmaster at Altoona, Kans., in place of James T. Miller. Incumbent's commission expired December 20, 1913.

Floyd C. Flory to be postmaster at Grenola, Kans., in place of Ellis A. Mann. Incumbent's commission expires January 12, 1914.

Peter W. Jury to be postmaster at La Harpe, Kans., in place of J. Q. Roberts. Incumbent's commission expired December 9, 1911.

J. M. Little to be postmaster at Sterling, Kans., in place of Thomas A. Dilley, deceased.

H. L. O'Bryan to be postmaster at Chetopa, Kans., in place of George S. Boon, resigned.

F. M. Pearl to be postmaster at Hiawatha, Kans., in place of Ewing Herbert, resigned.

W. O. Rigby to be postmaster at Topeka, Kans., in place of A. K. Rodgers. Incumbent's commission expired December 21, 1913.

R. E. Stotts to be postmaster at Garden City, Kans., in place of C. A. Schneider. Incumbent's commission expired December 13, 1913.

Nettie Watkins to be postmaster at Hope, Kans., in place of Belle Nickles. Incumbent's commission expired December 13, 1913.

KENTUCKY.

G. S. Morris to be postmaster at La Grange, Ky., in place of W. J. Manby. Incumbent's commission expires January 6, 1914.

LOUISIANA.

S. S. Gullatt to be postmaster at Ruston, La., in place of L. S. Flournoy. Incumbent's commission expired June 26, 1913.

MAINE.

F. J. Carsley to be postmaster at Dexter, Me., in place of F. D. Dearth. Incumbent's commission expired December 14, 1912.

Frank P. Davis to be postmaster at Bridgton, Me., in place of John F. Davis. Incumbent's commission expired December 21, 1913.

W. J. Eldridge to be postmaster at Foxcroft, Me., in place of Edward B. Buck. Incumbent's commission expired December 14, 1912.

Everett P. Hanson to be postmaster at Gorham, Me., in place of Edward Harding. Incumbent's commission expired December 21, 1913.

William I. Johnson to be postmaster at North Berwick, Me., in place of Frank A. Knight. Incumbent's commission expired December 21, 1913.

Herbert L. Pinkham to be postmaster at Lincoln, Me., in place of Leon B. Clay, resigned.

Otis C. Verow to be postmaster at South Brewer, Me., in place of Fred W. Doane. Incumbent's commission expired December 16, 1913.

MARYLAND.

Clarence T. Dare to be postmaster at Rising Sun, Md., in place of Samuel Hambleton. Incumbent's commission expired February 21, 1912.

Wesley Jarrell to be postmaster at Greensboro, Md., in place of W. B. Massey. Incumbent's commission expired February 11, 1913.

George W. Kefauver to be postmaster at Middletown, Md., in place of Leslie W. Gaver. Incumbent's commission expired February 9, 1913.

Thomas J. Linthicum to be postmaster at Annapolis, Md., in place of D. R. Randall. Incumbent's commission expired January 8, 1913.

John O. Murray to be postmaster at Hampstead, Md., in place of William A. Murray, removed.

George M. Wolfe to be postmaster at Forest Glen, Md., in place of W. P. Miller. Incumbent's commission expired April 1, 1913.

MASSACHUSETTS.

E. H. Bowler to be postmaster at Dedham, Mass., in place of H. A. Hutchinson. Incumbent's commission expired December 13, 1913.

Arthur W. Gibbs to be postmaster at Huntington, Mass., in place of C. W. Daugherty. Incumbent's commission expired December 13, 1913.

John R. McComb to be postmaster at Great Barrington, Mass., in place of W. C. Hinman. Incumbent's commission expired December 13, 1913.

Daniel J. O'Connell, jr., to be postmaster at South Hadley, Mass., in place of Marie E. White, resigned.

John F. O'Leary to be postmaster at West Warren, Mass., in place of George Bliss, deceased.

Charles Prescott to be postmaster at Beverly, Mass., in place of Francis Norwood. Incumbent's commission expires January 6, 1914.

Henry L. Ripley to be postmaster at Edgartown, Mass., in place of Henry A. Pease. Incumbent's commission expired December 13, 1913.

Harvey F. Shufelt to be postmaster at Housatonic, Mass., in place of E. S. Thatcher. Incumbent's commission expired December 13, 1913.

Dennis A. Smith to be postmaster at Rutland, Mass., in place of Henry Converse. Incumbent's commission expired January 11, 1913.

MICHIGAN.

Byron Burch to be postmaster at Midland, Mich., in place of Henry D. Northway, resigned.

William H. Cronin to be postmaster at Brown City, Mich., in place of Walter H. Witt, resigned.

John J. Dawson to be postmaster at Hastings, Mich., in place of John C. Ketcham, resigned.

William Downing to be postmaster at Grant, Mich., in place of James E. Sharp, resigned.

Charles E. Hogadone to be postmaster at Grand Rapids, Mich., in place of W. Millard Palmer, removed.

Harvey E. Kidder to be postmaster at Ionia, Mich., in place of Henry J. Horrigan, removed.

Arthur R. Martin to be postmaster at Croswell, Mich., in place of Frank J. Battersbee, resigned.

Edwin F. W. Neidhold to be postmaster at Wakefield, Mich., in place of James W. Bedell, resigned.

MINNESOTA.

G. A. Bucks to be postmaster at Henderson, Minn., in place of Herman Ohde. Incumbent's commission expired January 28, 1913.

T. J. Grimes to be postmaster at Grand Meadow, Minn., in place of C. E. Hovda. Incumbent's commission expired December 13, 1913.

Hans P. Krog to be postmaster at La Crescent, Minn., in place of Edward Hurley, declined.

H. H. Salmon to be postmaster at Biwabik, Minn., in place of I. R. Gillpatrick. Incumbent's commission expired December 13, 1913.

W. W. Stockwell to be postmaster at Anoka, Minn., in place of John Palmer. Incumbent's commission expired December 13, 1913.

MISSISSIPPI.

Thomas P. Barr to be postmaster at Jackson, Miss., in place of R. O. Edwards. Incumbent's commission expires January 6, 1914.

A. S. Bell to be postmaster at Grenada, Miss., in place of H. P. Miller. Incumbent's commission expires January 10, 1914.

Henry H. Mackey to be postmaster at Vicksburg, Miss., in place of M. J. Mulvihill. Incumbent's commission expires January 26, 1914.

MISSOURI.

Gertrude Brown to be postmaster at Auxvasse, Mo., in place of C. H. Brown, deceased.

A. H. Davis to be postmaster at Seymour, Mo., in place of Robert C. Rhodes. Incumbent's commission expired December 21, 1913.

Thomas E. Graves to be postmaster at Kirksville, Mo., in place of F. M. Harrington. Incumbent's commission expired December 20, 1913.

W. W. Hamilton to be postmaster at Granby, Mo., in place of Z. T. Jennings. Incumbent's commission expired December 20, 1913.

W. A. Hughes to be postmaster at Glasgow, Mo., in place of W. T. Lessley. Incumbent's commission expired December 21, 1913.

Alexander McCandless to be postmaster at Downing, Mo., in place of Grant Stipp, resigned.

C. C. Mitchim to be postmaster at De Soto, Mo., in place of Theodore Walther. Incumbent's commission expired December 20, 1913.

John H. Orr to be postmaster at Ava, Mo., in place of H. L. Brown. Incumbent's commission expired December 20, 1913.

L. E. Phlieger to be postmaster at Caruthersville, Mo., in place of R. G. Crow. Incumbent's commission expired December 20, 1913.

Francis H. Smith to be postmaster at Sikeston, Mo., in place of Daniel McCoy, resigned.

W. H. Ward to be postmaster at Bonne Terre, Mo., in place of B. A. Roy. Incumbent's commission expires January 10, 1914.

Robert H. Williams to be postmaster at Louisiana, Mo., in place of A. C. Gansz. Incumbent's commission expired December 16, 1913.

NEBRASKA.

Sadie E. Flaherty to be postmaster at Hyannis, Nebr. Office became presidential July 1, 1913.

John Cain to be postmaster at Kenesaw, Nebr., in place of L. K. Partridge. Incumbent's commission expired January 14, 1913.

Thomas A. Davis to be postmaster at Neligh, Nebr., in place of W. W. Cole. Incumbent's commission expired December 20, 1913.

D. H. Kuhlman to be postmaster at Sterling, Nebr., in place of C. E. Zink. Incumbent's commission expired December 13, 1913.

Elizabeth McLean to be postmaster at Clarks, Nebr., in place of R. R. Douglas. Incumbent's commission expired December 20, 1913.

D. C. Morgan to be postmaster at Plattsmouth, Nebr., in place of H. A. Schneider. Incumbent's commission expired December 13, 1913.

NEW HAMPSHIRE.

Hume B. Heath to be postmaster at Plymouth, N. H., in place of C. C. Wright. Incumbent's commission expired December 13, 1913.

William P. Nolin to be postmaster at Claremont, N. H., in place of W. J. Chandler. Incumbent's commission expired December 13, 1913.

Albert J. Richardson to be postmaster at Littleton, N. H., in place of H. M. Eaton. Incumbent's commission expired December 13, 1913.

NEW JERSEY.

Laird H. Bowers to be postmaster at Millington, N. J., in place of F. P. Baker. Incumbent's commission expired January 5, 1913.

Joseph P. Cullen to be postmaster at Boonton, N. J., in place of Charles F. Hopkins, resigned.

John Lodge to be postmaster at Paulsboro, N. J., in place of W. D. Gill. Incumbent's commission expired December 20, 1913.

James Norton to be postmaster at Hackensack, N. J., in place of William Jeffers. Incumbent's commission expired December 16, 1913.

George Lee Shaw to be postmaster at Franklin (late Franklin Furnace), N. J., in place of Daniel W. Sheldon, to change name of office.

Frank C. Tomlin to be postmaster at Sewell, N. J. Office became presidential July 1, 1913.

Henry Walter to be postmaster at Riverside, N. J., in place of A. F. Stecher. Incumbent's commission expired December 16, 1912.

NEW MEXICO.

Adolph P. Hill to be postmaster at Santa Fe, N. Mex., in place of John Pfluger, removed.

M. McCreary to be postmaster at Magdalena, N. Mex., in place of John S. Mactavish, resigned.

L. Pascual Martinez to be postmaster at Taos, N. Mex., in place of J. J. Vigil. Incumbent's commission expired December 16, 1913.

NEW YORK.

Augustus A. Blackledge to be postmaster at Nyack, N. Y., in place of George B. Helmle, deceased.

Wilbur C. Box to be postmaster at Lynbrook, N. Y., in place of S. Pearsall. Incumbent's commission expired December 21, 1913.

David E. Brett to be postmaster at Whitehall, N. Y., in place of W. G. C. Wood. Incumbent's commission expired December 20, 1913.

Peter T. Conley to be postmaster at Fulton, N. Y., in place of William E. Hughes, deceased.

Charles E. Dempsey to be postmaster at Fort Covington, N. Y., in place of T. A. Chisholm. Incumbent's commission expired December 16, 1912.

Edward F. Dougherty to be postmaster at Tonawanda, N. Y., in place of Peter Dahl. Incumbent's commission expired February 9, 1913.

Arthur H. Graham to be postmaster at Newark Valley, N. Y., in place of T. F. Chamberlain. Incumbent's commission expired December 16, 1913.

Clinton P. Geer to be postmaster at McGraw, N. Y., in place of B. T. Burlingham. Incumbent's commission expired December 16, 1913.

Patrick A. Hallahan to be postmaster at Brasher Falls, N. Y., in place of Benjamin A. Babcock, deceased.

George D. Hughes to be postmaster at Madrid, N. Y., in place of F. J. Merriman. Incumbent's commission expired April 8, 1913.

William J. Hyland to be postmaster at Hoosick Falls, N. Y., in place of G. F. Rising. Incumbent's commission expired December 21, 1913.

William F. Kasting to be postmaster at Buffalo, N. Y., in place of Fred Greiner, resigned.

Joseph P. Kiernan to be postmaster at Pawling, N. Y., in place of W. T. Chapman. Incumbent's commission expired February 17, 1913.

William H. Kinne to be postmaster at Ovid, N. Y., in place of F. C. Allen. Incumbent's commission expired April 22, 1912.

De Witt C. Lynde to be postmaster at Marathon, N. Y., in place of C. A. Brooks. Incumbent's commission expired December 21, 1913.

Frank McMahon to be postmaster at Belfast, N. Y., in place of William Ingleby, deceased.

Mark L. Mount to be postmaster at Hewlett, N. Y., in place of Cornelius T. Seaman, resigned.

M. J. Murray to be postmaster at Owego, N. Y., in place of W. A. Smyth. Incumbent's commission expired December 16, 1913.

Joseph J. O'Reilly to be postmaster at Willsboro, N. Y. Office became presidential July 1, 1913.

George M. Pierson to be postmaster at Maybrook, N. Y. Office became presidential July 1, 1913.

Edward Eugene Rigney to be postmaster at East Bloomfield, N. Y. Office became presidential October 1, 1912.

John W. Thorp to be postmaster at Brewster, N. Y., in place of E. W. Addis. Incumbent's commission expired December 21, 1913.

Charles A. Townsend to be postmaster at Millerton, N. Y., in place of Lorin J. Eggleston, resigned.

Frederick W. Youmans to be postmaster at Delhi, N. Y., in place of Jonas M. Preston, removed.

NORTH CAROLINA.

Louis G. Daniels to be postmaster at Newbern, N. C., in place of Jesse S. Basnight, removed.

W. A. Gibson to be postmaster at Bryson City, N. C., in place of J. F. Teague. Incumbent's commission expired December 20, 1913.

R. S. Montgomery to be postmaster at Reidsville, N. C., in place of J. R. Joyce. Incumbent's commission expired January 28, 1912.

A. M. Sanders to be postmaster at Smithfield, N. C., in place of J. C. Stancil, resigned.

John R. Swann to be postmaster at Marshall, N. C., in place of Frank Roberts. Incumbent's commission expired December 17, 1911.

NORTH DAKOTA.

James R. Manley to be postmaster at Minnewaukan, N. Dak., in place of J. M. Cubbinson. Incumbent's commission expired August 2, 1913.

John Schmitz to be postmaster at Tower City, N. Dak., in place of H. H. Roberts. Incumbent's commission expires January 10, 1914.

Pauline M. Schultz to be postmaster at Leeds, N. Dak., in place of J. H. Dooley. Incumbent's commission expires January 10, 1914.

Curtis Shepard to be postmaster at Courtenay, N. Dak., in place of H. T. Nelson. Incumbent's commission expires January 6, 1914.

J. Frank Tibbs to be postmaster at Rugby, N. Dak., in place of Henry W. Ellingson, resigned.

OHIO.

Stephen D. Carroll to be postmaster at Painesville, Ohio, in place of Charles A. Moodey, resigned.

L. H. Chapin to be postmaster at Hudson, Ohio, in place of L. T. Marrott. Incumbent's commission expired December 20, 1913.

David B. Dick to be postmaster at Harrison, Ohio, in place of Clinton F. Bonham, resigned.

Homer Gard to be postmaster at Hamilton, Ohio, in place of Carl H. Schell, resigned.

Samuel C. Litsinger to be postmaster at Worthington, Ohio. Office became presidential April 1, 1913.

A. Ross Read to be postmaster at Akron, Ohio, in place of William B. Baldwin, resigned.

George M. Sizelove to be postmaster at Camden, Ohio, in place of W. J. King. Incumbent's commission expired December 20, 1913.

George B. Snyder to be postmaster at Youngstown, Ohio, in place of O. P. Shaffer, resigned.

A. N. Warren to be postmaster at Sylvania, Ohio, in place of J. C. Jones. Incumbent's commission expired December 20, 1913.

Royal M. Wheeler to be postmaster at Mantua, Ohio, in place of C. W. Brainerd. Incumbent's commission expired December 20, 1913.

George G. Wilkinson to be postmaster at East Palestine, Ohio, in place of C. A. Murphy. Incumbent's commission expired December 20, 1913.

OKLAHOMA.

Andrew J. Adcock to be postmaster at Aline, Okla., in place of Samuel C. Timmons, resigned.

I. W. Bebout to be postmaster at Orlando, Okla., in place of Henry R. Morris, resigned.

Leslie E. Ellis to be postmaster at Erick, Okla., in place of E. D. Pritchard. Incumbent's commission expired December 20, 1913.

PENNSYLVANIA.

Edward Ace to be postmaster at Nicholson, Pa., in place of F. N. Boyle. Incumbent's commission expired April 10, 1913.

Effie R. Anschutz to be postmaster at Fort Washington, Pa., in place of Samuel Yeakle, resigned.

John E. Blair to be postmaster at Shippensburg, Pa., in place of Frank E. Hollar, resigned.

John L. Dimmig to be postmaster at East Greenville, Pa., in place of Elam M. Stauffer, resigned.

H. Lee Goerman to be postmaster at Ambridge, Pa., in place of A. C. McGillivray, removed.

James S. Gordon to be postmaster at Natrona, Pa., in place of John Clinton, resigned.

William E. Gregg to be postmaster at West Brownsville, Pa., in place of John B. Moffitt, resigned.

Michael F. McDermott to be postmaster at Jermyn, Pa., in place of John B. Griffiths, resigned.

William D. McGinnis to be postmaster at Connellsville, Pa., in place of Arthur E. Kurtz, resigned.

John A. Rick to be postmaster at Girard, Pa., in place of William J. Murray, resigned.

Henry J. Bock to be postmaster at Conway, Pa. Office became presidential October 1, 1913.

Charles A. DeHuff to be postmaster at Royersford, Pa., in place of Edgar Matthews. Incumbent's commission expires January 6, 1914.

T. J. Donnell to be postmaster at Jenkinstown, Pa., in place of W. H. Fretz. Incumbent's commission expired December 13, 1913.

G. G. Gaston to be postmaster at Tionesta, Pa., in place of J. W. Jamieson. Incumbent's commission expired December 16, 1913.

Milton H. Gundy to be postmaster at Wernersville, Pa., in place of C. A. Gaul. Incumbent's commission expired December 21, 1913.

W. H. Keener to be postmaster at New Bethlehem, Pa., in place of G. L. Thomas. Incumbent's commission expired June 12, 1913.

Robert M. McCartney to be postmaster at McDonald, Pa., in place of H. P. Williams. Incumbent's commission expired May 22, 1913.

Albanus S. Magargal to be postmaster at Sellersville, Pa., in place of W. S. Schlichter. Incumbent's commission expired December 13, 1913.

John B. Parks to be postmaster at Leechburg, Pa., in place of J. C. Duncan. Incumbent's commission expired December 20, 1913.

Isaac Scarborough to be postmaster at New Hope, Pa., in place of C. W. Betts. Incumbent's commission expired December 13, 1913.

RHODE ISLAND.

Francis J. McCabe to be postmaster at Apponaug, R. I., in place of E. E. Matteson. Incumbent's commission expired December 21, 1913.

SOUTH DAKOTA.

M. M. Bennett to be postmaster at Yankton, S. Dak., in place of Williard C. Lusk, resigned.

TENNESSEE.

Gordon B. Baird to be postmaster at Obion, Tenn., in place of G. M. Steele. Incumbent's commission expired December 21, 1913.

Joel J. Jones to be postmaster at Fayetteville, Tenn., in place of William A. Pamplin, resigned.

J. P. Penn to be postmaster at Kenton, Tenn., in place of J. D. Dodson. Incumbent's commission expired December 21, 1913.

Eugene C. Shannon to be postmaster at Nashville, Tenn., in place of A. W. Wills. Incumbent's commission expires January 11, 1914.

TEXAS.

Minerva E. Austin to be postmaster at Grapevine (late Grape Vine), Tex., in place of J. M. Phillips. Incumbent's commission expired December 16, 1913, and to change name of office.

A. S. Collins to be postmaster at Bay City, Tex., in place of William E. Sayers, sr., resigned.

J. A. Davis to be postmaster at Dawson, Tex., in place of J. L. Franks. Incumbent's commission expired December 16, 1913.

W. J. Davis to be postmaster at Silsbee, Tex., in place of Thomas M. Wren, resigned.

Robert N. Eastus to be postmaster at Gordon, Tex., in place of Alexander Jamieson. Incumbent's commission expired December 16, 1913.

Earl M. Duvall to be postmaster at Petrolia, Tex. Office became presidential October 1, 1913.

A. W. Howell to be postmaster at Frost, Tex., in place of Janie Hyer. Incumbent's commission expired December 16, 1913.

J. J. Jenkins to be postmaster at Skidmore, Tex., in place of John W. Baldeschwiler. Incumbent's commission expired December 16, 1913.

Will Ligon to be postmaster at Morgan, Tex., in place of Leander A. Canada, deceased.

Forrest M. Mattox to be postmaster at Newton, Tex., in place of Rufus H. Windham, resigned.

W. L. Mount to be postmaster at Bellevue, Tex., in place of William J. Manton, resigned.

Conrad M. Newton to be postmaster at Hubbard, Tex., in place of George W. Cash. Incumbent's commission expired December 20, 1913.

George W. Rohleder to be postmaster at Eagle Pass, Tex., in place of John W. Chichester, resigned.

R. D. Tankersley to be postmaster at Killeen, Tex., in place of Richard T. Polk. Incumbent's commission expired December 20, 1913.

UTAH.

A. Binkele to be postmaster at Tremonton, Utah. Office became presidential January 1, 1913.

James A. Faust to be postmaster at Delta, Utah. Office became presidential July 1, 1913.

J. M. French to be postmaster at Greenriver, Utah, in place of of T. G. Wimmer, jr., resigned.

Adelbert K. Huish to be postmaster at Payson, Utah, in place of Jonathan S. Page, jr. Incumbent's commission expired December 17, 1912.

Isadore Lessing to be postmaster at Beaver, Utah, in place of Orrice F. McShane, resigned.

Niels Lind to be postmaster at Midvale, Utah, in place of Clifford I. Goff. Incumbent's commission expired June 16, 1913.

Nephi O. Palmer to be postmaster at Farmington, Utah. Office became presidential October 1, 1913.

J. C. Twaddle to be postmaster at Sunnyside, Utah, in place of Albert E. Hopkinson. Incumbent's commission expired June 16, 1913.

VERMONT.

Frank A. Burditt to be postmaster at Putney, Vt., in place of Lyman P. Bailey. Incumbent's commission expired December 14, 1912.

Herbert S. King to be postmaster at Manchester Depot, Vt. Office became presidential October 1, 1913.

Carl A. Mattison to be postmaster at Manchester Center, Vt. Office became presidential October 1, 1913.

VIRGINIA.

Charles A. Funkhouser to be postmaster at Dayton, Va., in place of John W. Thompson. Incumbent's commission expired December 16, 1913.

William C. Menefee to be postmaster at Rockymount, Va., in place of Beverly A. Davis, resigned.

Hay T. Thornton to be postmaster at Richmond, Va., in place of Edgar Allan, jr. Incumbent's commission expired December 16, 1913.

WASHINGTON.

Ethel R. Hanks to be postmaster at Port Orchard, Wash., in place of W. T. Pitcher, resigned.

James H. Schneckloth to be postmaster at Pomeroy, Wash., in place of T. B. Keirnan, deceased.

WEST VIRGINIA.

A. D. Smith, jr., to be postmaster at Fayetteville, W. Va., in place of Charles A. Goddard. Incumbent's commission expired December 16, 1913.

Jesse D. Wilson to be postmaster at Fairview, W. Va., in place of Zephaniah J. Martin, deceased.

WISCONSIN.

H. J. Kinne to be postmaster at Amery, Wis., in place of John G. Burman. Incumbent's commission expired February 9, 1913.

T. D. Pluck to be postmaster at Horicon, Wis., in place of Edward C. Rehfeld. Incumbent's commission expired December 21, 1913.

Michael J. Rice to be postmaster at Kewaunee, Wis., in place of Albert B. Leyse, resigned.

Frank B. Schutz to be postmaster at Milwaukee, Wis., in place of David C. Owen, removed.

A. T. Swedborg to be postmaster at Prentice, Wis., in place of Frank J. Salter. Incumbent's commission expired February 9, 1913.

WYOMING.

R. J. McGinnis to be postmaster at Cody, Wyo., in place of Frank O. Thompson. Incumbent's commission expired December 16, 1913.

CONFIRMATIONS.

Executive nominations confirmed by the Senate December 22, 1913.

MINISTERS.

George Fred Williams to be envoy extraordinary and minister plenipotentiary to Greece and Montenegro.

Brand Whitlock to be envoy extraordinary and minister plenipotentiary to Belgium.

CONSULS.

Ezra M. Lawton to be consul at Tegucigalpa, Honduras.

Clarence Carrigan to be consul at Grenoble, France.

ASSISTANT APPRAISER OF MERCHANDISE.

George W. Wolf to be assistant appraiser of merchandise in the district of New York.

COLLECTORS OF INTERNAL REVENUE.

Paul A. Hemmy to be collector of internal revenue for the first district of Wisconsin.

Peter J. Kruyer to be collector of internal revenue for the sixth district of Indiana.

Isaac R. Strouse to be collector of internal revenue for the seventh district of Indiana.

UNITED STATES ASSAYER.

Charles Gammon to be assayer in charge of the United States assay office at Salt Lake City, Utah.

SUPERVISING STEAMBOAT INSPECTOR.

Eugene E. O'Donnell, of Massachusetts, to be supervising inspector, fifth district, Steamboat-Inspection Service, vice John D. Sloane, resigned.

PROMOTION IN THE REVENUE-CUTTER SERVICE.

Third Lieut. Roy Ackerman Bothwell to be second lieutenant in the Revenue-Cutter Service.

UNITED STATES ATTORNEYS.

John W. Preston to be United States attorney for the northern district of California.

James L. McClear to be United States attorney, district of Idaho.

PROMOTIONS IN THE ARMY.

CORPS OF ENGINEERS.

Maj. Charles Keller to be lieutenant colonel.

INFANTRY ARM.

Maj. André W. Brewster to be lieutenant colonel.
Capt. John Howard to be major.
First Lieut. William H. Patterson to be captain.
First Lieut. Leonard J. Mygatt to be captain.
First Lieut. Elliott M. Norton to be captain.

Second Lieut. Bruce B. Buttler to be first lieutenant.
Second Lieut. Evan E. Lewis to be first lieutenant.
Second Lieut. Paul A. Larned to be first lieutenant.
Second Lieut. Seth W. Scofield to be first lieutenant.

CAVALRY ARM.

Maj. John C. Waterman to be lieutenant colonel.

FIELD ARTILLERY ARM.

First Lieut. Henry S. Kilbourne, jr., to be captain.
Second Lieut. Albert K. C. Palmer to be first lieutenant.

CHAPLAIN.

Rev. John E. Rochford to be chaplain with the rank of first lieutenant.

PROMOTIONS AND APPOINTMENTS IN THE NAVY.

Lieut. (Junior Grade) Garrett K. Davis to be a lieutenant.
Norman M. McClelland to be an assistant surgeon in the Medical Reserve Corps.
Assistant Civil Engineer Kirby Smith to be a civil engineer.
Assistant Civil Engineer David G. Copeland to be an assistant civil engineer (junior grade).
Lieut. (Junior Grade) John A. Monroe to be a lieutenant.
Lieut. (Junior Grade) William F. Newton to be a lieutenant.
Ruskin M. Lhamon to be an assistant surgeon in the Medical Reserve Corps.
Jerome M. Lynch to be an assistant surgeon in the Medical Reserve Corps.
Naval Constructor Horatio G. Gillmor to be a naval constructor, with rank of commander.
Medical Inspector George B. Wilson to be a medical director.
Medical Inspector Charles F. Stokes to be a medical director.
Surg. Sheldon G. Evans to be a medical inspector.

RECEIVERS OF PUBLIC MONEYS.

Ashley G. Dawley to be receiver of public moneys at Elko, Nev.
Fred A. King to be receiver of public moneys at Cass Lake, Minn.
Gratton D. Little to be receiver of public moneys at Eureka, Cal.

REGISTERS OF LAND OFFICES.

John E. Robins to be register of the land office at Elko, Nev.
Mrs. Mary Wolfe Dargin to be register of the land office at Denver, Colo.
Peter M. Ringdal to be register of the land office at Crookston, Minn.
A. G. Swindlehurst to be register of the land office at Cass Lake, Minn.

POSTMASTERS.

ALASKA.

Albert Wile, Iditarod.

CALIFORNIA.

J. W. Heard, Oilcenter.

CONNECTICUT.

Dennis C. Murphy, Taftville.

ILLINOIS.

Margaret Keegan, Loda.

MASSACHUSETTS.

Thomas H. Hackett, Westboro.

MICHIGAN.

Edwin S. Noble, Elk Rapids.

MINNESOTA.

Bernard P. Eagan, Spooner.
Joseph Huelskamp, Gaylord.
T. F. Oneill, Gilbert.
Axel Ringborg, Bagley.
William F. Roche, Lakeville.

NEBRASKA.

James J. McCarthy, Greeley.

NEW JERSEY.

Edward F. Higgins, Bloomfield.

WISCONSIN.

Simon Skroch, Independence.

WITHDRAWAL.

Executive nomination withdrawn December 22, 1913.

POSTMASTER.

ARKANSAS.

C. A. Harris to be postmaster at Junction City, in the State of Arkansas.

HOUSE OF REPRESENTATIVES.

MONDAY, *December 22, 1913.*

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou Infinite, Eternal, whose footsteps may be traced on land and sky and sea; whose creative and re-creative hand, guided by infinite wisdom, power, and goodness, has left its impress on everything that is. All that we think or do are but imperfect imitations of what Thou hast done to perfection. The architect, the sculptor, the painter, the musician, the poet finds his model and receives his inspiration in the works of Thy hands. The real scientist, philosopher, statesman, philanthropist, teacher, all are students at Thy feet, and happy is the man who catches truth as it falls from Thy lips. In the thunderings of Sinai, in the Sermon on the Mount, in the parables of the Master, in the love poured out on Calvary is the heart of God writ in characters of living light. May we read with undimmed eyes, hear with unstopped ears, and feel the thrill of Thy presence in our hearts, and departing leave behind us footprints on the sands of time to the honor and glory of Thy holy name. And now, O Father, Thou hast touched deeply our hearts in the death of one of our Members, comfort us, and be especially near to his stricken family, inspire them with the hope of the immortality of the soul, that they may look forward to an everlasting reunion in the realms of joy and happiness. In His name. Amen.

The Journal of the proceedings of Saturday, December 20, 1913, was read and approved.

QUESTION OF PERSONAL PRIVILEGE.

Mr. JOHNSON of Kentucky. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. JOHNSON of Kentucky. Mr. Speaker, day before yesterday the Washington Times contained, in substance, under large headlines which extended entirely across the front page, the bold statement that certain interests in the District of Columbia had effected an organization in order to defeat me and other Members of this House who would not do their bidding.

Very recently the whole country awoke one morning to find that a gigantic conspiracy was abroad in the land to defeat Members of Congress for reelection who were unwilling to betray their constituents that a monster "trust" might continue to extort from the people of the whole United States. That conspiracy was organized for the purpose of fixing an exorbitant price upon practically all articles manufactured in the United States. These articles included hats, clothing, shoes, house-building material, household effects, and even the implements with which the soil is cultivated in order that our people may be fed.

From the sworn admissions of those who were brought before an investigating committee of this House we learned that the now infamously notorious Mulhall was sent from State to State of this Union to find some man willing to make the race for Congress upon money furnished by him, against such Members of Congress as would not yield to the demands made upon them by the conspirators allied with Mulhall. For years they kept the operations of this organization secret. But now, Mr. Speaker, we are boldly and defiantly told by the Washington Times, a paper which has been vilifying me and other Members of this House, who have attempted and are attempting to stand as a barrier between the Treasury of the United States and those here at Washington who would scrape it to the very bottom, that unless I and they would stand aside we are to be defeated for reelection.

That paper, more desperate than the others, just at the time when the District appropriation bill was under consideration, through which its patrons get the money with which to pay their taxes; money with which to build sidewalks and driveways in front of their houses; money with which to send their children to school; money with which to buy toys and procure amusements for their children; money with which to build automobile roads through great parks of hundreds and even thousands of acres in extent; money with which to build engine houses and buy fire engines for sections of the District where there are almost no houses; money with which to build asphalt streets for those who would convert the primeval forests and cornfields into city lots 7 and 8 miles from the Capitol building; money with which to put electric or gas lights upon the rural mail routes in the District of Columbia, as well as money with which to pay Washington papers for carrying advertisements of proceedings by which the Washingtonian is to be paid for the

very land taken upon which driveways and sidewalks are to be built, in order that his undeveloped holdings may be brought into market; that paper, I say, just at that momentous time threatens to defeat me and others unless we desist in our efforts to keep plundering arms out of the Treasury of our constituents. Copies of that paper, with its threatening headlines, were brought upon this floor, bearing the news that a gigantic and powerful organization was forming almost at the very doors of this Chamber, to defeat for reelection those who dared vote in favor of saving the Public Treasury from pillage at the hands of the organization, the members of which are patrons of this paper.

I charge, Mr. Speaker, that I, as a representative of the people who sent me here, have been menaced even in this Chamber. I further charge, Mr. Speaker, that other Members of this body, in the same way, upon the floor of this House, have been challenged in the performance of their constitutional duties.

Mr. Speaker, the very first vote taken upon any feature of the District of Columbia appropriation bill after the appearance of that paper in this Hall was taken upon an amendment offered by me, through which it was proposed to take away the public money with which streets were to be paved for those who composed the menacing organization described by that paper. That vote disclosed the eventful fact that only 62 Members were left in the Chamber out of 355 who had answered to the call of their names but a short while before.

A preceding issue of the same paper, as did current issues of other Washington papers, contained misquoted and distorted interviews with Members of this House, the Speaker, and the gentleman from North Carolina [Mr. PAGE], who had charge of the appropriation bill then under consideration. The same papers also bore statements, alleged to have come from the White House, to the effect that the cautious and patriotic Woodrow Wilson had agreed in advance to veto a bill, if passed, which they admit he had never seen.

The same papers, at the same time, bore the infamously false statement that the committee of which I am chairman, and which is made up of men of the highest integrity, had resorted to questionable methods to prematurely report that bill out of the committee, when the facts are that the bill was introduced in the House on the 20th day of November, took the regular course, was printed, and the next day referred and delivered to the committee of which I am chairman. The bill was before the committee and the House from that date until December 17 (21 days), was considered; and, when amended, approved by the committee in the usual way.

On the day before its consideration written notices were sent out by the clerk of the committee to each and every member of the committee, notifying them that there would be a meeting of the committee the next day at 10 o'clock a. m. In addition to these notices the clerk, on the morning of the day when the bill was considered, and before it was considered, telephoned each and every member of the committee that the meeting was to be held at 10 o'clock. To these notices a quorum of the committee responded and was present. Those who misrepresent the matter are fully aware that if the full committee had been present the vote for and against the bill would have been nearly proportionately the same, and that the result would have been the same.

During the time which elapsed between the introduction of the bill and its consideration no one asked for a hearing, notwithstanding that the local papers had carried notices of its introduction. The printed statements of Capt. James S. Oyster and others of the threatening organization were unwarranted, and carried implied falsehood for the purpose of creating false sentiment among those who might read those statements, whether the readers be the President, Members of the House, or others.

Neither the long-continued libelous assaults of the Washington papers upon me, nor the threats to defeat me for reelection made by the powerful organization which the Washington Times says will undertake to do, shall shake me in the least in my devotion to a well-conceived duty. [Applause.] I much prefer to be a free and respected private citizen among the people who have put their trust in me than to be a Member of Congress and a slave to those who seek to plunder.

At the proper time I shall say to those in good old Kentucky who have placed their confidence in me that I challenge all the world, even the unscrupulous who continuously assail me here, to point to a single act of mine which has not been in the interest of those whose commission I bear.

It is now my determination to go back to Kentucky and ask those there to place in my hands their standard—a standard upon which is inscribed "Loyalty to the people"—and let me meet in the political arena him who bears the standard of this organization here—a standard upon which must be written "Betrayal of the people."

I do not know how much they will have to put up in order to find some one who will undertake to carry out the will of this organization, which is bent upon the mission of destroying all but those who do their infamous will; but whatever sum it be I will double if he will go over the congressional district with me and appear upon the same platform with me, and let honest people look at him while I draw a true picture of him after he shall have come to Washington to do the bidding of those who have tried, but who can not control my vote or silence my voice in proclaiming my enmity to the arrogant, purse-proud here who have grown rich at the expense of their humble neighbors and the people back in the States.

These arrogant few who compose this threatening organization here have for many years dominated this community and ruled it with a merciless hand. Former Presidents have put machinery in their hands, with which they have driven the helpless Government clerk to distress, and with which they have impoverished their native neighbors. Congresses past and almost present have poured the Public Treasury into their laps. One of their local railroads even now, through the agency of professional witnesses and elastic consciences of habitual jurors, is taking a profit of about $887,000 out of one opportunity, which, to say the least, a nonresisting Congress has made possible.

Only a few months ago I heard a man who was a prominent witness in recent condemnation suits admit under oath, in substance, that his business was to swear for landowners in condemnation proceedings. These are the people who threaten to retire me from Congress because I will not do their bidding.

A recent President of the United States has given the District of Columbia officers who have made up a hundred and forty condemnation juries by using only a hundred and fifty-two men. Some of those who compose this threatening organization, which the Washington Times tells us about, have served upon these juries, while others are fraudulent beneficiaries of those official acts.

So powerful have they become that they do not hesitate to use public offices for their private purposes, and public officials to carry into execution their infamous plans. [Applause.]

But recently one of their hirelings was driven out of what had theretofore been a permanent desk in the Treasury Building, where the confidential affairs of the country's banks were kept. And this is the crowd which says it will drive me out of public life unless I betray the trust which my constituents have imposed in me.

More recently still their domination of all about them led them to induce a Treasury official to all but destroy the savings of nearly 60,000 humble people in Washington, all because a few men had the temerity to venture in the banking business in Washington without putting a majority of the clan upon the board of directors. In the dead of night they had an official who is protected by civil service to meet them in a Government office, and expose to them a list of the assets of a rival institution and then had him to treat as insolvent a lot of paper of this institution, and throw out as such, paper sufficient to have the capital stock of the concern appear to be impaired.

While this was being done one of the directors of the institution thus being destroyed in order to gratify the avarice and spleen of the ringleaders of this organization which threatens to destroy me was not permitted to enter the office and defend his institution and its clients from ruthless destruction, but he was taken by the arm and led away by another civil-service Government employee while the havoc to securities went on within by his destructive business rivals. Next, they went into their own places of business and there, by word of mouth and by the use of the telephone, started a movement which would have swept away millions of dollars if another, not of their own, had not appeared upon the scene and said to them, "Thou shalt not."

And these are the men who compose the organization which is to destroy me because, in part, I have introduced a bill which, if passed, will break up their system of interlocking directorates, by which they control every big financial institution in the city, except the one just mentioned, and which they failed to grab and against which their efforts still are active.

A little more than a year ago the committee of which I have the honor to be chairman made an exhaustive investigation into the conditions of taxation and assessment prevailing in the District of Columbia. That investigation disclosed that 40,000 humble homes here in Washington were valued for taxation far more than they were worth. In this way the poor were overtaxed in order that those who are members of this threatening organization, who live in other sections of the city, might be undertaxed. I and the other members of that committee brought to Congress and to public notice the fact that this organized gang had absolute control of two of the three assessors of real estate. These

two assessors have been driven from their official positions, and these positions are now being filled by men who will, I hope, make honest efforts to value property in accordance with law. This is another of their grievances against me.

Only a few days ago one of the Washington papers, in criticizing the present District of Columbia Committee, charged that former District Committees had been in partnership with the big business interests of the District of Columbia. Notwithstanding its continued disposition to villify me and others of the committee, it was compelled to admit that there is now no partnership between that committee and the big business interests of the District of Columbia.

When I became chairman of the District Committee the poor were being plundered by the loan sharks, who were collecting interest at a rate as high as 275 per cent from the unfortunates who had fallen into their clutches. I have succeeded in getting upon the statute books a law which fixes as the highest rate of interest these sharks may charge 1 per cent per month. I have no doubt that they, too, are full-fledged members of this threatening organization, forming under the very Dome of the Capitol to defeat me because I look more to the interest of the helpless than I do to those who need to be curbed and not helped. [Applause.]

One of the laws which a former Congress has placed upon the statute books, and one for the repeal of which there is a crying demand coming to Washington from every State in the Union, is the statute which, in effect, compels the United States to offer a reward to the District of Columbia of $1,000 for each and every saloon license which the officers of the District may issue. This law says to the officers of the District of Columbia: Go, issue all the saloon licenses which are within your limit, and for every one that you issue the United States will give you $1,000 of the people's money. This is the case, while there are millions of people in the United States who are protesting against this subsidy to a business which they disapprove. I have communications even from distillers, saloon keepers, and hundreds of men and women in other occupations all over the United States entering their vehement protests against being taxed in order to subsidize this business in the Nation's Capital, which costs the United States about four and a half million dollars annually. They are unwilling to have the clothes upon their backs bear a tax in order to subsidize this business here.

Early in this session I drafted a bill which would do away with this subsidy. That bill a few days ago passed this House without a dissenting voice. It has now gone over to the Senate for their consideration. I wait with much interest to see whether or not the members of this threatening organization here will menace Members of the Senate in order to deter them from passing it. I have no doubt that this bill, too, has its enemies in this organized gang which seeks my political destruction.

The CONGRESSIONAL RECORD contains every word that I have uttered since I have been in Congress. It also shows all of my votes. I challenge those who are dissatisfied with my public career to show to Kentuckians, or to anybody else, that I have ever uttered a word or have ever cast a vote which has not been in the interest of the people and against the enemies of the people.

When I commenced this fight several years ago I was alone in it. Many, many times when viva voce votes were taken upon motions made by me, my voice would be the only one to answer in the affirmative, while a roar of negative votes deluged in defeat that which I proposed. In order to emphasize my position, and in order to demonstrate that I could make a losing fight without being in the least dismayed, I asked for rising votes. Many, many times I have been the only one to rise in support of a motion which I was making in defense of my constituents against this organized gang here, while a floor full of people would rise in order to cast a negative vote, which clearly demonstrated that the hold of this organization upon the Congress was tight and secure. But, two years ago when I renewed the old fight, repeating my theretofore often-defeated motions, a few voted with me; sometimes 3 or 4 would vote with me; again 12 or 15 would vote with me; again 30 or 40 would vote with me; and sometimes as many as a hundred would support my motions.

During all of the early stage of this fight I was ridiculed and derided by the press of Washington, owned and controlled by those who now make up this threatening organization. Recently a great number of the Members of the present Congress have seen their duty to their constituents, and have not been intimidated to the extent that they were not willing to perform it.

Since the present situation has arisen, and since this gang sees their hold upon the Treasury being about to be shaken loose, they arise and threaten Congress as no other Congress has been threatened since one was almost invaded by a mob when Congress met in the city of Philadelphia years ago.

Only a few days ago this organized gang boasted that at one time they had nearly a thousand men in the galleries which overlooked this Chamber, by their presence to menace Members of this body.

I am not entirely sanguine that this Congress will pass such measures as will divorce the Treasury of the United States from this crowd, fattened at public expense. I am, however, absolutely confident that the beginning of the end to this awful condition of affairs is at hand.

It has been said that a similar organization which preceded the present one laid their hands upon all the organized forces of the community; that they captured every source of influence, public and private; that they dictated the conduct of the press, controlled the legislature, and manipulated the courts; that they demanded the irresponsible disbursement of the public funds; that they secured the arbitrary appointment of all officials, high and low; that they cultivated congressional committees; that they debauched public servants; that they surrounded the President; that they patronized the rowdy element; that they intimidated the primary assemblages of the people; that they packed political meetings; that they conspired to overthrow political organizations; that they imposed their candidates upon the people and drove voters to their support through threats of starvation; that they suppressed freedom of speech in the District of Columbia and made liberty of political action an offense; that they seduced the wealthy, tyrannized over the poor, ostracized the honest, and persecuted the independent; that they retained the leading members of the bar, subsidized the churches, and schemed for the control of the school and charitable fund; that they sought the power of appointment of judges to be the ministers, and have made the police agents of their will; that they organized a militia establishment on the basis of an army corps.

I am proud that I can say that when I am defeated for Congress it shall not be because I have not done my duty by the people. I much prefer to be defeated, when my defeat comes, because I would not do the will of an infamous gang who are plundering the Treasury of the United States.

I say to you, conspirators, that I want the people to see him whom you select to carry your standard of destruction into Kentucky! [Applause.]

Mr. PROUTY. Mr. Speaker, I desire to offer and ask for the present consideration of the privileged resolution which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the same.

The Clerk read as follows:

House resolution 358.

Whereas on Saturday, December 20, 1913, there appeared in the Washington Times, a paper published in the city of Washington and having a very large circulation throughout the United States, an article headed in large type clear across the front page, the following:

NATION-WIDE FIGHT ON CRISP-BILL BACKERS—DISTRICT CHAMPIONS UNITE IN EFFORT TO PREVENT REELECTION.

Plans for a concerted fight against the reelection of the Members who voted for the measure are already under way. Their respective districts will be flooded with letters protesting against their unpatriotic stand toward the National Capital. Voters throughout the country will be appealed to in the hope that Congressmen will be urged to take the welfare of this District at heart and aid in making the capital city of the United States the queen metropolis of the world. Members of the executive committee of the joint committee of Chamber of Commerce, the Board of Trade, and the Retail Merchants' Association have been notified by Chairman William H. Singleton of the committee that they must be ready at a moment's notice to answer a call to meet and determine on some concerted action immediately; and

Whereas said alleged threat, if carried into effect, would menace the freedom of action of the Members of this body in the discharge of their legislative duties: Therefore be it

Resolved by the House of Representatives, That the Committee on the District of Columbia, or a subcommittee thereof appointed by the chairman, be instructed and empowered to make a full and thorough investigation of the truth of the facts set out and alleged in said article.

That said committee or subcommittee be instructed and empowered to ascertain whether there is now or at any time in the past has been any organization in the District of Columbia or elsewhere that has or has had as its purpose or object the securing or preventing of legislation affecting the relation between the Federal Government and the District of Columbia or the citizens or institutions thereof;

That said committee or subcommittee be instructed and empowered to ascertain whether there is now being raised or whether at any time in the past there has been raised any money by the citizens, residents, property owners, corporations, or organizations of Washington or the District of Columbia for the purpose of influencing, either directly or indirectly, legislation; and if such money has been raised in the past, to ascertain for what purpose and in what manner it has been used; and if any money is now being raised for that purpose the committee or subcommittee shall ascertain in what manner it is proposed to use the same;

That said committee or subcommittee be instructed and empowered to ascertain whether there is now or in the past has been maintained a lobby in the city of Washington for the purpose of influencing or affect-

ing legislation or appropriations for and on behalf of the District of Columbia or the people, corporations, or institutions thereof, and said committee or subcommittee will ascertain methods and agencies employed for the purpose of affecting said legislation;

That said committee or subcommittee be, and is hereby, authorized to issue subpœnas and call for books, papers, and records; that the chairman of said committee, or any member thereof in his absence, is hereby authorized to administer oaths and to compel the attendance upon the committee of any person or persons whom said committee may wish to interrogate relative to the matters set out in this resolution;

That said committee or subcommittee in conducting this investigation is authorized to use the official committee stenographers.

Upon the conclusion of its investigation the said committee shall report fully to this House the results of its investigation and findings thereon.

Mr. MANN. Mr. Speaker, I make the point of order that the resolution is not a privileged resolution.

The SPEAKER. What is the gentleman's point?

Mr. MANN. The mere fact that some organization may exist, if such be the case, for the purpose of influencing the election or defeat of Members of Congress does not constitute a matter of privilege in the House. That is what the Democratic congressional committee is for. That is what the Republican congressional committee is for. That is what the national committees are for, and that is what the Progressive committee is for, if one exists.

Mr. MURDOCK. And the National Association of Manufacturers also. [Laughter.]

Mr. MANN. I do not know about that. [Laughter.] The National Association of Manufacturers has not done as much work in that direction as the gentleman from Kansas [Mr. MURDOCK] has done on the Chautauqua circuit, I expect. [Laughter.]

Now, the mere organization to defeat the election of Members of Congress does not constitute a matter of privilege in the House. We have a law on the statute books providing that if any organization or committee shall ever attempt to influence the election of Members of Congress in more than one State it must make a report of its receipts and expenditures under penalty of the law. There is no charge of corruption here, nor is there anything improper in having an organization in the District of Columbia to look after legislation in Congress. The only method the people here have of influencing legislation in Congress is by appeals through organizations of the District. That does not constitute a question of privilege.

Mr. PROUTY. Mr. Speaker, Rule IX provides:

Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings.

I submit to the Chair and to gentlemen of this House the proposition that if an organization that is directly affected by this legislation issues a threat which is promulgated through this House at the time that votes are being cast upon an important measure affecting that organization it does interfere with the dignity and the integrity of this House.

The comparison that my distinguished friend from Illinois [Mr. MANN] made is no comparison at all. I admit that any one's constituents have a perfect right to organize to defeat him if he does not carry out their wishes. But that is not the proposition here. Here is an organization that is not a constituent of any Member, and yet they stand here threatening to mass their influence and their money to defeat any man who votes for a measure that they think ought not to pass.

Mr. DYER. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman yield?

Mr. PROUTY. Yes.

Mr. DYER. The gentleman states that the people of the District of Columbia are not the constituents of any Member of this House.

Mr. PROUTY. I said that.

Mr. DYER. I would like to have the gentleman state whom they are the constituents of, if they have any representative in the House?

Mr. PROUTY. They have no representative. The gentleman knows that full well, and I have no objection whatever to their appealing to us in the manner they have the right to appeal. But it is another proposition to say that these people, who receive $7,000,000 a year out of the Public Treasury, have the right to use that or a part of it to intimidate men in their votes in this House.

I beheld a sad spectacle the other day, while we were taking a vote in this House, of the very article I am calling attention to being in the hands of perhaps half of the Members of this House. Do you say it does not interfere with the dignity of this House? It is not a threat that they will appeal to the judgment and integrity of these people or of their constituencies, but they say frankly that they are going to flood the district of every man who has the courage and the nerve to stand on this floor and vote for and say that which he believes in.

I do not want you to consider that there is anything personal in this matter for me. Every man who knows my feeling knows that I have no desire to return to Congress, and they will be wasting their money in my district, so far as I am concerned. But while I am here I am going to do everything I can to relieve this House from the pressure and corrupting influence that is constantly being brought to bear upon this House in behalf of certain measures and in opposition to certain other measures.

The SPEAKER. The Chair is inclined to think that the position of the gentleman from Iowa [Mr. PROUTY] is correct, and overrules the point of order. [Applause.] Those in favor of the resolution will say "aye."

Mr. FITZGERALD. Mr. Speaker, I move that the resolution be referred to the Committee on Rules, or at least to some committee, for examination and consideration.

Mr. PROUTY. I think the gentleman is too late in making the request.

The SPEAKER. Oh, the Chair does not think he is too late.

Mr. MURDOCK. The House was dividing.

The SPEAKER. The gentleman from New York moves to refer this resolution to the Committee on Rules.

Mr. JOHNSON of Kentucky. I move to lay that motion on the table.

Mr. CRISP. That will take the resolution with it.

The SPEAKER. Yes; it will take the resolution with it.

Mr. JOHNSON of Kentucky. Then, Mr. Speaker, I withdraw that motion.

Mr. MANN. Mr. Speaker, this seems to me a rather peculiar proposition to come from my distinguished friend from Iowa [Mr. PROUTY].

Charges are made reflecting upon the integrity of the gentleman from Iowa and of other Members of the House, and especially upon the Committee on the District of Columbia, and it is proposed to have the Committee on the District of Columbia investigate the charges. If charges were made against me, I should want somebody else to investigate them. I would never ask that I investigate charges reflecting upon my personal integrity; and if charges have been made against the District Committee—and propositions are made affecting the members of the District Committee—they ought to be the first ones to ask for an impartial committee of this House to make the investigation, instead of proposing that they investigate charges made against themselves.

Mr. HAY. Mr. Speaker, I offer the following amendment——

Mr. FITZGERALD. Mr. Speaker——

The SPEAKER. The gentleman from Virginia [Mr. HAY] offers an amendment which the Clerk will report. The motion to refer is pending.

Mr. HAY. If there is a motion to refer, I withdraw my motion. I did not understand that there was.

Mr. FITZGERALD. Mr. Speaker, I suggest that this resolution be referred to the Committee on Rules, because that is the orderly and proper manner to dispose of such a resolution.

This resolution, referring to a report in one of the local papers, and assuming the report to contain an accurate statement of facts, proposes that an investigation as outlined in this resolution be conducted by the Committee on the District of Columbia.

I do not know how many Members of the House have had an opportunity to see this resolution and examine it, to ascertain the extent of the investigation proposed, or whether, if an investigation be necessary, the resolution is sufficiently comprehensive in its terms to insure the investigation which ought to be made.

It seems to me, Mr. Speaker, that this House can well afford to do what sensible men would do under such circumstances, and that is, permit the committee that has jurisdiction of such matters to have an opportunity to examine the resolution and to make a report to the House as to what should be done. I hope it will be referred, and I demand the previous question on my motion.

Mr. STAFFORD. Will the gentleman allow me——

The SPEAKER. The gentleman from New York moves the previous question on his motion to refer.

The question being taken, the previous question on the motion to refer was refused.

Mr. STAFFORD. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman rise?

Mr. STAFFORD. I should like to debate the motion to refer for five minutes at least.

The SPEAKER. The motion to refer is before the House, and it is debatable in the discretion of the Chair.

Mr. STAFFORD. Mr. Speaker, before the House takes action on this resolution I hope that the second thought of every Member here will be to refer it to some duly constituted committee to give it good consideration.

We have just received the report of the so-called House lobby investigation committee. That committee worked during the summer months for some six or eight weeks consecutively. I do not suggest that this resolution go to that committee, but certainly we all know that the District Committee is charged with many matters of legislation that deserve consideration, and if you delegate this investigation to the District Committee you will interfere with their regular duties of considering the legislation with which they are charged. If they go ahead with the investigations sincerely and conscientiously, you may rest assured they will not do any other thing except investigate for the next two months. Your committee that was delegated to investigate all the lobbies that were in the air, some of which were substantial, were engaged continuously for two months in that line of investigation. I am not seeking further work, nor is any member of that committee seeking further work along this line; but I have never refrained, and I do not believe any member of that committee has ever refrained, from performing a duty that the House has charged it to perform.

Now, if the Committee on Rules should see fit to have this matter investigated by the committee that was appointed under the former resolution, I think every Member of this House can say that that committee may properly be charged with that additional duty; but to delegate this important duty of investigation to the Committee on the District of Columbia will mean that they will not do anything else for the next two months, if they go ahead conscientiously with that work. I believe I express the judgment of the Members of this House—those who sympathize with the District chairman and those who oppose—that we expect, and the people of the District of Columbia have a right to expect, some affirmative legislation from the District of Columbia Committee without their going into an omnibus endeavor to ferret out every little newspaper report casting reflection upon the chairman or members of that committee. I hope the motion of the gentleman from New York, to refer this resolution to the Committee on Rules, will be adopted, so that they can determine what is best under the ordinary procedure of the House.

Mr. HOWARD. Mr. Speaker, I would like to address myself to this resolution for about three minutes.

The SPEAKER. All gentlemen must address themselves to the motion to refer.

Mr. HOWARD. That is what I expect to do. Mr. Speaker, I am heartily in favor of the immediate passage of this resolution without referring it to the Committee on Rules. I doubt to some extent the wisdom of the District of Columbia Committee being made the inquisitors of the conduct of certain organizations in the city of Washington. But, Mr. Speaker, there is not a Member in this House who has heard the resolution read who does not thoroughly understand its import. The conduct of the Washington papers within the last two weeks relative to legislation pending before this House has been, in my humble judgment, an outrage and a disgrace. [Applause.] It has been an insult to the intelligence and the integrity of every Member upon the floor of this House. It has brought upon my colleague from Georgia, Judge CRISP, criticism, ridicule, and abuse which he did not deserve, for the very good reason he was discharging what he conceived to be his patriotic duty. So far as he is concerned, in his district this ridicule, abuse, and sarcasm on the part of the Washington press will in no manner affect his return to this body by his appreciative constituency for the splendid services he has rendered them as their Representative.

Mr. MOORE. Will the gentleman yield?

Mr. HOWARD. I will.

Mr. MOORE. If the comments of the Washington newspapers had been entirely favorable to the gentleman from Georgia, Judge CRISP, or to any other Member of the House, would the gentleman have raised any objection to that?

Mr. HOWARD. If it had been entirely favorable, of course not; the question is silly.

Mr. MOORE. Silly?

Mr. HOWARD. Of course it is silly and no sense in it. [Laughter.]

Mr. MOORE. Why does the gentleman from Georgia object to fair criticism of a public man in a public place?

Mr. HOWARD. Because of the fact that these papers seek to influence Members of the House by intimidation.

Mr. MOORE. Would the gentleman favor an investigation now of any of the labor unions which send their circulars to Members of Congress?

Mr. HOWARD. If the labor unions resorted to the methods of intimidation that the Washington newspapers have, I would; but I have yet to receive my first circular or letter intimating even a threat. Labor unions are usually very grateful for what few crumbs they receive from the legislative banquet table. [Applause.]

Mr. MOORE. Would the gentleman object to an investigation of the various waterways organizations and the good roads organizations which are being conducted in Washington?

Mr. HOWARD. They will never criticize the gentleman from Pennsylvania about anything that might be wanted for the District of Columbia. [Laughter.]

Mr. MOORE. That is because I try to be fair.

Mr. CRISP. Will the gentleman from Georgia yield?

Mr. HOWARD. I will yield to my colleague.

Mr. CRISP. Mr. Speaker, I had not intended to open my mouth, but since my name has been brought into it I want to say to my colleague and the Members of the House that I have not the slightest objection to any criticism or ridicule being heaped upon me by the Washington papers. [Applause.]

Mr. HOWARD. Well, Mr. Speaker, if I was in the impregnable position in my district that my colleague is in in his district, I would not object, either. [Applause.] I think, Mr. Speaker, that this resolution should pass immediately. The only thing that could be accomplished by the reference of this resolution to the Committee on Rules would be to delay its passage. I think the resolution ought to be amended and that the members of the District of Columbia Committee ought to be eliminated from being members of the investigating committee. It should be thoroughly and speedily gone into, and if these organizations in Washington who are said to have made these statements and insinuations against Members of Congress have stated the truth we ought to vindicate them, and if they have not we ought to condemn them. I hope that this resolution will be speedily passed with the amendment suggested.

Mr. JOHNSON of Kentucky. Mr. Speaker, I would like to ask the gentleman from Georgia if he has gone sufficiently into the history of the affairs in the District of Columbia and realizes the fact that the leaders of this gang are themselves the very men who stand in the way of preventing a Delegate to Congress from the District of Columbia being on the floor?

Mr. HOWARD. That is my honest judgment; and I will say further in answer to the question of the gentleman from Kentucky that I believe that these folks, so far as the District of Columbia is concerned—and I am speaking of the District only—are doing more harm than they are good. In fact, they would probably get better and fairer treatment if they were not so unfair themselves in dealing with these questions. Mr. Speaker, I hope the resolution will be speedily passed.

Mr. GREEN of Iowa. Mr. Speaker, I hope that this resolution will pass as it stands without amendment. As I understood the resolution, it is not proposed to investigate charges made against Members of this House, but it is proposed to investigate the conduct of gentlemen who, if newspaper statements are to be credited, are proposing to influence this House by methods which are inconsistent with its dignity and self-respect, to say the very least. For this reason I do not see why the resolution should be referred to the Committee on Rules. The Committee on the District of Columbia has cognizance of affairs in the District and is the best equipped to investigate this matter, and I think it ought to pass as it stands.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. BYRNES of South Carolina. Does the gentleman think the articles in the Washington newspapers will influence the judgment of any Member of this House?

Mr. GREEN of Iowa. Mr. Speaker, I think articles of that character ought not to influence the judgment of anyone in this House.

Mr. BYRNES of South Carolina. Does not the gentleman believe that these newspaper articles will be used as a political asset by a good many of these gentlemen who are now complaining of them? Would it not be a political asset for the gentleman to use them in his district? [Applause and laughter.]

Mr. GREEN of Iowa. The gentleman can address himself to the members of the committee or to the gentleman who introduced this resolution.

Mr. BYRNES of South Carolina. What is the gentleman's honest opinion? Would it not help him in his district to take these newspaper articles and, using them as a text, deliver a stump speech upon them? [Laughter.]

Mr. GREEN of Iowa. The gentleman misunderstands my situation. I am not attacked by these articles.

Mr. BYRNES of South Carolina. Would it not help the gentleman to do that, in his own judgment?

Mr. GREEN of Iowa. I can not say anything about that, because I have not any occasion to. I have no desire to make any such reflection on the gentlemen who have introduced or who favor the resolution. I believe that an attack of the kind described in these newspaper articles is derogatory to the dignity of this body and in practical contempt of it.

Mr. KAHN. Mr. Speaker, I hope the motion of the gentleman from New York [Mr. FITZGERALD] will prevail. After all, Congress is the common council of the city of Washington. We are all members, practically, of the board of aldermen of this city, and the newspapers of any community have the right to criticize their board of aldermen. It is unfortunate, probably, for the District that such a large body of men as this should be called upon to pass ordinances for the municipality, but that is the law, and the District Committee simply takes charge of the legislation or prepares it for the benefit of the House. There is not a city in the United States in which the citizens would attempt to curb the power of the newspapers to properly criticize their aldermen; and any attempt on the part of the aldermen to curb such criticism would probably be met by an indignant people as tending to infringe the liberty of the press.

Mr. MANN. Mr. Speaker, will the gentleman yield for a question?

Mr. KAHN. Certainly.

Mr. MANN. Does the gentleman think that this whole attempt is an attempt on the part of the newspapers to terrorize Congress, or an attempt on the part of certain Members of Congress to terrorize the Washington newspapers? [Laughter.]

Mr. KAHN. I do not believe that the attempt is that of the newspapers to terrorize Congress, because I have enough faith in my colleagues in the House to believe that they would not be terrorized by any newspaper. Long experience here has taught me that the Members of the House perform their duty as they see it, without interference from any newspaper. However, on the matter of reference, I think this resolution should go to the Committee on Rules, because an interested committee—and in this instance the Committee on the District of Columbia is an interested committee—should not have jurisdiction over the matter.

Mr. GREEN of Iowa. Mr. Speaker, will the gentleman yield?

Mr. KAHN. Certainly.

Mr. GREEN of Iowa. Does not the gentleman realize that this resolution is not aimed at the newspapers at all, but at certain organizations which are claimed to be in existence?

Mr. KAHN. Those organizations probably represent the views of the citizens of the District, and practically the only way in which they can express their views to Congress so that Congress can get a general idea of their views is through the columns of their newspapers.

Mr. MACDONALD. Mr. Speaker, will the gentleman yield?

Mr. KAHN. Certainly.

Mr. MACDONALD. If the gentleman from California is opposed to this investigation, as I take it he is——

Mr. KAHN. I am not.

Mr. MACDONALD. I take it the gentleman is opposed to the investigation of these articles in the newspapers. Is not that true?

Mr. KAHN. I am in favor of the motion of the gentleman from New York to refer the resolution to the Committee on Rules.

Mr. MACDONALD. But I understand from the gentleman's remarks that he is opposed to this common council, this board of aldermen, investigating these articles in the newspapers.

Mr. KAHN. Oh, I have no objection to the articles in the newspapers being investigated by some committee of this House; none whatever. I do not think the District Committee ought to attempt to investigate them, because the District Committee has an interest in the matter. But I did attempt to say that the newspapers have a right, in my judgment, to criticize the Members of this House regarding legislation affecting the District of Columbia.

Mr. MACDONALD. The question I wanted to ask the gentleman from California is, if he is opposed to the investigation, why not vote it down rather than refer it to the Committee on Rules?

Mr. KAHN. The Rules Committee can bring in such a report as will probably meet the views of a majority of the Members of the House.

Mr. BARNHART. Will the gentleman from California yield?

The SPEAKER. Does the gentleman from California yield?

Mr. KAHN. Certainly.

Mr. BARNHART. The gentleman from California elaborates on the importance of newspapers criticizing Members of Congress; but it is not a question of criticism. It is a question of absolute intimidation. Whenever a newspaper declares it is going into the districts of men who dare to stand up for what they believe is right and attack and defeat them, the very proposition to fight these men carries with it the question of intimidation.

Mr. KAHN. I will answer the gentleman's question in this way: If the gentleman voted upon a question affecting his own immediate constituents, does the gentleman believe that the newspapers of his district have not the right to attack him and try to defeat him at the polls if they desire to do so? And I contend that under the existing system of government for the District of Columbia every citizen of the District is to a certain extent a constituent of every Member of this House.

Mr. GARNER. Will the gentleman yield?

Mr. KAHN. I will yield.

Mr. GARNER. Mr. Speaker, could not this matter be solved by an amendment to this resolution requiring the Speaker to appoint a select committee and let them make the investigation?

Mr. KAHN. Well, the Committee on Rules can so report if it desires to do that.

Mr. GARNER. I understand the gentleman from Iowa [Mr. PROUTY] is willing to accept that amendment to his resolution.

Mr. HAY. Will the gentleman yield?

Mr. KAHN. I do.

Mr. HAY. I have already sent to the Clerk's desk an amendment to the resolution providing that there shall be a select committee instead of the District Committee.

Mr. KAHN. I have no objection to that action, but personally I would like to see some committee other than the District Committee investigate the matter.

Mr. MONTAGUE. Mr. Speaker, I had no idea of addressing myself at all to the pending motion, save for the remarks made by the gentleman from Georgia [Mr. HOWARD] that we were all practically apprised of the contents of this resolution. I myself have not heard the whole resolution, though I tried to listen as best I could, and I am persuaded that many of the Members of this House are not familiar with its context.

Having said this much, Mr. Speaker, permit me to suggest—and I do it with great reluctance—that we should not be swept off our feet in this matter. I disclaim any sympathy with any attack upon any Member or upon the integrity of this House, but this is not the question now before us. The merits or demerits of the resolution are aside the question. The question is one wholly of parliamentary procedure, one of propriety and of order and of the dignity of this House; and it seems to me, therefore, that the motion made by the gentleman from New York [Mr. FITZGERALD] is the appropriate procedure. It supplies a proper vehicle to take care of this question at this particular juncture, and I submit to the House that this motion should be referred to the Committee on Rules, and they, in turn, can submit a report to this House upon which we can properly deliberate, or this committee might indicate another procedure more adequate or more appropriate to deal with the whole matter. [Applause.]

Mr. UNDERWOOD. Mr. Speaker, I desire to ask the gentleman from Iowa whether his resolution proposes—I did not catch the drift of it—to investigate the newspapers of Washington or to investigate certain organizations in Washington for statements that occurred in the newspapers?

Mr. PROUTY. The resolution clearly provides for an investigation as to the truthfulness or lack of truthfulness of statements in this paper that such organizations existed and were going to do certain things.

Mr. UNDERWOOD. Now, I wish to say to the gentleman—he may have overlooked it—there was a statement made in one of the Washington papers that certain organizations intended to organize to raise funds, or something of that kind, to defeat Members of Congress. That was in an early afternoon edition. The 5.30 afternoon edition of that same paper came out and stated on the same afternoon that that statement was an unauthorized statement of this newspaper reporter; that it was a mistake; and that no such statement had been made by these organizations.

Mr. JOHNSON of Kentucky. Will the gentleman yield?

Mr. UNDERWOOD. I will.

Mr. JOHNSON of Kentucky. I want to ask the gentleman if the 5.30 o'clock edition of the Washington Times of day before yesterday did anything more than to remove the article from the front page to another page, where it was less prominent, and that another paper made the statement to which the gentleman now refers?

Mr. UNDERWOOD. Well, I am not sure which paper made the statement correcting the other statement, because I am not certain about the matter in my own mind, but I am sure of the proposition that the men who were charged in the first paper with having made this statement the same afternoon came out and denied emphatically that any such statement had been made.

Mr. JOHNSON of Kentucky. I ask the gentleman if he expected them to admit it any more than the Mulhall people were expected to make admissions until they were put under oath?

Mr. UNDERWOOD. Well, I would not say that. I think, if they intended to make a statement, that a man who will publish a statement in the newspapers will stand by his statement.

Mr. JOHNSON of Kentucky. The gentleman, if he will permit an interruption, must admit that these people themselves never made this statement of their own accord. A newspaper in publishing the news published it for them.

Mr. UNDERWOOD. Well, I think there is some doubt. There certainly is considerable doubt in my mind as to whether a body of citizens in the city of Washington would be so unwise and so unpatriotic as to attempt to intimidate the Congress of the United States, from which they must get their supplies with which to run this government. Now, if they have, I will say to the gentleman from Kentucky [Mr. JOHNSON], they ought to be brought to the bar of this House and properly disciplined for doing so. But if they have not, I should dislike very much to see this House put itself in a ridiculous attitude of attempting to run after a shadow. Now, I do not know how far these resolutions go, and neither do you. I do not know whether there is any warrant outside of a mere newspaper publication for this statement or not. You do not know. Now, there is no great haste in this matter. It is one that should be considered by this House with that deliberation, consideration, and dignity that the House of Representatives should treat any matter which reflects upon the character of the Members of this House or the dignity of the House. [Applause.] And I should very much regret to see the Members of this House, because an item had merely appeared in the newspapers that had been contradicted to some extent, rush headlong, without careful consideration, into a matter of ordering an investigation when we are not sure as to whether these charges have been made by authority of the people of this city or not.

Now, I want to say, in passing, that I not only think it unwise but absolutely unjustifiable for the newspapers of this city or any other city to reflect on the personal character or the intention of a Member of this House when he is trying to perform his duty, merely because his views happen to differ with the views of the editor of a newspaper or the sentiment which that newspaper reflects. But I do say that we must maintain our own dignity, our own poise, and our own decision. We have a committee of this House to whom all questions of investigating resolutions are referred. They have repeatedly reported to this House such resolutions. No man on the floor of this House can charge for a moment that the Committee on Rules, if this resolution goes to them, would have any desire or intention to block or defeat it if the facts will sustain the resolution and authorize an investigation. I hope at this time that the House may not be swept off its feet hastily and without due consideration, but that you will send this resolution to a committee of this House that can properly investigate it and report back its conclusions as to what should be done promptly after the Christmas holidays. [Cries of "Vote!" "Vote!"]

The SPEAKER. The question is on the motion to refer the resolution——

Mr. PROUTY. Mr. Speaker, I should like to be heard for a minute.

The SPEAKER. The gentleman from Iowa [Mr. PROUTY] is recognized.

Mr. PROUTY. Mr. Speaker, a great deal of confusion has grown out of the discussion of this question. This article referred to is not under investigation, neither is any attack made upon any Member of Congress involved in this investigation. This paper alleged that there were certain persons of the city of Washington that had already agreed among themselves to flood every district in the United States with letters in attempt to defeat the candidates who voted in favor of what was known as the abolition of the half-and-half rule. Now, pardon me, but what could this Committee on Rules investigate in order to determine whether or not the House should order an investigation? There is the article. If it is true, then this House ought to know that the facts alleged in that article are true. If the statements in that article are false——

Mr. MOORE. Mr. Speaker——

Mr. PROUTY. Pardon me. If the statements in that article are false, then the Members of this House ought to know that, and then they will not any longer be scared by it——

Mr. FITZGERALD. Who is scared?

Mr. PROUTY. The fellows who are behind this thing are the fellows who are scared. I have not been on this floor very long, but I do know how things are hid.

Mr. FITZGERALD. Does the gentleman intimate that I am trying to hide anything in moving that his resolution go to the Committee on Rules?

Mr. PROUTY. I have noticed this——

Mr. FITZGERALD. The gentleman can answer that question, and not hide behind some indirect statement.

Mr. PROUTY. I may be unable to understand or fathom the intricacies of a man's mental operation, but I can understand his acts. I say the apparent purpose of this move is delay. We are just now on the eve of an adjournment.

This committee can not report, in decency, within the time that this House will be in session, and it will be heralded all over this country that this House was not willing to enter upon this investigation and that upon the shrewd tactics of the gentleman from New York [Mr. FITZGERALD] it was pigeonholed for the present. [Applause.]

Mr. FITZGERALD. Mr. Speaker, will the gentleman yield?

Mr. TRIBBLE. Will the gentleman yield, Mr. Speaker?

The SPEAKER. To whom does the gentleman yield?

Mr. PROUTY. I will yield to my distinguished friend from New York [Mr. FITZGERALD].

Mr. FITZGERALD. Mr. Speaker, let me say to my friend from Iowa that if I were so timid or thought that anybody had as little confidence in my integrity as he seems to think they have in his, then I would want to hide in this matter. But I am not so thin-skinned as to be frightened either by the criticisms of the press or by the attempts of any of the people in the District of Columbia to be afraid of any impression that they may make upon the people whom I represent in this House, however they may affect those whom the gentleman represents.

Mr. MOORE. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Mr. Speaker, will the gentleman yield for an interruption?

The SPEAKER. To whom does the gentleman yield?

Mr. PROUTY. I will yield to the gentleman from Wyoming.

Mr. MONDELL. Mr. Speaker, assuming that it is true that there are organizations in the District of Columbia that have threatened to bring to the attention of the constituencies of Members the fact that they are unfriendly to the District, does the gentleman contend that they have no right to do that in a legitimate way—to attempt to defeat a Member on the ground that he is unfriendly to the District? Have not the citizens of the District the right to do that?

Mr. PROUTY. My answer to that inquiry is that neither I nor any other Member of this House would have any objection to having that question fairly presented to the people of his district. But I am old enough in politics to know that whenever gigantic organizations undertake to defeat a man they never raise the question that they really have at heart, but always start some subterfuge. [Applause.]

Mr. TRIBBLE. Mr. Speaker, will the gentleman yield?

Mr. PROUTY. And this organization, if it is as strong as they say it is and Nation-wide, is capable of putting into your district another man. It is capable of furnishing him with funds to make a fight. It is capable of furnishing him with facts and things that bear upon the campaign.

Now, I am certainly disinterested in a personal way in this matter. I repeat again that I am not personally interested in a single thing that is involved in this controversy. My name has not been mentioned in connection with this publication. Yet I feel with all the keenness of my heart that you will never get proper legislation in the American Congress until you have divested Congress of the influence of the local press and divested it of the local influence. [Applause.]

Mr. TRIBBLE. Mr. Speaker, will the gentleman yield?

Mr. PROUTY. In a moment. I may say that, so far as this committee is concerned, I recognized in drawing the resolution the impropriety, in a sense, of having the Committee on the District of Columbia do that work, and I therefore inquired if there still existed the committee known as the Lobby Investigating Committee under resolution 198, and the best information I could get was that that committee had been discharged. I would like to inquire now if anybody knows whether that committee has been discharged or not?

Mr. MANN. That committee made a report. That discharges it.

The SPEAKER. They have made their report, and without studying about it the Chair would think it was functus officio.

Mr. TRIBBLE. Now, Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman yield?

Mr. PROUTY. Yes.

Mr. TRIBBLE. Would the gentleman be willing to accept an amendment to his resolution—an amendment which strikes out the words "District of Columbia"?

The SPEAKER. The Chair would state to the gentleman from Georgia [Mr. TRIBBLE] that no amendment is in order.

Mr. TRIBBLE. I would like to make a parliamentary inquiry. Is not the discussion still before the House?

The SPEAKER. The Chair knows that; but the discussion is confined to this motion about referring. [Cries of "Vote!" "Vote!"]

Mr. MOORE. Mr. Speaker——

The SPEAKER. Does the gentleman from Iowa yield?

Mr. PROUTY. Just a moment. If this resolution is voted down, then I intend to offer an amendment changing the committee where the matter will be investigated.

Mr. MOORE. Mr. Speaker——

The SPEAKER. The gentleman from Pennsylvania [Mr. MOORE] is recognized.

Mr. MOORE. In the first place, Mr. Speaker, this is a very odd spectacle——

Mr. UNDERWOOD. Will the gentleman allow me to interrupt him for a moment? There are other things to transact. How long does the gentleman want to talk?

Mr. MOORE. Not more than three minutes.

Mr. UNDERWOOD. Mr. Speaker, I ask unanimous consent that all debate on this motion close in three minutes.

The SPEAKER. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that all debate on the pending motion be closed in three minutes. Is there objection? [After a pause.] The Chair hears none, and the gentleman from Pennsylvania [Mr. MOORE] is recognized for three minutes.

Mr. MOORE. It is a very odd circumstance that this House, made up of the statesmen of the Nation, should be able to devote one hour and a half of this morning's session, on the eve of a Christmas adjournment, to the discussion of a newspaper report written by one newspaper reporter in the city of Washington affecting the personal feelings of some of the Members, when it could not give 40 minutes on Saturday last to the discussion of the great currency bill for which this Nation is waiting. [Applause.]

Second, it is very odd that the gentleman from Iowa [Mr. PROUTY] should be in such a state of mind over the ebullition of one newspaper reporter that he must delay the proceedings of this House this morning on such a trivial business as that of investigating what a newspaper reporter has said.

There is no other way for the people of the District of Columbia to obtain a hearing except through the newspapers of their city, and it is strange indeed that Members can refuse to investigate unions of one kind or another, which have votes in the districts from which the Members come, but can still take the time of the House to move an investigation against people of the District of Columbia, who have no votes at all. Why do they not inquire as to the pretenses of certain labor leaders that Members of Congress can not come back unless they vote as the unions dictate? They do not inquire into that because there are labor votes at home. Why do they not investigate the aggressions of the good-roads boomers and the good-waterways boomers, if you please? Because they have votes back home that influence Members of Congress. But when it comes to the feeble little District of Columbia, with about 300,000 people in it, not one of whom has a vote or can speak for himself at all in this House, then Members get courageous; then they step forward and bare their breasts and talk of intimidation and of fear. [Applause and laughter.] Oh, brave men come to Congress! They are so brave on this vital day of this great session of Congress that they would investigate, at the expense of the Government, the poor little District of Columbia, where there are no votes at all. [Applause.] This is big work for the home folks to ponder over.

Mr. REED. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from New Hampshire rise?

Mr. REED. To ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire to extend his remarks in the RECORD?

Mr. MANN. On what subject?

Mr. REED. On the subject of the civil service.

Mr. MANN. Mr. Speaker, of course that embraces everything under the Government except the military service. That statement does not convey any information to my mind.

Mr. REED. That is the subject. The gentleman asked for the subject, and I have given it to him.

The SPEAKER. Is there objection?

Mr. BARNHART. Reserving the right to object——

Mr. MANN. That is too broad a subject. Until we know more about it I shall object.

The SPEAKER. The gentleman from Illinois objects, and the question is on the motion of the gentleman from New York [Mr. FITZGERALD] to refer this resolution of the gentleman from Iowa [Mr. PROUTY] to the Committee on Rules.

The question was taken; and on a division (demanded by Mr. PROUTY and Mr. MOORE) there were—ayes 171, noes 86.

Accordingly the motion to refer the resolution to the Committee on Rules was agreed to.

DISTRICT OF COLUMBIA APPROPRIATION BILL.

Mr. PAGE of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the District of Columbia appropriation bill, H. R. 10523.

Mr. MANN. Mr. Speaker, pending that motion, and out of order, I ask whether anyone can inform the House as to the prospect of an early report from the committee of conference on the banking and currency bill?

Mr. UNDERWOOD. Mr. Speaker, I will say to the gentleman from Illinois that I have just heard from the gentleman from Virginia [Mr. GLASS], chairman of that committee, and he thinks it is probable that he will be able to bring in a report in about an hour and a half—not before that time.

Mr. MANN. I take it, then, that in any event it will be expected that the House dispose of that report to-day?

Mr. UNDERWOOD. Yes.

Mr. PAGE of North Carolina. I will say to the gentleman that if that report is ready to come in I shall ask that the committee rise.

Mr. MANN. I understand. I was simply trying to find out for the benefit of Members of the House.

Mr. UNDERWOOD. I think, as everybody wants to get home for Christmas, it will be necessary for the House to pass that report to-day, and I think it advisable even for the House to stay in session late to-night in order to get through with the report, so that it may be in the Senate to-morrow. Of course, if we can not get unanimous consent for the consideration of the report when it comes in, it will be necessary to bring in a rule, and I would like to know the disposition of the gentleman from Illinois [Mr. MANN] and the gentleman from Kansas [Mr. MURDOCK] as to whether they will grant unanimous consent for the consideration of the conference report without compelling it to lie over for one day under the rule.

Mr. MURDOCK. You are going to permit some debate on the conference report?

Mr. UNDERWOOD. Oh, yes.

Mr. HAYES. How much time is the gentleman willing to allow for debate?

Mr. UNDERWOOD. While the gentleman from Virginia is not here and I would not like to enter into an agreement for any definite length of time in his absence, yet I will say that I am sure that he will agree to a reasonable time. I certainly would favor it. This matter is of too much importance not to allow a reasonable debate.

Mr. MANN. In order to see whether the House can reach an understanding, I want to say that, of course, it is within the power of the majority to bring in a report from the Committee on Rules, which might take a debate of 40 minutes. I do not know the disposition of gentlemen in the House on the subject as to whether it would be practicable at this time to make a unanimous-consent agreement that the conference report might be disposed of without printing, under the rule.

Mr. HAYES. Mr. Speaker, before I agree to any unanimous-consent proposition, I would like some assurance as to the time for debate.

Mr. UNDERWOOD. How much time does the gentleman want?

Mr. HAYES. An hour on a side, as this is a very important bill.

Mr. MANN. Clearly that time would be granted and perhaps more.

Mr. HAYES. I would like to have more time, but I would like to have an hour at least.

Mr. UNDERWOOD. Although I am speaking without the knowledge of the gentleman from Virginia [Mr. GLASS], I will assume that if this request is granted there will be at least two hours' time for debate, if not more, one hour on a side.

Mr. MURDOCK. That would run us until half past 5.

Mr. MANN. We can sit until half past 9 or 10.

Mr. UNDERWOOD. I do not think there will be any disposition on the part of the gentleman from Virginia to unduly cut off debate. Mr. Speaker, I will couple with my request the further request that when the conference report comes in to-day, if it comes in to-day, on the currency bill, that it may be considered to-day without printing under the rule, with the understanding that there must be at least two hours debate on the conference report if anybody demands that much time.

Mr. ANDERSON. If the gentleman will pardon me, will the report be printed in any form at all?

Mr. UNDERWOOD. I understand that the report is printed now.

Mr. HAYES. I have a copy of the report as printed.

Mr. PAYNE. Is it accessible?

Mr. HAYES. If the reports are not in the document room at the present time they will be very shortly.

Mr. UNDERWOOD. I understand that they will be up here from the Printing Office within an hour and in sufficient numbers for all Members to have a copy.

Mr. HAYES. I am advised that only 360 copies of the report are in the document room. I would suggest to the gentleman that there be a larger number procured immediately.

Mr. UNDERWOOD. Mr. Speaker, before my request for unanimous consent is put, I will ask unanimous consent that the Public Printer be authorized to print 500 additional copies for the use of the House of Senate Document No. 335.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the Printer be authorized to print 500 additional copies for the use of the House of the conference report, which is Senate Document No. 335.

Mr. HAYES. Mr. Speaker, I am advised by the Doorkeeper that other copies are being printed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none.

Mr. UNDERWOOD. Now, Mr. Speaker, I renew the request that when the conference report on the currency bill comes before the House to-day it may be considered without being printed in the RECORD under the rule, with the understanding that there shall be at least two hours' debate.

Mr. MANN. I think there is no need to make that part of the request. We will accept that statement.

Mr. UNDERWOOD. The gentleman from Illinois says that he is willing to accept the statement that there will be two hours' debate without making it a part of the unanimous-consent request.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. LINDBERGH. Mr. Speaker, reserving the right to object, will the gentleman couple with that a request that all gentlemen be permitted to extend remarks in the RECORD on the currency bill? It is well known that the bill can not be considered in two hours' debate.

Mr. UNDERWOOD. I think that is correct; and I will ask unanimous consent that all Members of the House may be allowed five days in which to extend remarks in the RECORD on this conference report and the currency bill.

The SPEAKER. The gentleman from Alabama asks unanimous consent that all Members of the House have five days in which to print remarks in the RECORD on the currency bill and the conference report. Is there objection? [After a pause.] The Chair hears none. Is there objection to the request of the gentleman from Alabama that the conference report may be considered to-day without being printed under the rule?

Mr. MURDOCK. Mr. Speaker, reserving the right to object, I want to ask if we can have a proportionate amount of the time?

Mr. HAYES. Yes; if I can get the time; but I would like to have it definitely stated.

Mr. MURDOCK. We have not yet fixed on any definite time.

Mr. UNDERWOOD. I will say to the gentleman from Kansas that we want to get through with this conference report to-day. Of course I recognize there are always two ways in which to get through—one is with an ax and the other is without an ax. Whenever we use the ax it usually takes as long to cut our way through as it does by unanimous consent.

Mr. MURDOCK. I realize that; and I do not want a rule.

Mr. UNDERWOOD. Neither do I. Understanding that, we have to be good-natured, and I have no doubt that the House will be good-natured and give the gentleman from Kansas time.

Mr. MURDOCK. Even the gentleman from Alabama would see that I have some time.

Mr. MANN. How much time does the gentleman want?

Mr. MURDOCK. Fifteen or twenty minutes.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the conference report on the currency bill comes before the House it shall be immediately considered, notwithstanding the rule requiring printing in the RECORD one day in advance of consideration. Is there objection?

Mr. WINGO. Mr. Speaker, reserving the right to object, I would like to know when members of the committee may hope to see a copy of the report, so that they can determine whether or not it can be disposed of in an hour's time?

Mr. UNDERWOOD. I understand that it will be here in a few minutes.

Mr. HAYES. A copy of the report will not be available until a report has been made to the House.

Mr. UNDERWOOD. But a copy of the bill agreed to in conference is now available.

Mr. WINGO. I think the members of the committee at least should have an opportunity to know what is being done by the conferees upon that subject, and I would like to ask the gentleman from Alabama if he can assure the members of the committee that they will be recognized in the division of time, and not be left as they were on Saturday, shut out without any opportunity to be heard.

Mr. UNDERWOOD. Mr. Speaker, I will say to the gentleman from Arkansas that, of course, I shall not control the time. The time will belong to the gentleman from Virginia [Mr. GLASS] and the gentleman from California [Mr. HAYES], but I have no doubt that the gentleman from Virginia will be willing to yield a reasonable amount of time to his colleagues, and that the House will be willing to agree on a reasonable amount of time, so that all may be heard, within reason; at least that is my disposition.

Mr. WINGO. Mr. Speaker, will the gentleman permit me right there? That is the situation that I do not care to get into. The presumption is that the gentleman from California [Mr. HAYES] and the gentleman from Virginia [Mr. GLASS] agree, because each of them has signed the report.

Mr. HAYES. Oh, the gentleman is misinformed. The gentleman from California has not signed the report.

Mr. WINGO. I beg the gentleman's pardon. I presumed that he was traveling the same route on this that he has traveled heretofore. He has been with the chairman of the committee. I beg his pardon, if I have misrepresented him at this juncture. The only object I have is not to be put in the attitude that I was on Saturday, of being shelved as a member of the committee, and gentlemen who knew nothing about what was in the bill being permitted to control and take the time that members of the committee, who do know something about it and who were interested in it, ought to have had.

Mr. MANN. The gentleman was in a better situation on Saturday than this side of the House.

Mr. WINGO. Oh, I think if the gentleman had listened closely to my remarks he would not think that.

Mr. MANN. I have listened very closely to the remarks of the gentleman whenever he has spoken. We had one minute on this side of the aisle on Saturday, and the other side of the House had considerable time.

Mr. WINGO. That is the objection I have. It may be true that there was one minute on that side, but that was more than certain members of the committee had. I suggest that the papers are not now in the possession of the House. While I would object now to any agreement, I shall not later on, as soon as that report is in, for I am anxious that it be disposed of at to-day's session.

Mr. MANN. Mr. Speaker, I would suggest to the gentleman from Alabama that he better bring in a rule, because I think later on I shall object.

Mr. FITZGERALD. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Alabama that the rule compelling printing of a conference report in the RECORD one day in advance of its consideration be dispensed with and that when the conference report on the currency bill is presented to the House it shall be immediately considered? [After a pause.] The Chair hears none, and it is so ordered.

WITHDRAWAL OF PAPERS.

Mr. TOWNSEND, by unanimous consent, was given leave to withdraw from the files of the House, without leaving copies, papers in the case of H. R. 15445, for the relief of Bayard T. Garrabrandt, Sixty-second Congress, no adverse report having been made thereon.

Mr. HAWLEY, by unanimous consent, was granted leave to withdraw from the files of the House, without leaving copies, papers in the case of H. R. 1701, Sixty-second Congress, no adverse report having been made thereon.

Also, papers in the case of H. R. 16938, Sixty-second Congress, or H. R. 13606, Sixty-first Congress, granting an increase of pension to George Gans, Company D, Thirty-sixth Wisconsin Infantry, no adverse report having been made thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. BLACKMON, indefinitely, on account of illness in family.

To Mr. L'ENGLE, for the day, on account of illness.

To Mr. GOODWIN of Arkansas, for the day, on account of illness.

To Mr. SHACKLEFORD, for 10 days, on account of sickness.

DISTRICT OF COLUMBIA APPROPRIATION BILL.

The SPEAKER. The question is on the motion of the gentleman from North Carolina that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10523.

The question was taken, and the motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10523, with Mr. HULL in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10523, the District appropriation bill, the title of which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 10523) making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1915, and for other purposes.

The CHAIRMAN. On Saturday a vote was being taken by a division on the motion to agree to the amendment offered by the gentleman from Kentucky, during which time a point of order of no quorum was made. The committee therefore rose, and the question again recurs on the motion to agree to the amendment offered by the gentleman from Kentucky.

Mr. BORLAND. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. BORLAND. For a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BORLAND. As I understand it, that amendment is the amendment providing for the payment of street paving by the abutting property owners of the District of Columbia. Is that correct?

The CHAIRMAN. That is correct.

Mr. MANN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MANN. Is not debate closed on that amendment?

The CHAIRMAN. Debate is closed on the amendment.

The question was taken, and the Chairman announced the ayes seemed to have it.

Mr. PAGE of North Carolina. Division, Mr. Chairman.

The committee divided.

Mr. BORLAND. Mr. Chairman, I make the point of order of no quorum present. The Chair has not, I believe, announced the vote.

The CHAIRMAN. On this question the ayes are 28 and the noes are 21.

Mr. MANN. Mr. Chairman, I make the point of order of no quorum.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and one Members are present—a quorum. [Applause.]

Mr. MANN. Mr. Chairman, I ask for tellers.

Tellers were ordered.

The committee again divided; and the tellers [Mr. PAGE of North Carolina and Mr. JOHNSON of Kentucky] announced that there were—ayes 53, noes 31.

So the amendment was agreed to. [Applause.]

The Clerk read as follows:

Under appropriations contained in this act no contract shall be made for making or relaying asphalt pavement at a higher price than $1.80 per square yard for a quality equal to the best laid in the District of Columbia prior to July 1, 1886, and with same depth of base, nor more than $1.80 per square yard for laying standard asphalt-block pavement equal to the best laid in the District of Columbia prior to July 1, 1904: *Provided*, That these conditions as to price and depth of base shall not apply to those streets on which, in the judgment of the commissioners, by reason of heavy traffic, poor foundation, or other causes, a pavement of more than ordinary strength is required, in which case the limit of price may be increased to $2 per square yard.

Mr. SISSON. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 20, after line 25, insert: "Hereafter the street designated as the Avenue of the Presidents shall be known and designated as Sixteenth Street, in accordance with the plans of the city of Washington."

Mr. JOHNSON of Kentucky. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The Chair is under the impression the point of order is well taken, and the point of order is sustained. The Clerk will read.

The Clerk read as follows:

Repaving with asphalt the granite roadway of P Street NW. between Rock Creek and Twenty-eighth Street, 30 feet wide, $11,500.

Mr. LEWIS of Maryland. Mr. Chairman, on Saturday last I introduced a resolution (H. Res. 355) directing the Committee on the Post Office and Post Roads to consider and report to this House a bill providing for the postalization of the telephone networks of the United States. Upon that same day, sir, a determination of the controversy between the Government and the American Telephone & Telegraph Co., under the antitrust act, reached a happy conclusion so far as the litigants were concerned. That conclusion, however, sir, does not embrace by any possibility of the well-known laws of economics any relief to the public in the matter of rates. Since competition in the telephone business is universally conceded by students of that subject to be entirely out of place, and to bring injury both to the public and to the owners of telephone property themselves, we can only regard the agreement of the defendant company with the Attorney General as establishing the primacy of the laws and a proper juridical situation for the American Telephone & Telegraph Co., not to speak of the good example afforded.

ECONOMIC PRINCIPLES.

Mr. Chairman, in approaching the subject I propose to present to the House to-day, the telegraph and the telephone agencies of the country, it is appropriate, I think, that they should be treated not as mere ephemeral incidents of legislation, but with a view to those more fundamental truths which determine our actions in disposing of the most serious problems of government.

What is the relation of the public and the post office to the telegraph and the telephone, those great agencies of communication between the people, which now equal, if they do not eclipse, the postal system in the taxes levied upon national communication?

Do they differ from the post office in the function they perform; and if not, how do they differ from industrial activities consigned by general consent to private control? Is there something in their nature which distinguishes them from the farm and the retail store, some difference which reaches the dignity of a principle of classification, assigning one to the domain of postal action, while leaving farm and store to the field of competitive control?

Mr. Chairman, there is a science of political economy; it speaks with an authority, not to say with a thoroughness of analysis and breadth of view, which I could not claim. It speaks, too, with a responsible sense, a knowledge, of those perplexing varieties and complexities of modern society and industry. It knows that society has never governed itself well by utilizing merely a single truth or principle, whether it be laissez faire, unqualified individualism, socialism, or communism; that society is not a one-idea or a one-fingered institution, but that it possesses aspirations and appropriate organic attributes and powers which it is its duty to utilize to promote its welfare. Now, what does it say on the subject before us, first as to the natural division defining those activities which should, and those which should not, on economic and social grounds, be assigned to the control of the individual? I quote from the work of Prof. Adams, "The State and its Relation to Industrial Action":

CLASSES OF INDUSTRY.

All industries fall into three classes, according to the relation that exists between the increment of product which results from a given increment of capital or labor. These may be termed industries of constant returns, industries of diminishing returns, and industries of increasing returns. The first two classes of industries are adequately controlled by competitive action; the third class, on the other hand, requires the superior control of State power.

FIRST CLASS—CONSTANT RETURNS.

Industries of the first class are such as demand a proportional increase in capital and labor to secure a given increase in product. That is to say, if 2x capital and labor result in 2y product, the application of 3x capital and labor would gain 3y product. The increment of return is equal to the increment of capital. All those businesses in which success depends on attention to detail and where the personal element of the laborer is brought prominently into view fall under this class. For example, the retail business of merchants is subject to the rule here stated.

e. g. Retail business: The struggle for superior success in these businesses is a struggle to depress the cost of rendering services rather than to raise the prices of services rendered.

It is not necessary for public officials to inquire if sugar is sold as low as fair dealings demand, for this business is one that admits easily of multiplication, and consequently invites competition. The step from a clerkship in a grocery to the proprietorship of a new establishment is not a difficult one to take, and for this reason we are assured that the profit of an ordinary grocer will not greatly exceed the salary which he

pays his head clerk. There can, therefore, be no motive for endeavoring to apply the rule of public financiering to businesses of this sort.

SECOND CLASS—DECREASING RETURNS.

Farming: The same conclusion applies to the second class of industries, where a given increment of product calls for a proportionally greater increment of capital and labor. Assuming the same relation to exist in an established business as before, if 2x capital is required for 2y product, an additional x of capital will not produce an additional y of product, but something less. That is to say, 3x capital may produce but 2¾y product. Industries of this sort are said to be subject to the law of diminishing returns, and it calls for no abstruse argument to recognize that society is quite safe in submitting such lines of industry to the control of competition. The rate of product in the new industry is greater than that in the one that is further developed, and for this reason we may rely upon individual interest to maintain a large number of separate producers. The agricultural industry is usually cited as an illustration to which the principle of diminishing returns may be said to apply, and, if we leave out of view the element of accruing rent, the conclusion which we have suggested may be applied in its most extreme form to the business of farming. There is no call for Government farming.

THIRD CLASS—INCREASING RETURNS.

The peculiarity of those industries belonging to the third class, which we now come to consider, lies in the fact that they conform to the law of increasing rather than to the law of constant or decreasing returns. The increment of product from an expanding enterprise is greater than the increment of capital and labor required to secure its expansion. Adopting the algebraic formula, as before, if 2x capital give 2y product, an economic application of 3x capital will give more than 3y product. * * * The important thought in this connection is that where the law of increasing returns works with any degree of intensity the principle of free competition is powerless to exercise a healthy regulating influence. This is true, because it is easier for an established business to extend its facilities for satisfactorily meeting a new demand than for a new industry to spring into competitive existence. If this analysis of industries be accepted as correct, there can be no question as to the line which marks the duties of the State. The control of the State over industries should be coextensive with the application of the law of increasing returns in industries.

There are many other lines of business which conform to the principle of increasing returns, and for that reason come under the rule of centralized control. Such businesses are by nature monopolies. We certainly deceive ourselves in believing that competition can secure for the public fair treatment in such cases or that laws compelling competition can ever be enforced. If it is for the interest of men to combine, no law can make them compete. For all industries, therefore, which conform to the principle of increasing returns, the only question at issue is whether society shall support an irresponsible extra-legal monopoly or a monopoly established by law and managed in the interest of the public. In this latter way may the benefits of organization in the form of monopoly be secured to the people, and in no other.

Thus where we have the law of increasing returns as a cause we have monopoly as a result. How shall that monopoly be rendered of the greatest service to society? Well, that, it is said, is a question of motive in financiering:

Private financiering: The relations here set forth will present themselves more clearly to our minds if we throw into comparison the rule of public and the rule of private financiering. A private business is managed to secure a profit, and, other things being equal, the higher the price secured for any service rendered, the higher will be the profit. The rule of private financiering therefore is to maintain the price of goods or services at the highest price which has no tendency to curtail profitable business. The price of goods in this case will equal the cost of production, plus the profit to the undertaker, and the only guaranty against exorbitant rates lies in the fact that purchasers are free to choose from whom they will buy.

Public financiering: The rule of public financiering, on the other hand, conforms to an altogether different principle. It is the purpose of government to render services at the lowest price consistent with efficient service. Price equals cost. This is true, because the State, being the manager of the business, has no motive in acquiring riches. The officers of the State receive their salaries which, roughly speaking, may be said to correspond to the profit secured by the managers of private enterprises. The guaranty that price will not be more than cost of production, including salaries of officers, lies in the publicity of accounts and in all that goes to make up efficient service. In theory, therefore, we should expect parallel results from a monopoly under control of the State and from a business privately organized directed by the principle of free competition.

The public-service motive: In institutions, as with individuals, motive is everything. The motive to serve one's self is the common motive, and to impose sufficient restraint upon its operation, when unsocial, is, stated in a broad way, the principal object of government. There is much illogical complaint in this respect against what are called "public utilities." Their owners, who have invested their money with the purpose of gain, are expected to behave differently from investors in general. Of course they do not, but why should we expect them to? Because they have a monopoly, it is argued. Well, this may impose an inferential duty, yet who will say that it can have a decisive influence upon the normal motive of the investor to gain all he can?

Where public needs and social considerations become the principal and dominating purpose, where imperative public service is the object, the world naturally has not yet found the restricted private motive adequate to the work. Let me illustrate the normal action of this motive under the rule of private financiering.

An English railway, some 60 years ago, had the question presented to it as to how to graduate its passenger rates to secure the best returns. Much as one adjusts his opera glass in the theater to obtain the clearest line of vision, these railway officers adjusted and readjusted their passenger rates. They tried rates all the way from 6 cents a mile to one-half a cent a mile, and found that as the rate was 3½ cents a mile or one-half cent a mile, the higher charge produced 6 per cent and the lower charge only 4 per cent dividends; and, acting on the private motive, or the rule of private finance, they rejected the rate which would have produced the greater public service and adopted that yielding the higher returns.

The rule of private financiering is obviously applicable to Classes I and II of the economists, while the rule of public financiering is equally applicable to Class III, to which the publicists and economists formally assign telegraphy, the telephones, expressage, and similar services. Against this view we have only the misapplication, by the superficial or interested, of the doctrine of laissez faire. Let us see what this doctrine is.

Prof. Cairnes says:

I must ask you, in the first place, to note what this doctrine of laissez faire, if it is to be taken as a scientific principle, really means. The implied assertion, as I understand it, is this: That, taking human beings as they are, in the actual state of moral and intellectual development they have reached; taking account of the physical conditions with which they are surrounded in the world; lastly, accepting the institution of private property as understood and maintained in most modern States, the promptings of self-interest will lead individuals in all that range of their conduct which has to do with their material well-being spontaneously to follow that course which is most for their own good and for the good of all. Such is the assertion with which we have now to deal, and you will see at once that it involves the two following assumptions: First, that the interest of human beings are fundamentally the same—that which is most for my interest is also most for the interest of other people—and, secondly, that individuals know their interests in the sense in which they are coincident with the interests of others, and that, in the absence of coersion, they will, in this sense, follow them.

Applied in its extreme or absolute form, Mill observes that "it excludes some of the most indispensable and unanimously recognized functions of government," and even Cairnes, far from claiming for it finality in application, cautions us thus:

Only let us remember that it is a practical rule and not a doctrine of science; a rule in the main sound, but, like most other sound practical rules, liable to numerous exceptions; above all, a rule which must never be allowed to stand in the way of a candid consideration of any promising proposal of social or industrial reform.

Now, I think it plain that the doctrine of laissez faire has its true interpretation in the statement that society ought not to enter upon fields of activity where the forces of competition insure to consumers, who represent the social interest, the prevalence of competitive prices. It surely can not be applied to a monopoly, since the conditions for the play of individual freedom and struggle, predicated by the statement of the doctrine itself, are excluded in its very terms. But what is an industrial monopoly? The answer of the economist is: "An industrial monopoly may be defined as a business superior to the regulating control of competition." And what are its advantages and characteristics? Their answer is:

Provided a business admits of something like military organization; provided the details of its management have been well worked out; provided its extension to meet new demands may be accomplished by merely duplicating what already exists; and provided the social want which it supplies is widespread and constant, exclusiveness in management must lead to efficiency of management, if only men of adequate ability may be found to assume authority. Under such conditions a service may be rendered at less cost to the public than if the agents of the monopoly were broken up into competing groups. There are several reasons why this is true. The fact of an assured demand for services rendered admits of the closest calculations; the extent of the demand also allows of a minute application of the principle of division of labor; the absence of any rivalry between competing concerns precludes the necessity of expending more capital than is required for an economical performance of the service; and, what is perhaps of as much importance as any other consideration, there is no temptation to adopt speculative methods of management which lead to the covering of unnecessary losses of one period by the arbitrarily high profits of another. Thus the possibility of cheapness and efficiency seems to lie in the very nature of a monopoly. This is the beneficent principle of which mention was made, and the practical question is how to realize the benefits of this principle for society. (Prof. Adams, The State, etc.)

It is strongly pointed out by the sociologists that the misapplication of this maxim of laissez faire, and the consequent neglect of society to discharge its true functions with respect to monopolies, is charged with serious dangers.

The policy of restricting public powers within the narrowest possible limits tends to render government weak and inefficient, and a weak government placed in the midst of a society controlled by the commercial spirit will quickly become a corrupt government; this in its turn reacts upon commercial society by encouraging private corporations to adopt bold measures for gaining control of government machinery. Thus the doctrine of laissez faire overreaches itself; for the application of the rule which it lays down—

Major premise: All human interests are the same.

Minor premise: Each man knows his own interest, and if left to himself, will follow it.

Conclusion: The best possible form of social relations will emerge from the unrestricted play of industrial freedom—

* * * will absolutely destroy that harmony between public and private duties essential to the best results in either domain of action. (Ibid.)

Mr. Chairman, I shall not, at this point, take the time of the House to point out the moral adduced in the last excerpt. I

shall not compare the public morals of New York and Berlin in street railway history; nor of London and San Francisco in the matter of the telephone. Nor will it be necessary to point to the contrast presented by our untainted postal system, the peer of any postal organization in efficiency and honorable history.

It is enough, sir, to add at this point that the conclusions of these authorities are much more than mere dicta. Every important country of the world—England wholly, as to the telephone only but recently—has long adopted these views. I insert later a list of them which finds the United States looking very solitary, with only Spain for respectable company. The authority of the above conclusions of science, supported by the almost unanimous examples of other countries, will be argument sufficient to most people for like postal assumption here. They will intuitively liken the telegraph and the telephone with our experience with the express companies and the parcel post, so long delayed by certain causes; and will feel that at least the age of constructive statesmanship has crossed the Atlantic and inspired a great party, suppressed for two generations, with its purposes to serve mankind. But, sir, I should be derelict to rest the argument on the authority of examples, however general and impressive; and so I must ask the patience of the House while I enter into a minute analysis of the facts which govern approach to businesslike conclusions on this subject.

ANALYSIS AND COMPARISON.

THE TELEGRAPH.

We have had generally stated the elements necessary in the administration of a monopoly to secure its maximum utilization for the social welfare. Let us catalogue these elements and, applying them to our subject matter, ascertain which, the privative or the postal, exploitation of our great public monopolies in the telegraph and the telephone are conducive to the greater public service. But before presenting the data on the subject let us briefly summarize the conclusions reached by the economists:

(a) That the store and farm are competitive, not monopolistic, in character as shown by the circumstances that the prices are fluctuating. But the telegraph and telephone services are not truly competitive; their prices do not tend to fluctuate. Thus they have the price characteristic of monopolies.

(b) There being no competition the rule of private financiering obtains, if the monopoly be privately owned; the higher the price secured the higher will be the profit.

(c) Conducted with this motive (private) the utilization of the monopoly is restricted to rendering only that degree of social service consistent with maintaining such prices.

(d) Accordingly, the private conduct of a monopoly is not productive of its highest utilization or greatest social service.

Social efficiency: These maxims may be illustrated in the most direct way. In the United States there was up to the eighties something of competition between rival telegraph companies, and at competing points there were 10, 15, and 20 cent rates. The inevitable law is that such interests will not compete when it is more profitable to combine. There is now a complete concentration of the Western Union and Postal Telegraph Cos. with respect to rates. The result is that while street car fares, electric lighting charges, even the price of gas, and transportation rates have, generally, gone down with the increase of business, telegraph rates remain the same as they were fixed by these companies in 1888.

In New Zealand the telegraph system is under the principle of public financiering and conducted by the post office. Since price levels there generally, as well as social and educational conditions, resemble those of the United States, it will be permissible to compare the service there with our own. As against the minimum rate under private financiering of 25 cents in the United States, the New Zealand minimum rate is 12 cents. This illustrates the normal functioning of the telegraph monopoly as publicly and privately financiered, for both rates are equally normal in relation to their facts of ownership. By which it is meant to say that if the private financier should discover that only the lowest rates would produce the maximum of profit, and the public financier that only the highest rates would insure the most extensive public service, we should immediately have the New Zealand rate in the United States and the American rate in New Zealand.

But is it equally true that the rule of private financiering prevents the highest social service or full potential use of this particular form of monopoly? In answer I will continue the comparison with New Zealand:

Country.	Rate.	Number messages for 100 population.
New Zealand	$0.12	809
United States	$0.25 to $1.00	110

Thus, under what appears to be similar price and wage levels and social and industrial conditions, we have a telegraph institution under the rule of public financiering yielding about eight times the social service attained by private financiering.

From this experience we adduce another conclusion. The New Zealand State compares with one of our own of like extent and population. Its experience indicates a potential demand of eight telegrams per capita per annum for the United States, seven-eighths of which fails to find a permissible rate, and is thus suppressed by the relatively prohibitive tariffs under private financiering. If this be the case, the defects are economically unpardonable; for in offending against the law of normal efficiency, by an almost complete failure to perform the function, the functionary's right to control becomes forfeit. A high rate, the highest rate, of profit, even at the cost of excessive prices, society may be willing to grant as a concession to the rights of the private financier; but a radical failure to consummate its function and afford effective accommodation for the normal requirements of society is to be fundamentally delinquent. At this point I shall insert a table giving the telegraph rates and the social use made of them here as compared with the postal telegraph rates and like uses in other countries.

Country.	Number of words.	Minimum rate and average receipt per telegram.					Telegrams per capita.		Letter rates.		Letters per capita.	
		Rate—		Rank.	Receipt.	Rank.	Number.	Rank.	Rate.	Rank.	Number.	Rank.
		Per word.	Each word extra.									
Luxemburg		[1]$0.067	$0.0067	9	$0.090	1	0.84	11	$0.02	2	39	8
France	10	.0965	.0096	1	.131	2	1.65	4	.02	2	34	11
Japan					.123	3	.60	14	.015	1	23	14
Norway	10	.134	.0134	11		4	1.48	5	.026	3	28	13
Belgium	15	.0965	.0193	2	.142	5	1.25	7	.02	2	37	10
Netherlands	10	.1005	.0201	3	.150	6	1.19	8	.02	2	38	9
Sweden	10	.134	.0134	10	.153	7	.80	12	.026	3	29	12
New Zealand	12	.12	.01	6	.157	8	8.01	1	.02	2	93	2
Great Britain	12	.1217	.01015	7	.172	9	2.13	2	.02	2	87	3
Switzerland		[1].0579	[2].0048	4	.172	10	1.75	3	.02	2	70	4
Germany	10	.119	.0119	5	.180	11	.92	10	.02	2	64	5
Italy	15	.193	.01015	12		12	.55	16	.028	4	13	16
Denmark	10	.130	.013	8	.205	13	1.31	6	.026	3	49	6
Austria					.224	14	.73	13	.02	2	45	7
Hungary					.251	15	.59	15	.02	2	19	15
Russia		[2].075	[2].025	13	.390	17	.24	17	.036	5	7	17
United States	10	.25	.02	14	.360	16	.97	9	.02	2	101	1
Do		.30	.02									
Do		.35	.02									
Do		.40	.03									
Do		.50	.03									
Do		.60	.04									
Do		.75	.05									
Do		1.00	.07									

[1] Each telegram.

[2] Fixed charge per telegram plus charge for each word.

It appears that we rank second in postal rates and first in utilization, while we rank seventeenth in the telegraph rate charged and ninth in resulting social service.

Mr. Chairman, having applied these economic principles as criteria to determine the social efficiency of our telegraph service, let us now apply the standards of economics to them to determine their administrative efficiency.

ADEQUACY OF ORGANIZATION.

Mr. Chairman, I present now the elements or factors laid down by the political economists as necessary in the working organization of a monopoly in order that its service be rendered at the lowest cost, and that society should realize the benefits of a monopoly in the class of enterprises for which that form of capital and labor is economically and socially adapted. The elements are stated to be:

(a) Unity and exclusiveness of organization.
(b) Details of management well worked out.
(c) Facility for extension by mere duplication of existing structure.
(d) A social demand for the service which is widespread and constant.
(e) Adequate ability in authority.
Results:
(f) Service at less cost than if broken into groups, because
(g) Assured demands for service admits of closest calculations.
(h) Extent of demand admits of most minute division of labor.
(i) Absence of rivalry reduces to a minimum the amount of capital and other expenditures necessary for the performance of the service.
(j) Speculative management is eliminated;
(k) And thus, with public financiering motives,
(l) The maximum of cheapness and efficiency is rendered possible.

Mr. Chairman, it is, of course, not a matter of criticism that the telegraph monopoly is lacking in a main essential—the public-service motive. As a privately financiered organization, such a motive is against nature and should not be asked.

It is only by the employment of these factors that the highest utilization of the monopolistic institution can be attained. As we review them let us notice which kind of financiering, the privative or the public, is most adapted to virilizing the respective factors.

(a) Unity and exclusiveness of organization: That this is a primary essential is almost a truism, admitted on all sides. The Bell Co. frankly justifies its war of capture or destruction of its rivals on this ground, and but recently in its campaign of advertising against the procedure of the Department of Justice for the enforcement of the antitrust laws declared:

We believe that the highest commercial value—

In which they mean to include the element of public service—

can only be attained by one system under one common control, and that it can not be given by independent systems unless they are controlled by agreements in effect making them a single system—and that is what the Bell system is.

I propose to take up the challenge these advocates of private monopolies make. In another part of the advertisement they declare:

We believe that the public would in this way get all the advantages and avoid all the manifest disadvantages of public ownership.

In treating this challenge "public ownership" shall be taken as equivalent to the principle of postal control and administration of telephone and telegraph communication; and, not to be unfair, the principle of private financiering shall be treated as equivalent to the Bell Co.'s own administration of its telegraph and telephone properties. In this comparison I shall make no complaint against the Bell system for the doing of anything which the average private investor does with private property, and shall only subject their claims to the tests of facts and social economic principles, with a view to determining the premises of the challenge, namely, that the private policy "gives the public all the advantages of postal administration without its disadvantages."

THE ADVANTAGES.

Mr. Chairman, the challenger has not defined what it means by the "advantages of public ownership." I shall, therefore, be under the necessity of doing so. I shall do so as briefly as possible, and I presume it would include the following:

The postal system gives nondiscriminating service rates as low as any in the world:

(a) The 1 and 2 cent letter rates, good to all our possessions, to Canada, Great Britain, and Germany, and to the farms of the country.

(b) The cent a pound, or 2 (2.38) mills per mail piece, for educational publications consisting of the magazine, the periodical, and newspaper of the country.

(c) The parcel post, extending to the farm with rates as low as 5 cents, against the 25 cents hitherto charged by the privately financiered express service.

Besides these, it dispatches money and pays interest on deposits, insured by the indubitable security of the Nation, and performs other services. All these services it renders as cheaply as any other postal system, stated in terms of money (except Japan), and in terms of price levels performs them, along with Canada, for the lowest payments in the world. These are some of the advantages of public or postal financiering. And we ask no consideration in this comparison for the higher wages of the postal employee of the United States or of the higher price levels here, nor for the fact that railway mail transportation is paid for here, which is commonly not the case elsewhere.

THE DISADVANTAGES.

Now, Mr. Chairman, as to the "disadvantages of public ownership." The challenger has not defined them, and so I will be obliged to do so. The disadvantages would probably be alleged as:

(a) Postal deficits of the past.
(b) Alleged unsatisfactory political phases in relation to postal personnel.

With regard to the postal deficits, they assuredly represent only a small part of the amount of social service rendered under statutory public policies for which the public is not directly called upon to pay. The franking privilege (1.85 per cent of the total postal service), the carriage and handling of second-class matter for educational purposes constitutes 29.24 per cent, carried at about one-seventh its proportional cost; these are the items which take the form of a "deficit," only because the department has no "public-service" statement showing the amount and value of service rendered, like a railway does. If such a table were presented there would be no deficit, but a surplus of very many millions, quite as many millions as the telegraphs and telephones show as the profits of their private financiering. This very clearly appears when we charge to the franked matter and the second-class educational mail pieces the rates charged on other postal matter. Thus only 5.19 per cent of postal revenues are derived from the 29.24 per cent of the total postal services devoted to such second-class matter, and no revenues from the 1.85 per cent of such service given to franked and penalty matter.

It can be readily seen, therefore, that 25.90 per cent of the postal service goes unaudited, and that a correct statement of its services would credit its receipts with that additional amount. In that event the department would have shown a surplus at all times since the war, and in 1912 a surplus of more than $60,000,000.

The classification of the postal deficit as a "disadvantage" fails, moreover, to comprehend the distinction between private and public financiering. The test of success in the former is the degree of profit it brings the private investor; in the latter the test is the degree of social service rendered. This argument of a deficit might be as well made—and doubtless would be if the financial motive existed for making it—against the public roads, schools, and colleges, not to say the churches and other eleemosynary institutions which are all expenditure and show no audited fiscal profit. But the challenger has disavowed such standards of the private financier and proposes to justify its tenure of these public monopolies on social service principles. Even so, it can not call that a deficit which simply represents unaudited services to the Nation, performed at its command upon grounds of settled educational public policy. Moreover, these deficits are in another sense chargeable to the influences of the private financier who has succeeded for 40 years in debarring the postal system from the very profitable function of the parcel post. Had this business been in its hands the department would have shown no deficit, but surpluses in much the greater number of years. The initiatory experience of the very limited service we now enjoy shows that even with the most substantial reductions in the rates the service is highly profitable to the department.

The postal personnel: In pointing out the "disadvantages" of public or postal administration I confess I may not do it to the satisfaction of the challenger, however sincerely I may endeavor to divine its meaning. I am simply crediting it with making those objections commonly made when I refer to the "deficit" and now to the grumbling one occasionally hears of inefficiency in Government employees. But is the postal employee inefficient? Let us see what it is he does. Obviously, in

the main, it is to handle the mail piece. How well does he perform this work? Here is the record for 27 years:

Year.	Number of employees.	Estimated number of pieces mailed, including foreign matter.	Number of mail pieces per employee per annum.	Cost per average mail piece, in cents.	Cost per average mail piece, in cents, excluding assignable cost of Rural Delivery Service.
1886	122,698	3,474,000,000	28,313	1.44	.....
1887	127,288	3,495,100,000	27,458	1.49	.....
1888	134,112	3,576,100,000	26,665	1.55	.....
1889	129,295	3,860,200,000	29,855	1.58	.....
1890	153,857	4,005,408,206	26,033	1.61	.....
1891	162,555	4,309,900,352	26,833	1.63	.....
1892	171,780	4,776,575,076	27,806	1.57	.....
1893	178,018	5,021,841,056	28,209	1.57	.....
1894	183,916	4,919,090,000	26,746	1.67	.....
1895	189,671	5,134,281,200	27,069	1.64	.....
1896	194,533	5,693,719,192	29,268	1.54	.....
1897	199,846	5,781,002,143	28,927	1.57	1.57
1898	208,873	6,214,447,000	29,752	1.50	1.50
1899	215,904	6,576,310,000	30,459	1.47	1.47
1900	224,029	7,129,990,202	31,826	1.44	1.43
1901	235,327	7,424,390,329	31,549	1.48	1.46
1902	246,524	8,085,446,858	32,797	1.47	1.42
1903	256,673	8,887,467,048	34,625	1.49	1.40
1904	268,685	9,502,459,535	35,366	1.53	1.40
1905	272,034	10,187,505,889	37,449	1.56	1.36
1906	278,658	11,361,090,610	40,770	1.49	1.28
1907	278,010	12,255,666,367	44,083	1.48	1.26
1908	283,481	13,173,340,329	46,469	1.50	1.25
1909	288,036	14,004,577,271	48,620	1.49	1.25
1910	291,320	14,850,102,559	50,975	1.47	1.22
1911	291,113	16,900,552,138	58,054	1.33	1.12
1912	290,701	17,588,658,941	60,504	1.34	1.10

Mr. Chairman, during the years of that record not only have the units of service more than doubled, but city and rural delivery have been added, virtually doubling the quality of the service. And not only has the quality nearly doubled, the cost of service, as we see, has been reduced for each piece. Sir, I invite any privately financiered public service agency to compare its record as against this. Can any telegraph or telephone company—yes: can any public-service corporation enter the lists on this showing of advancing efficiency and progress?

At this point it may be interesting to compare our postal accomplishments with that of other nations. At the same time tables showing our telegraphic-service performances are introduced for comparison with accomplishments in these services by the postal systems of other countries.

Number of postal-service units per postal employee.

Country.	Units.	Rank.
Belgium	85,819	1
United States	60,651	2
Netherlands	53,621	3
Italy	42,947	4
Luxemburg	40,321	5
Denmark	38,930	6
Switzerland	37,562	7
Germany	37,236	8
Sweden	35,837	9
France	33,697	10
Norway	32,414	11
Austria	30,528	12
New Zealand	28,696	13
Great Britain	26,056	14
Hungary	23,025	15
Japan	21,820	16

Mr. Chairman, from this table it appears that Belgium is first and the United States second in postal efficiency among all the nations of the world. And if Belgium were not composed virtually of one large city with suburban surroundings I think we should really rank first.

Traffic density and efficiency.

Country.	Telegrams per employee.		Telegrams per operative office.	
	Per annum.	Per day.	Per annum.	Per day.
New Zealand	3,700	10.1	4,380	12
United States	3,487	9.5	14,332	39.3
Norway	3,115	8.7	2,097	6
Belgium	3,063	8.6	5,451	15
Sweden	2,370	6.6	1,495	4
Netherlands	1,607	4.4	4,774	13
Switzerland	1,596	4.4	2,454	7

With three times the traffic density per office the telegraph companies of the United States still do not take first place in product per employee. The reason for this will appear a little later. Here attention is called to the gross amount of idle plant implied in the small number of telegrams per average day—not more than 10 messages per day. This compares with 193, the average mail pieces per day for the average postal employee, with its collection, 620 miles of railway transportation, distributions, and deliveries over the city and rural routes.

I have thus far treated the question of efficiency as related to the amount of work or product which privately financiered and public financiered monopolies secured from their employees. But I put it to the serious judgment of the House whether the question of efficiency ought to be decided on such narrow grounds. Ought not such a question include a comparison of the rates charged to the public and consequent degree of social service?

Mr. Chairman, my preceding remarks have been mostly descriptive of the results under the principle of public and private financiering. Only by general analysis have they suggested, on a priori grounds, the processes of fact which cause the disappointing results where private financiering has been allowed to take the place of public financiering in the conduct of the telegraph monopolies. At this point, sir, it becomes necessary to make a painstaking investigation of the minute facts and circumstances comprising the management and workings of these agencies. If the inefficiency of our telegraph networks, as conducted in the United States, is plain, while our postal agency and competitive industries show, at least, more than the average efficiency, it may be that the particular causes of such inefficiency can be identified and brought to light. Let us take up these agencies of communication and compare their methods of operation with those of the post.

EFFICIENCY OF TELEGRAPHIC ADMINISTRATION.

Recurring now to the elements of organization essential to the highest utilization of a monopoly for social purposes we can dispose of the first, "unity and exclusiveness," by the mere statement that there are some 25 telegraph companies doing commercial business, and that two of them duplicate their agencies in more than half of the country. The next element, "efficiency in details of management," will require more elaborate discussion.

Mr. Chairman, the public is familiar with the high state of simplicity attained in postal administration, especially in dealing with the mail piece and safeguarding the revenues. I have had experienced telegraphers outline the processes and acts of attention devoted to the telegram under private administration of these agencies. They are, in part, as follows:

HANDLING OF COMMERCIAL MESSAGES.

THE TELEGRAPH COMPANY.

1. Figures charges on telegrams.
2. Reads each message for purpose of properly deciphering it.
3. Marks on each message "time filed."
4a. Enters each telegram on sheet "receiving clerk's record."
5. Turns in cash to local cashier.
6. Sends telegram.
7b. Puts time sent, numbers, sending and receiving operators' signals on telegram.
8c. Checks off numbers on number sheet, and initials sheet.

RECEIVING OPERATOR.

9. Receives and transcribes telegram on proper blank.
10d. Checks off number on number sheet and initials opposite the number.

DELIVERY CLERK.

11e. Makes wet copy of telegram.
12f. Puts delivery number on telegram.
13g. Makes out delivery sheet for messenger.
14h. Enters telegram on "delivery clerk's record."
15. Incloses telegram in envelope and addresses envelope.
16i. Examines delivery sheet to see telegram is properly receipted for.
17j. Collects cash from messenger to cover "collect received" telegrams.
18k. Turns in cash to local cashier.

MESSENGER BOY.

19. Delivers telegram to proper addressee.
20l. Secures receipt for telegram on delivery sheet.
21. Collects cash on "collect" telegrams.
22m. Returns delivery sheet and cash to delivery clerk.

RECEIVING OPERATOR (RELAY POINT).

23. Receives and transcribes telegram on proper blank.
24n. Checks off number on number sheet and initials sheet.

SENDING OPERATOR (RELAY POINT).

25. Sends telegram.
26o. Times telegram, etc.
27p. Checks off number sheet.

Here, then, are 27 acts or processes, for 16 of which (the lettered ones) an argument of elimination might well be made with the introduction of the stamp and other simplified postal methods.

But whatever may be thought of the susceptibility to elimination of half of the above items, it is believed that the fol-

lowing, some 52 in number, all accounting processes, would give way under public management to the prepaid or postage-due stamp. We find it safe to intrust nearly three hundred millions of postal revenue to such stamps now.

OPERATIONS IN THE ACCOUNTING DEPARTMET.

CASHIER (LOCAL).

1. Checks up and balances "receiving clerk's record" of messages.
2. Checks up and balances "delivery clerk's record" of messages.
3. Checks up and balances money-order clerk's sent-and-received record.
4. Checks up "charge accounts" weekly or monthly bills of customers for messages.
5. Turns over above four accounts to bookkeeper.
6. Checks up receiving clerk's record, branch offices.
7. Checks up delivery clerk's record, branch offices.

BOOKKEEPER (LOCAL).

8. Records cash received, daily receiving clerk's record.
9. Records cash received, daily delivery clerk's record.
10. Records cash received, "sent" money orders record.
11. Records cash received, "received" money orders record.
12. Records cash received, receiving clerk's record, branch offices.
13. Records cash received, delivery clerk's record, branch offices.
14. Records all charge accounts.
15. Records payment of charge accounts.
16. Makes out weekly balance sheet.

CHARGE ACCOUNT CLERK.

17. Makes out charge accounts (weekly and monthly).
18. Balances with bookkeeper.
19. Sends out bills of charge accounts.

AUDITOR'S OFFICE (LOCAL).

20. Balances with cashier "receiving clerk's" record.
21. Balances with cashier "delivery clerk's" record.
22. Balances with cashier receiving clerk's record, branch offices.
23. Balances with cashier delivery clerk's record, branch offices.
24. Checks up number sheets of main and branch offices.
25. Keeps book record of branch office receipts.
26. Inspects "sent messages" to see that they all bear number, time, and operator's signature.
27. Makes daily record of messages on forms supplied for "Sent paid," "Sent collect," "Received paid," "Received collect," for public, press, and Government accounts.
28. Statement of Government messages sent paid, for Government, for general auditor.
29. Statement of Government messages sent collect, for Government, for general auditor.
30. Statement of Government messages received paid, for Government, for general auditor
31. Statement of Government messages received collect, for Government, for general auditor,
32. Statement of messages upon which there are other line tolls, for general auditor.
33. Makes daily check sheets for each city (amount of tolls).
34. Makes statement of "deadhead" messages.
35. Makes monthly statement of uncollected messages.
36. Sorts all messages as to cities.
37. Sorts all messages as "sent paid."
38. Sorts all messages as "received paid."
39. Sorts all messages as "sent collect."
40. Sorts all messages as "received collect."
41. Figures amount of tolls on each message.
42. Files all messages by dates.
43. Answers all check-error sheets.
44. Makes daily statement of "sent" press report (number of words and city).
45. Counts number of words in "sent" press matter.
46. Makes daily statement of "received collect" press matter.
47. Counts number of words in "received collect" press matter.

If it is objected that all these are very little things, let it be remembered that so, too, is the telegram; and that if it is to be loaded down with an accounting burden only to be compared with the accounting applied to a carload lot of freight in railway transportation, as the express companies have done with their packages, the 25-cent minimum of the railway and of the express company and the like minimum of the telegraph company become logical enough, even if economically indefensible for a mere electrical letter.

It is exactly accurate to say that merely affixing the stamp to the letter replaces these 47 accounting processes with the individual telegram under postal practice. That is, the postal system realizes the first great canon of a publicly financiered monopoly. Its "details of management have been well worked out."

It is not meant to criticize the fiscal management of the telegraph companies here described. There are many reasons why the conservative private financier may find it essential to employ all the processes set forth, although under postal financiering the postage paid or postage-due stamp would safely suffice. The same phenomenon of relative rather than actual waste or inefficiency appears in the handling of the parcel by the express company when compared with the Postal Department.

LIST OF EXPRESS PROCESSES.

THE EXPRESS COMPANY.

1. Ascertains the rate to be paid.
2. Makes out waybill.
3. Copies waybill into record of shipments "forwarded."
4. Copies same into record of shipments "received."
5. Makes statement of "shipments sent" to auditor.
6. Makes same of shipments "received."
7. Auditor checks waybills against record of "sending" agent.
8. Auditor checks same against record of "receiving" agent.
9. In case of "through" waybills previous items repeated.
10. Auditor makes division of percentages going to express company and the railway or railways.
11. In case of "through" waybills auditor makes like division of percentages between express companies and railways.

Affixing the postage stamp replaces all these processes in the post office.

If the postal system were to copy express practice; that is, if it had to keep in view such a set of privative relations to the shipment, the first pound parcel rate would have at least to be doubled to pay the expense. It is likely true that the telegraph companies would find it as impossible to eliminate these accounting processes as do the express companies. At the same time, the postal method finds the stamp a sufficient accountant and conservator of its revenues.

RECEIPTS AND EXPENDITURES.

If the privative relations imposed on the administrative details of telegraph operation constitute such a tax on its personnel as the preceding analysis suggests, one should expect that other elements of expenditure would be substantially involved in the criticism. There is here inserted a balance sheet of the companies for 1902, the latest year available for which anything like an itemized expense account is given by the census. The items are also stated in percentages, and it is obvious that some of them would be rendered unnecessary under postal management.

Commercial telegraph systems, 1902. Compiled from special report of United States Census, telephones and telegraphs, 1902.

[Pages 101-102.]

	Receipts.	Expenses.	Per cent of—		Number of employees of each class.	Average annual earnings.
			Operating expenses ($26,592,411).	Earnings and income from all sources ($40,930,038).		
1. Gross receipts from operation	$35,300,569					
2. Operating expenses, total		$26,592,411	100.0	65.0		
3. Salaries, total		1,162,632	4.4	2.8	829	$1,402
4. Salaries, corporation officers		230,250	0.9	0.6	54	4,264
5. Salaries, general officers		255,740	1.0	0.6	82	3,094
6. Salaries, all other general office employees		676,642	2.5	1.7	693	976
7. Wages, total		13,877,041	52.2	33.9	26,798	518
8. Wages, managers and assistants		2,898,588	10.9	7.1	5,752	504
9. Wages, operators		8,862,349	33.3	21.7	[1] 10,179	736
					[2] 2,914	469
10. Wages, inspectors		573,369	2.2	1.4	1,152	498
11. Wages, linemen		573,088	2.2	1.4	1,208	474
12. Wages, messengers		839,360	3.2	2.1	4,746	177
13. Wages, all other wage earners		130,287	0.5	0.3	847	154
14. Operation and maintenance		9,220,948	34.7	22.5		
15. Legal expenses		194,890	0.7	0.5		
16. Rentals, offices and other real estate		875,213	3.3	2.1		
17. Rentals, conduits and underground privileges		7,808	[3]	[3]		
18. Telegraph traffic paid or due other companies		724,826	2.7	1.8		
19. Miscellaneous		529,053	2.0	1.3		

[1] Males. [2] Females. [3] Less than one-tenth of 1 per cent.

Commercial telegraph systems, 1902. Compiled from special report of United States Census, telephones and telegraphs, 1902—Continued.

	Receipts.	Expenses.	Per cent of—		Number of employees of each class.	Average annual earnings.
			Operating expenses ($26,592,411).	Earnings and income from all sources ($40,930,038).		
20. Net earnings from operation	$8,703,158					
21. Income from other sources, total	5,629,469					
22. Dividends on stock of other companies	1,159,658					
23. Lease of lines, wires, and conduits	4,185,799					
24. Rent from real estate	205,070					
25. Interest	6,719					
26. Miscellaneous	72,223					
27. Gross income, less operating expenses	14,337,627					

Of the above items of expenditure it is apparent that Nos. 3, 14, 15, 16, and 19, amounting to 26.8 per cent of operating expenses, might be eliminated, which would thus leave but 73.2 per cent of the operating cost. If to that be added the interest on Government capital at 3 per cent for the value of the agencies, we should have the necessary cost of the telegram for that year.

We shall see later that the cost per message should decrease with the increase of the traffic, as shown with the mail piece, and another element of economy thus be added, but I shall defer the statement of a schedule of tentative rates for more thorough treatment. The intent has been to show the failure to realize operative economy by merely confederating otherwise autonomous groups, the mere juxta amalgamations of which, in the cases of the Bell telegraph and telephone systems, as well as the Mackay companies, and their rate-making agreements, producing none of the advantages or operative economy of a pure monopoly, but instead only an effective power to fix the rates most desirable to the owners.

To the foregoing wastes should be added nearly the entire expenditure of the rival company where its lines and offices duplicate another like service. To speak to the very point itself, the expenditures and capital costs of either the Bell or the Mackay telegraph companies, where their lines serve the same territory, could be almost wholly eliminated, since either system is probably adequate to handle all the traffic at the duplicated points.

INADEQUACY OF EXTENSION.

It has been suggested that substantially the entire capital and current expenditures of the rival telegraph company is wasted with reference to competitive territory. The antonym of this condition is the absence of any telegraphic service at points which are unattractive to private finance. There are 64,022 post offices and branches in the United States and but 6,828 (1907) offices maintained by the telegraph companies themselves, although they treat some 22,282 railway-signal stations as telegraph offices. Converting the railway telegraph into phone signaling is reducing this rather doubtful claim for proper geographical distribution of the telegraph service, where, with the railway business having necessary precedence and amounting to double that of the commercial companies, the citizen's message, even where service was given, came as a third and last attention. These telegraph offices are maintained by the railways at their own expense and for their own purposes, and would be quite as available for the postal administration as they are now to the telegraph companies. They can hardly be claimed as belonging to the service rendered by the telegraph companies proper. And while we are on the subject of giving the public the "advantages of public ownership, without the manifest disadvantages," a comparison of the service rendered under postal administration elsewhere and private financiering here may be of interest.

Country.	Number of telegraph offices to number of post offices.
Luxemburg	1 to 0.04
France	1 to 0.07
Belgium	1 to 1.0
Netherlands	1 to 1.1
New Zealand	1 to 1.2
Germany	1 to 1.1
Hungary	1 to 1.3
Sweden	1 to 1.4
Italy	1 to 1.5
Great Britain	1 to 1.7
Japan	1 to 1.8
Switzerland	1 to 1.8
Russia	1 to 2.0
Norway	1 to 2.2
Austria	1 to 2.2
Denmark	1 to 3.0
United States [1]	1 to 7.7

[1] Commercial offices, maintained by the companies.

Two telegraph offices to three post offices, at least, elsewhere, but one to over seven here.

Stated in another way, the commercial telegraph companies maintain less than one (0.8) office for 10,000 of population in the United States, while their rate averages 36 cents per message as against 16 cents in New Zealand, which maintains over 18 (18.51) telegraph offices to each 10,000 of its population. Why, sir, the nearest county seat to this Capital, with 1,500 population, is without a telegraph office. Such a statement can not be made of the postal system. When this is considered in connection with the fact that New Zealand gets a working efficiency of 3,713 telegrams per employee per annum out of its personnel—telegraph—and the American companies but 3,487, it is not difficult to see how far the private financier falls short of realizing that higher efficiency which economists declare feasible in properly financiered monopolies.

A TRAFFIC-KILLING TELEGRAPH RATE.

Mr. Chairman, the most serious exaggeration of the high cost of service per message in Western Union finance remains to be stated. It is the factor inseparable from the financiering of a private price-making monopoly. I refer to the necessarily low or inferior plant utilization practicable, when measured in terms of units of service attained, where the rates are made with a view solely to the object of maximum profit. That they are so made by our telegraph systems we have already seen. Now, the effect of raising the price of any commodity or service is to correspondingly diminish the effective demand for it, and this principle is well exemplified for the telegraph service in an experience which I shall take the time to relate. The following statement is taken from page 26 of "Investigation of Western Union and Postal-Telegraph Cable Cos." by the Bureau of Labor:

In this connection it is interesting to cite the case of the Chicago & Milwaukee Telegraph Co., which was organized in 1878. It began by charging a 10-cent rate for 10 words and 1 cent for each additional word between Chicago and Milwaukee. It does principally a board-of-trade business, having its office in the board of trade building in Chicago. In 1878 the Western Union cut the rate to 5 cents for 10 words, or one-half cent a word for all words between these points. The Chicago & Milwaukee Co. met the cut so far as quotations were concerned, but kept up its 10-cent rate on orders, and this rate continued for several years to board of trade members. Finally, in 1904, the Western Union raised the rate to 25 cents for all except members of the board of trade, to whom a 15-cent rate still obtains, and the smaller company raised its rate to 15 cents for 10 words and 1 cent for each additional word to all except board of trade members, to whom it gave a 10-cent rate. Later it made a 15-cent rate to all. It does not deliver messages except by telephone, and will not accept a message for delivery to other than board of trade members, unless the delivery can be made by telephone.

The company reports handling an average of 354 messages a day, at an average charge of 17½ cents per message, on a rate of 15 cents for 10 words and 1 cent for each additional word. This Chicago and Mil-

waukee rate is perhaps the only survival of the low rates which were wiped out by the understanding between the Western Union and the Postal Telegraph Companies, referred to by Mr. A. B. Chandler, ex-president of the Postal Telegraph-Cable Co., in his testimony before the Industrial Commission, March 5, 1901 (printed in Vol. IX, p. 195), as follows:

"Q. Have you any understanding or agreement with your competitors in regard to a division of business or in regard to the method of conducting business?—A. We have no agreement or understanding with the Western Union Co. with reference to any division of business. They have no interest in our company, its property, or its business, and we have no interest in theirs; but we have an understanding with them respecting rates and respecting certain methods of competition, the giving of rebates, and things of that kind, that are equivalent to paying for the obtaining of business. We aim to put an end to that form of wasteful competition.

"Q. What has been the practice concerning rebates and other forms of cutting prior to this agreement?—A. Such methods had prevailed to a very large extent previous to 1888 to a very injurious extent to all concerned. At the time such understanding was had a large number of rates were reduced, long-distance rates particularly, and the very low rates—10, 15, and 20-cent rates—that had been established by the various smaller competing companies were done away with, it having been well ascertained that the more business done on that basis the worse for the doer of it."

The sequel of this episode is that the Bell system at length secured control of the Chicago & Milwaukee Telegraph Co. and substituted the well-known Western Union rate. I have a statement of the business done under the 15-cent rate and under the 25-cent rate:

1909. Messages at 15-cent rate	103,248
1912. Messages at 25-cent rate	57,689
1913. Messages at 25-cent rate, six months, January to June 30	22,018

That is, a two-thirds increase in the rate has resulted in a reduction of the traffic of about one-half, and this is, of course, according to the principles laid down. It appears the company secured about 18 cents per message in 1908 and about 27½ in 1912; that the gross receipts were $18,563.92 for 1909 and $19,355.71 for 1912, and since the expenditures about equaled receipts in 1912, it is apparent that the gross operation, when divided into the number of messages, makes the operating cost per message nearly double that of 1909.

The accounting report of this company giving the items of disbursements is referred to as a clear illustration of the high expensiveness of private as compared with postal administration. Certainly, 40 per cent of its expenses would be susceptible of elimination under postal auspices. The motive of the increase in the rate for those making it was, however, that they secured about as much revenue for half the messages as they did for the normal number of messages; and with the reduction of the service to the public by one-half they were able to dismiss two operators and two messengers, saving their salaries as profit. But the effect, none the less, was to cut the plant utilization by one-half and reduce the service to the public by an equal amount. By the same set of causes the operation cost per telegram was nearly doubled.

WASTES OF DUPLICATION.

Finally we have the competition of the Bell telegraph and the Mackay or Postal Co. The former has 220,938 miles of pole line and the latter 66,154 miles. The Postal Telegraph Co. has its complementary offices maintained by itself or numerous constituent companies. Nearly all of these are stationed at points where the Western Union maintains like offices. It is almost accurate to say that if one of them were to instantly withdraw from all these points the remaining company could handle the entire business without substantial increase of men or material. At such points there is a profit for both companies, although at 50,000 points where they have no offices, but which their wires mostly pass, the Postal Department maintains its offices without profit, using the profits from the larger ones to recoup the loss. Here is a fundamental defect which private financiering can not overcome. It will exploit to the point of wasted plant and personnel at the points of profit, but naturally refuses to apply its excess revenues from such points to maintain its services at nonremunerative points.

Need it be suggested that the Postal Department at all these 50,000 points has its agencies established and that where the wires are in the neighborhood to be connected with its existing offices no additional expense would be incurred to furnish these services to that large portion of the public now denied them? Thus the plethora of service in the cities would be removed to the towns and country to correct the entire absence of service there. The Morse operator could be employed where the traffic justified. At the fourth-class or even third-class office, where it did not, the automatic receiver or mechanical sender or the phone might be employed to forward the message to or from a regular office. All this with only such additional expense as the traffic at such points would make necessary in extra compensation to the postmaster. But I need not detail the complete adaptability of the postal system to readily absorb this secondary form of communication, in nearly all instances, without any of the costs which now attend telegraphy except for maintenance and the wages of its operators, linemen, messengers, and necessary technical engineers.

Mr. Chairman, it is evident that our private exploitation of the telegraph agencies of communication fail to gratify the laws of either administrative or social efficiency. Their rates are the highest, their services the lowest, and their product per unit of economic energy employed among the lowest in the world. And all these failures are according to the laws laid down by the political economists of our time.

THE TELEPHONE.

ANALYTICAL AND COMPARATIVE.

Mr. Chairman, so far I have placed under survey the telegraph agencies in relation to the postal systems of the principal countries of the world. My next duty is to apply the same standards of economic science to the telephone. In doing this I shall think it unnecessary to repeat what has already been stated of the telegraph where the matter is obviously equally applicable, nor shall I repeat the opinions of the economists whose criteria I mean to apply to telephone administration.

EFFICIENCY OF TELEPHONE MONOPOLY.

The canons of efficiency are the same for the telephone and telegraph:

(a) The social test: What is the degree of service rendered to the public?

(b) The economic: What does it cost the public?

(c) The publicist: What are the social influences?

How do these compare under private and postal financiering?

The telephone service subdivides itself into, first, the local and, second, the toll and long distance, and the statistics for each of these is twofold in character; that is to say, there are the varying rates fixed in the contracts corresponding, differing in the different cities and towns of the country, by which the patron secures a limited or an unlimited local service, or a measured, or a one or more party line service, or by which for toll or long-distance conversations the rate is graduated into day and night distinctions. Then there is the rate which is constituted from the sum of all these; that is to say, the total number of conversations, local, toll, and long distance, for a year is taken, and for each class, respectively, is divided into the receipts from that class, thus giving the average local, toll, and long-distance rates collected. This rate is called the statistical rate or average charge; the former, the tariffs paid by the patron, is called the tariff rate. I shall first present the local rates for the different countries statistically and compare them with the letter rates prevailing in each country:

Letter and local telephone rates.

Country.	Rank.	Local rate.	Letter rate.	Letter rate exceeds phone rate.
				Per cent.
Norway (private)	1	$0.004	$0.026	550
Sweden	2	.005	.026	420
Japan	3	.005	.015	200
Norway	4	.006	.026	333
Russia	5	.007	.036	414
Hungary	6	.009	.020	122
Denmark (private)	7	.010	.026	160
Austria	8	.011	.020	80
Italy	9	.013	.028	115
Germany	10	.015	.020	33⅓
Netherlands	11	.015	.020	33⅓
Belgium	12	[1].015	.020	33⅓
Switzerland	13	.017	.020	17
United States (Bell Co.)	14	.021	.020	[2] 5
Luxemburg	15	.024	.020	[2] 20
France	16	.024	.020	[2] 20

[1] Belgium, 1911. [2] Phone rate exceeds letter rate.

Thus we rank but fourteenth on the phone charge and are 1 of 3 out of 16 countries in which the local rate exceeds the letter rate. It will not do to say that our letter rate is too low or does not pay. It yields, in fact, a profit of just one-third. The local and other telephone rates given for the United States are those of the Bell system for 1912, embracing about two-thirds of the entire traffic. Our mutuals and the independents give a much lower rate, according to the statistics of 1907, which embrace all companies. The Bell system in that year secured about twice the rate for its service which was collected by the independents, presumably a local service as good as the Bell's.

Let us review this 1907 American experience:

Average rate and operating expense per message.

	Rate.	Equals rate per year.	Operating expense.
Mutuals	$0.0047	$5.35	$0.0039
Independents	.0114	18.50	.0062
Bell system	.0211	42.35	.0143

The above table includes local, toll, and long distance for the independents and the Bell, whose statistics, taken from the census and the Bell report for 1907, were as follows:

	Receipts.	Expenses.	Number of messages.
Bell	$128,556,506	$87,908,000	5,977,000,000
Independents	55,227,531	29,782,964	4,829,547,057

The Bell data are taken from its own report, while the independents are taken from the census by deducting the Bell figures. The item of Bell receipts represents an estimate of $7,803,306 for its long-distance receipts, being double the amount of the item "Net $3,901,653 from telephone traffic." The item for maintenance and depreciation, $34,665,700, in the Bell account largely represents an element of undistributed profits which have been turned into new construction or purchase of other companies, the whole of this element for a series of years representing, according to the report of 1912, the sum of $165,000,000. This item probably largely accounts for the alleged much higher operating expense per phone of the Bell system.

Mr. Chairman, I have now to present, comparatively, the toll rate as statistically ascertained for the different countries. Except in the United States and where otherwise stated, the service is postally conducted.

Average charge, interurban (toll) and long-distance.

Country.	Rate.
Luxemburg	$0.030
Germany	.036
Switzerland	.074
Sweden	.079
France	.090
Japan	.100
Norway	.100
Great Britain	.120
Netherlands	.130
Italy	.190
United States (Bell Co.)	.190
Denmark	.230
Belgium	.230
Hungary	.260
Austria	.280

It will be observed that under the Bell system the United States, among 15 countries, takes the eleventh place. But this table may be unjust to the other countries, and especially to Denmark, Belgium, Hungary, and Austria. Their interurban statistical rate includes the receipts from their whole long-distance service, while it can not be certainly determined whether the interurban for the Bell includes their "long-distance" receipts, properly speaking. To make the comparison certain, in this respect, it will be necessary to compare the tariffs of the different countries for their long-distance service.

Long-distance tariffs.

Country.	100 miles.	300 miles.	500 miles.	700 miles.
(a) Sweden	$0.08	(a) $0.13	(a) $0.20	(a) $0.34
(b) Norway	.09	(k) .24	(k) .36	(m) .38
(c) France	.10	(b) .34	(m) .38	(k) .48
(d) Italy	.19	(c) .35	(n) .38	(c) .58
(e) Belgium	.19	(m) .38	(c) .53	(q) 1.25
(f) Denmark	.20	(n) .38	(h) .60	(l) 1.26
(g) Japan	.20	(d) .38	(g) .82	.....
(h) New Zealand	.24	(f) .40	(o) 1.50	.....
(i) Great Britain	.24	(g) .50	.....	.....
(k) Germany	.24	(o) .62	.....	.....
(l) Australia	.32	(h) .72	.....	.....
(m) Austria	.38	(l) .80	.....	.....
(n) Hungary	.38	(i) .84	.....	.....
(o) Russia	.38	.....	.....	.....
(p) United States (Bell Co.)	.60	(p) 1.80	(p) 3.00	(p) 4.20

NOTE.—The letters preceding the name of each country are used to identify the countries to which the rates given for 300, 500, and 700 miles belong.

Thus the Bell system gives the United States the fifteenth and last place in the scale of efficiency with respect to long-distance charges. This is a most serious circumstance for us economically and socially, in view of the American scale of distances, as may be seen in our average freight haul, which is ten times that of Great Britain, and from four to five times as long as in the other countries. This circumstance but lightly reflects our need for utilizable rates over the telephone for the scale of distances which separate the centers of communication in the United States. The Bell Telephone has an even rate of 6 mills a mile for a three-minute conversation; and a thousand miles therefore commands a Bell charge of $6 per talk. This happens to be about the same rate (7.53 mills) the railways secure for hauling a ton of freight a mile. But the railways do not make their charge arithmetically progressive. If they were to do so their rate on the longer distances would be so high as to sweep such traffic from the rails. What they do in fact, although not in theory, is to double the charge as the distance quadruples, thus the charge for 25 miles might be 10 cents per 100 pounds, first class; the rate for 100 miles would be 20 cents; for 400 miles, 40 cents; for 900 miles, 60 cents; the rate increasing not arithmetically but according to the square root of the number of miles. Thus if the charge for a phone call were placed at 10 cents for 25 miles, on the square-root formula it would increase to 20 cents for 100 miles, 40 cents for 400 miles, 50 cents for 625 miles. In fact, such a rate would slightly exceed the long-distance rates on the continent.

Continental rates for long-distance compared with square-root formula.

Country.	25 miles.	100 miles.	300 miles.	400 miles.	500 miles.	700 miles.
Sweden	$0.04	$0.08	$0.13	$0.20	$0.20	$0.34
Norway	.07	.09	.34	.40	.....	.....
France	.05	.10	.35	.43	.53	.53
Italy	.10	.19	.38	.38	.38	.....
Belgium	.10	.19	.....	.....	.....	.....
Denmark	.07	.20	.54	.....	.....	.....
Germany	.06	.24	.24	.36	.36	.48
Austria	.12	.31	.38	.38	.38	.....
Hungary	.10	.19	.38	.38	.38	.....
Average continental rate	.07	.16	.30	.36	.37	.45
Formula rate	.10	.20	.35	.40	.45	.53
Bell rate	.25	.60	1.80	2.40	3.00	4.20

It will be urged, of course, that prices are higher here; but they are not higher here, they are higher in Europe on the copper and poles, which mainly enter into the capital cost of a long-distance line; higher by the price of the transportation of such material from this country to the Continent. It may cost more to conduct such a line here in the expense of personnel, but the difference could hardly be more than 10 per cent of the continental rate. It is true, however, that a special charge is made abroad for an urgency, or preferential, use of the line, but its payment secures one the preference, while with the Bell system the day charge is all the same and one has to wait his turn despite the rate. The truth is that no attempt is made to justify the Bell rates on the grounds of social efficiency. This is frankly declared by the present managers of the Western Union and Bell telephone system. I quote from the report of the Bell system for 1911:

> Instantaneous and immediate transmission of communications is as yet a convenience or luxury, although under modern methods of business and commerce it is an economical alternative to the cheaper mail service in business operations. The use of the telegraph may be a popular convenience, but it is not a necessity and is still confined to the comparatively few, and for that reason should be at the cost of the few that find benefit and profit in that use.

This is bold language. We are virtually told that of the three great agencies of communication only one, the letter post, may be used by the people, and that the other two, the phone and the telegraph, are conveniences or luxuries, not popular necessities, and for that reason should be at the cost of the few, i. e., of the rich, to which class largely the present rates confine the service. But this is not a justification. It is a confession. These tariffs are the scandal of public-service rates the world over and are endured because the service is known only to those in easy circumstances, who overlook the rates in the glamour of the marvelous character of the process of communication.

THE TARIFFS.

The statistical charges give but a very deficient conception of the situation as to actual telephone tariffs. While there are many points at which a phone may be rented on the basis of yearly tariffs of $24 for business and $18 for residence service, at such points the number of subscribers are relatively low; and as a matter of fact, with the Bell system at least, the rule of 5 cents a call comes more nearly expressing the rate available to the public. This is seen in the following examples allocated according to the density of the different centers of population.

Table giving annual tariffs, flat-rate service, for leading cities of different countries.

Christiania	$21.44
Stockholm	24.44
The Hague	26.00
Copenhagen	32.00
Tokyo	34.00
Auckland, New Zealand	34.00
New Haven	84.00

Table giving annual tariffs, flat-rate service, for leading cities of different countries—Continued.

Cincinnati	$100.00
Oakland, Cal	84.00
Philadelphia	[1] 90.00
Chicago [2]	[1] 84.00
Denver	138.00
Amsterdam	36.00
Rotterdam	36.00
Berlin	43.20
Budapest	57.90
Paris	77.20
London	82.79
Boston	125.00
Seattle	90.00
Washington	168.00
Baltimore [3]	174.00
San Francisco	180.00
New York [3]	228.00

American average exceeds foreign average 300 per cent.

Comparisons based on the flat or unlimited service rate do not adequately present the field of traffic. While, except in small towns and for the residence service, the flate-rate business works out the lowest average charge per call, it does not reflect the degree to which a popular use of the service may be had. To measure these possibilities we must go to the limited or measured service rates, under which the user is asked to pay in accordance to the number of calls. This comparison can not be made as simple as for the flat-rate tariffs without circumscribing, which I shall do by taking selected numbers of rates as, for example, the cost per call of the first 2,000, 5,000, and 10,000 calls for one-party business lines.

Rates per call for measured service in principal cities of the world.

Country.	Per call.		
	2,000 calls.	5,000 calls.	10,000 calls.
Switzerland, Berne	$0.0140	$0.0116	$0.0100
Covington, Ky	.0450	.0360	.0238
Belgium, Brussels	.0184	.0100	.0060
Baltimore, Md	.0500	.0336	.0312
Australia, Sydney	.0197	.0106	.0086
Washington, D. C	.0490	.0366	.0283
Italy, Rome	.0200	.0140	.0120
New Orleans, La	.0400	.0280	.0240
Austria, Vienna	.0200	.0160	.0100
Cincinnati, Ohio	.0450	.0360	.0330
Germany, Berlin	.0216	[1].0086	[1].0043
Boston, Mass	.0450	.0360	.0330
France, Paris	.0240	[1].0154	[1].0077
New York, N. Y	.0555	.0420	.0400
Denmark, private	.0294	.0197	.0171
San Francisco, Cal	.0648	.0487	.0265
Average postal telephone rate	.0197	.0123	.0085
Average American telephone rate	.0493	.0371	.0300
American rate exceeds postal (per cent)	167	200	215
American rate exceeds Australian (per cent)	150	250	250

[1] Computed on flat rates.

A rival of the Bell system gives the following table of comparative rates before, during, and after competition, presumably flat rates:

City.	Bell rate before competition.	Bell rate during competition.	Bell rate after competition wiped out or Bell found it impossible to kill competition.
Richmond, Va	$72	$12	$72
York, Pa	72	15	48
San Jose, Cal	60	30	60
Dubuque, Iowa	48	24	48
Winona, Minn	48	12	48
Savannah, Ga	36	18	36
Mobile, Ala	64	18	48
Lynchburg, Va	65	12	48
Roanoke, Va	30	30	48
Norfolk, Va	40	40	60
Oswego, N. Y	45	30	36
Kenosha, Wis	30	30	42
Iowa City, Iowa	42	24	36
Tampa, Fla	30	30	54
Average rate	49	23	49

Postal telephone rates, like mail rates, are uniform for similar services. The following table of the same rival gives the rates of the Bell system for some 60 cities, graded from the highest to the lowest populations. The letter (c) indicates competition. The depressing influence of competition on the rates is obvious:

No.	City.	Population.	Rate.
1	New York, N. Y	2,331,542	$228-a
2	Chicago, Ill	2,185,283	84-c
3	Philadelphia, Pa	1,549,008	90-c
4	St. Louis, Mo	687,029	78-c
5	Boston, Mass	670,585	125
6	Cleveland, Ohio	560,663	72-c
7	Baltimore, Md	558,485	174-b
8	Pittsburgh, Pa	533,905	80-c
9	Buffalo, N. Y	423,715	72-c
10	San Francisco, Cal	416,912	180
11	Cincinnati, Ohio	364,463	100
12	Washington, D. C	331,069	168
13	Los Angeles, Cal	319,198	63-c
14	Seattle, Wash	237,194	90
15	Indianapolis, Ind	233,650	54-c
16	Providence, R. I	224,326	80
17	Rochester, N. Y	218,149	48-c
18	Denver, Col	213,381	138
19	Portland, Oreg	207,214	72-c
20	Toledo, Ohio	168,497	48-c
21	Oakland, Cal	150,174	84
22	New Haven, Conn	133,605	84
23	Memphis, Tenn	131,105	48-c
24	Scranton, Pa	129,867	42-c
25	Richmond, Va	127,628	72
26	Hartford, Conn	98,915	84
27	Trenton, N. J	96,815	36-c
28	Springfield, Mass	88,926	63
29	Wilmington, Del	87,411	46-c
30	Des Moines, Iowa	86,368	60
31	Norfolk, Va	67,452	60
32	Savannah, Ga	65,064	36
33	Portland, Me	58,571	60
34	Johnstown, Pa	55,482	30-c
35	Altoona, Pa	52,127	30-c
36	Springfield, Ill	51,678	36-c
37	Mobile, Ala	51,521	48
38	Springfield, Ohio	46,921	36-c
39	York, Pa	44,750	48
40	Sacramento, Cal	44,696	72
41	Berkeley, Cal	40,434	84
42	San Diego, Cal	39,578	48-c
43	Dubuque, Iowa	38,494	48
44	Tampa, Fla	37,782	54
45	Roanoke, Va	34,874	48
46	Jackson, Mich	31,433	30-c
47	Decatur, Ill	31,140	30-c
48	Lynchburg, Va	29,494	48
49	San Jose, Cal	28,946	60
50	Newport, R. I	27,149	60
51	Fresno, Cal	24,892	60
52	Everett, Wash	24,814	48-c
53	Burlington, Iowa	24,324	72
54	Alameda, Cal	23,383	84
55	Oswego, N. Y	23,368	36
56	Stockton, Cal	23,253	60
57	Kenosha, Wis	21,371	42
58	Winona, Minn	18,583	48
59	Helena, Mont	12,515	60-c
60	Iowa City, Iowa	10,091	63

NOTE (a): Limited to 5,700 calls; Manhattan district only. NOTE (b): Limited to 5,400 calls.

Twenty-four cities, averaging 342,486 in population, pay an average rate of $53 under competition, while the remaining 36 cities, averaging 188,629 in population, without competition, pay $81. Even where competition is absent there does not appear to be any rational order of rates. Stockton, Cal., with 23,253 population, pays the same rate ($60) as Des Moines, Iowa, with 86,368, and pays twice as much as Johnstown, Pa., with 55,482 population, and only $24 less than Chicago, Ill., under competition.

I should utter a caution against the spirit of prejudice likely to be elicited by the great disparity shown in the rates under postal and private financiering. The gentlemen who are exploiting this service for profit as their private property have, doubtless, decided correctly that the American rates yield the very maximum of profit. This is what people do in the conduct of a hotel, I suggest. True, this is what we all should do if we could; it is the normal rule of private financiering. But competition plays its part where monopoly private financiering is inadmissible and protects us from ourselves. So we do not blame the individual. He is obeying the laws of his nature. But the Government, without whose incidental approval or protection such a monopoly could not exist—is it to be held blameless for abandoning its function and submitting its citizens to exactions which are the scandal of public-service rates the world over, and with which only our express rates can justly be compared?

The effect of these abnormal distance rates upon the utilization of the service may readily be seen. The number of interurban conversations per phone in the different countries is as follows.

[1] Competition.
[2] Recently this rate raised to $125; competition presumably removed.
[3] Baltimore and New York limited to 5,400 and 5,700 calls.

Long-distance conversations per phone.

Country.	Number of conversations.	Rank.
Denmark	761	1
Netherlands	634	2
Denmark (private)	348	3
Germany	301	4
Sweden	150	5
Russia	142	6
Norway	135	7
Switzerland	130	8
France	125	9
Norway (private)	109	10
Italy (private)	73	11
Japan	69	12
Italy	62	13
United States (1912, Bell)	48	14
Belgium	44	15
Austria	37	16
Hungary	34	17

Mr. Chairman, it is apparent, of course, that telephone rates fail to satisfy the law of social efficiency and the pronouncement just quoted from the Bell Co., far from making apology, disavows any concern or obligation in that respect.

ADMINISTRATIVE EFFICIENCY.

Let us look now into the question of the operative efficiency of the privately financiered telephone as compared with its public and postal management in other countries.

Telephone operative efficiency.

Country.	Phone calls per employee per annum.	Rank.	Postal units per employee per annum.	Rank.
Norway	146,854	1	32,414	11
Russia	114,659	2	.....	.....
Belgium	98,715	3	85,819	1
Netherlands (municipal)	92,251	4	.....	.....
Sweden	79,142	5	35,837	9
Denmark (private)	79,000	6	.....	.....
Italy	67,727	7	42,947	4
Netherlands (private)	65,181	8	.....	.....
United States (Bell Co.)	58,134	9	60,651	2
Norway (private)	50,751	10	.....	.....
Switzerland	47,328	11	37,562	7
Netherlands (State)	38,912	12	53,621	3
France	34,018	13	33,697	10
Luxemburg	.....	14	40,321	5
Denmark	.....	15	38,930	6
Germany	.....	16	37,236	8
Austria	.....	17	30,528	12
New Zealand	.....	18	28,696	13
Great Britain	.....	19	26,056	14
Hungary	.....	20	23,025	15
Japan	.....	21	21,820	16

In the column for phone efficiency the long-distance or interurban call is included and rated as equal to four local calls in its demands upon the personnel. The column for postal efficiency is inserted to show the performance of the postal personnel. For this purpose the postal-service unit is treated as the average mail piece and the telegram as equal in service to 10 mail pieces, while the local call is rated as equal to one-half mail piece, or unit, and the interurban as equal to two mail pieces. All kinds of employees of the telephone and post are included in the statement. While these service valuations are only assumptions, it is believed that they are approximately accurate, and certainly in no case unfair to the phone service, as may be seen in the cases of Norway, Russia, and Belgium, where the phone performances per employee reach as high as 146,854, 114,669, and 98,715, respectively. It appears that the American postal system ranks second among 16 countries on the mail piece, while the Bell Co. on the phone ranks but ninth, among 18 countries, in institutional efficiency or product per employee.

Now, what is the cause of this disparity? An inferior American personnel? No; the record of the American postal personnel answers that charge. What, then, is it? My explanation is that it is the deterrent influence of high rates on the amount of the traffic and consequent plant utilization. Obviously the amount of traffic will depend on the rate. If it should cost me but a cent a call, I will use the phone freely; if it cost me a nickel, I should probably restrict my calls. So, too, not only may the message rate be so high as to discourage the use of the phone, but the rate for phone subscription may do so. In short, to a vast majority of the people the degree of utilization depends on the cost, and these as subscribers will spend less at the higher rate than they will at the lower. The low performance therefore represents the unutilized time of the employees and wires caused by rates which to that extent are prohibitive of potential utilization; the plant is subjected to low service performance, while the same cause operates to deny society its use. This statement is susceptible of illustration in the experience of American telephone administration. As we have seen, the Bell average charge in 1907 was 2.11 cents per call, while that of the Independents was 1.14 cents, or about half. The employees of the former were 90,324 and the latter 52,112, which divided into the total calls gives an efficiency in number of calls per employee of 65,287 for the Bell and 92,868 for the Independents per annum. Traffic advantages were with the Bell, in that it had 578 phones per exchange, while the Independents rated only 295.

We reach the same conclusion for the telephone that we had reached for the telegraph. Private financiering fails to secure either the maximum of social service or the maximum of plant utilization. Its rule condemns the agency to a half marketing of its production, to less than half of its potential yield. Society under its rule must sacrifice half or more of the utility of this great agency of public communication. Suppose the farmer should organize into a monopoly, restraining the marketing of half his wheat production, half the normal yield, on the theory that the half crop would produce the same revenue as the whole. Will the defender of half service and double pay reply that the cases are different; that the "instantaneous and immediate transmission of communications is as yet a convenience or luxury, confined to the comparatively few, and for that reason should be at the cost of the few that find benefit or profit in that use"? It remains to be seen whether this ambitious rival of the postal function, like the express companies, can defy the public for 40 years.

ADEQUACY OF ORGANIZATION.

Mr. Chairman, in treating of the telegraph I presented the elements or factors laid down by the political economists as necessary in the working organization of a monopoly, in order that its service be rendered at the lowest cost, and that society should realize the possible benefits of a monopoly in the class of enterprises for which that form of capital and labor is economically and socially adapted. But it may not be amiss to restate them here for application to our telephone agencies. The elements are stated to be:

(a) Unity and exclusiveness of organization.
(b) Details of management well worked out.
(c) Facility for extension by mere duplication of existing structure.
(d) A social demand for the service which is widespread and constant.
(e) Adequate ability in authority.

RESULTS.

(f) Service at less cost than if broken into groups, because—
(g) Assured demands for service admits of closest calculations.
(h) Extent of demand admits of most minute division of labor.
(i) Absence of rivalry reduces to a minimum the amount of capital and other expenditures necessary for the performance of the service.
(j) Speculative management is eliminated.
(k) And thus with a public-service motive.
(l) The maximum of cheapness and efficiency is rendered possible.

Mr. Chairman, it is, of course, not a matter of criticism that the telephone monopoly is lacking in a main essential—the public-service motive. In a privately financiered organization such a motive is against nature and should not be asked. With the other elements, while it may be painstaking, it may be instructive to deal.

UNITY OF ORGANIZATION.

Exclusiveness of organization is, of course, denied to the Bell Co. where a rival service has found location. But to what extent does it possess unity of organization even within itself? There is likely to be a great deal of misapprehension on this point, and unity of administration may be erroneously inferred to exist merely from the fact of the concentrative power to control the making of rates. Thus the Mackay and the Bell companies have agreed on rates, just as the fire insurance companies have done. But in neither of these instances is it claimed that unity of management or organization has been attained. The perfection of unity and of exclusiveness—except as to the express service—is, of course, found in the postal organization. In which class will the Bell system be assigned? I think it clear that it can be assigned in neither; that it is not an organization in the organic sense, but an amalgamation for which the most appropriate word of description is that used

by its officers, namely, the "associated companies." But an "amalgamation" or a system does not imply the reduction of methods to the ultimum of simplicity, or the number of processes to the feasible minimum. If the structure of each company amalgamated, with its distinct officialdom and accounting institutions, is preserved, as would appear to be necessary with a distinct legal proprietorship for each, then, while the methods of a holding company with a majority of stock may give the power over rates and appointment of officials for the constituent company, this mode may be far from reducing to a minimum either the personnel or the interproprietary transactions.

It is this method of controlling rather than of assimilating the different exchanges which characterizes the Bell system; in fact, the expression employed is "the Associated Companies." Thus, speaking of them, Mr. Vail says: "The organization as constituted will be flexible enough to enable any rearrangement to be made of the whole or any part, in any way which may be found necessary or advantageous from reasons of policy or from business or legal reasons without affecting business." The aim has evidently been to so articulate the different exchanges that they can be used for a common purpose and yet so preserve the autonomous elements in each to meet any business or legal situation that may arise—the enforcement of the antitrust laws, for example. Such conditions preclude simplicity and singleness of process, the concomitants of economy and efficiency attained by the institution possessing unity and exclusiveness of organization. That the Bell system is not organized to realize the maximum economies of a single organization is seen in the comparison of its operating costs per message as compared with the independents on a preceding page.

GENERAL CONCLUSIONS.

Sir, it appears that despite our high price and wage levels in the United States we take first place as to postal rates. Among 16 countries we take but fifteenth place as to telegraph rates; among 15 countries, but tenth place as to interurban telephone rates; among 12 countries, only the eleventh place on local telephone charges; and among 11 countries we take the eleventh, or last, place on long-distance telephone charges.

Mr. Chairman, let me explain the significance of these conditions. Recurring to the analysis of industries placing merchandizing in Class I, with its law of constant returns; farming as Class II, because of its law of diminishing returns; and such industries as the post, the express service, and the telegraph and telephone in Class III, under the law of increasing returns: The first two classes belong to the realm of competition, and therefore to private financiering, while the third class—the public-service monopolies—belong to the domain of public financiering. Now, what do we find? That in the United States Classes I and II—the store and farm, privately financed, according to their natures, and acting under circumstances of struggle and competition—are unquestionably among the most economically conducted of their kind among nations. That our postal service, publicly financed, in spite of our high price levels, is giving rates the lowest prevalent in the world, and possesses the very highest working efficiency; while the two examples of the third class—the telegraph and telephone monopolies, like the express companies, subjected unnaturally to the rule of private financiering—rank among the very lowest in working efficiency and among the highest in the rates exacted from the public.

I think it apparent from all these comparative experiences that the doctrine of laissez-faire is clearly inapplicable to the telegraph and the telephone; i. e., that these public agencies of communication do not belong legitimately to the field of the rule of private financiering. I quote Prof. Adams again:

In taking the position here assumed it need not be implied that one is arguing either for or against State socialism, but merely that the doctrine of laissez faire does not permit society to realize in any adequate degree the benefits of organization in the form of monopoly. This is true, for several reasons, but especially because there are many industries which, from their nature, are monopolies, and can not, therefore, be safely consigned to the guidance of the rule of private financiering. It is certainly absurd to say that a business superior to the regulating influence of competition, conducted according to the principle that the highest possible price should be demanded for services rendered, can be managed in a spirit of fairness to the public. Such a business ought to be made to conform to the rule of public financiering, but the common prejudice aroused by the teachings and superficial application of laissez faire renders this difficult of accomplishment. "In some countries," says Mr. Mill, "the desire of the people is not for being tyrannized over, but in others it is for an equal chance to everybody to tyrannize." So long as public opinion refuses to enter upon a candid analysis of the nature of industries for the purpose of discovering which of them may be safely consigned to the guidance of competition, large numbers of private monopolies will be maintained. If men persist in thinking themselves free because the law grants them an equal chance with their fellow men to become monopolists, the great majority will pass their lives in that state which even conservative writers call commercial dependence. Bastiat is right when he speaks of the interest of the consumer as identical with the "social interest," in so far as this question of monopolies is concerned, for it is only when we regard the problem from the point of view attained by considering the collective interest of society that we can secure a just appreciation of the relation of government to business activity.

To what conclusion does all this lead? Plainly, I suggest, to the conclusion that we are violating the laws of sound public economics. Plainly, I suggest again, that we have violated the laws of economic science in giving to the functionaries of private finance those things which were not theirs. There is a law of private finance; there is a law of public finance. Each has its subjects upon which, properly confined, each will normally operate for the maximum of human service. We have ignored, or rather misapplied, one of these laws by giving over to the private financier a postal duty. Let him rule in his own field restrained by the laws of competitive industry, he will prove a social servitor and a blessing. But give him the field of public finance where his instincts of profit making can only be misapplied, and those unwelcome results are shown to follow which would be expected to follow if public finance were applied to store and farm, namely, high prices and the lowest social and operative efficiency.

COMPETITION.

Mr. Chairman, with regard to this method as a corrective agency, I can not do better than quote from the work of Prof. Holcombe, one of the Harvard economic studies, entitled "Public Ownership of Telephones on the Continent of Europe." After stating the theory of competition in relation to prices generally, he speaks of the telephone service:

The difficulty with the theory of competitive rates in the telephone business is that the liberty of choice between rival undertakings is illusory. No two competing systems can offer the same range of communication. The subscribers to one system will have no means of conversing with those to the other. Consequently the prospective subscriber is not free to compare the price levels and conditions of service of the rival undertakings. He is compelled to join that system to which are already connected those persons with whom he most desires to converse.

Moreover, unless he is so fortunate as to find all those persons with whom he desires to converse connected to the same system, he can not choose between rival services without being thereby deprived of the possibility of effecting a certain proportion of the communications which he would like to carry on by means of the telephone. The utility of the telephone lies in its marvelous power of transmitting the spoken word and reproducing it at a distance. The greater the number of persons who are enabled to converse with one another, regardless of intervening space, by means of a telephone system, the greater is the utility of the system. The most useful telephone system would be one which, like the postal service, reaches everybody. Whatever excludes a portion of the community from participating in the benefits of a telephone system impairs by so much its usefulness. Now, a competitive undertaking does just that. The subscribers to each undertaking are debarred from carrying on telephonic conversations with the subscribers to the other undertaking. If there are several competing systems, the impairment of the usefulness of the service is correspondingly greater. If there were as many sellers of telephone service as buyers, and all were determined to remain in the business, the telephone would have no usefulness at all.

Since the policy of free competition offers no adequate assurance of reasonable rates for telephone service, the question at once arises, How shall they be determined? The only alternative to competition is monopoly of some sort. The forces of demand and supply will operate under a régime of monopoly, as under one of free competition, but the results will not be the same. In the latter case the interests of the monopolist will ordinarily lead him to fix his rates at a level which is intended to yield him the maximum of profit. Having adopted a tentative schedule of rates, he carefully observes the extent of the demand for his services at those rates and readjusts them, if need be, until the actual sale of his services verifies his calculations. His purpose always is to make as large as possible the surplus that remains after deducting from his gross receipts all the expenses of rendering the service. Consequently, under a régime of unregulated private monopoly rates are certain to be exorbitant.

In the telephone business, to this disadvantage, from the viewpoint of the community of monopolies in general, must be added a further special disadvantage. Not only is there no protection against exorbitant rates, but also there is no security that the distribution of the total charges between the different classes of telephone users will be made on a basis calculated to promote the widest utility of the service, such as it is. For the criterion of a sound monopolistic rate policy is not the greatest utility of the service but the greatest profit of the monopolist. Unfortunately the two do not coincide. There will, for example, be no incentive to extend the service to wider circles of users unless such an extension will increase the gross receipts more than it will increase the operating expenses. The enhanced profits, therefore, which the monopolist will obtain from those users whose demand for the service is least elastic will not be put into extensions for the benefit of those whose demand is more elastic and to whom, consequently, a small reduction in price would mean a great increase in satisfaction. Monopoly rates will not enable the community at large to derive from the telephone service the maximum of satisfaction. Therefore they are not reasonable rates.

Two courses are open to the public authorities in order to protect the interests of the community at large. They may intrust the management of the monopoly to a private monopolist, who will be expected to adopt a policy of unreasonable rates. They may then attempt to set a limit to his unreasonableness by prescribing in advance the highest rates that he may lawfully charge. They may even provide for later reductions of rates when profits shall exceed a certain amount. Finally, they may secure a certain measure of compensation to the community for the distress caused by the unreasonableness of the rates, such as they may be, by stipulating for a share of the monopoly profits.

The alternative is for the public authorities themselves to administer the monopoly, and thus preserve in their own hands complete power to

take whatever steps they may deem expedient in order to secure to the community the enjoyment of reasonable telephone rates.

His final conclusions, after a complete survey of the Continent, are:

In the telephone business competition is a failure. Considered as an automatic arrangement for maintaining an accurate adjustment of the supply of telephone facilities to the demand, it easily gets out of order. So long as it remains in order its effect is to diminish the utility of the service to render which telephone facilities are created. For a while it is capable of bringing about low rates and stimulating a rapid development. Sooner or later, however, the self-interest of the competitors or the disillusionment of the public authorities will cause the termination of competition and the substitution of a régime of monopoly. This has been the result everywhere in Europe where competition has once existed, except in Stockholm, and in Stockholm the bankruptcy of the private company or the purchase of its business by the Government is only a matter of time. Competition as a permanent status in the telephone business is neither desirable nor possible.

REGULATION.

Mr. Chairman, there are many things to be predicated of regulation, of course, and I shall make no attempt to cover them all. Among them, however, are some effects that are certain. A régime of regulation will—

(a) Eliminate competition.

(b) Strongly tend to crystallize the rates and, with them, local discriminations.

(c) Remove personal discriminations.

(d) Limit extension to places of sufficiently high profit to attract private finance.

(e) Thus defeat the attainment of the maximum extension of social service.

The three first propositions are exemplified in our railway history of the last 10 years and in that of England for 20 years. The progressive decline in average rates, which began with the introduction of the railway, continued in both countries to the time when the State exerted its power and converted the unstable rates into legal rules. In neither England nor here has the average rate fallen substantially since. I say such rates, including any local discriminations, crystallize under regulation fixing them as rules of the State. The shipping interests, unable to set one railway underbidding the other, urge reductions upon the regulating power, only to be met by the proprietary defenses of the railway owners. And they, when trying to secure rate increases, are met by the defenses of the shipping interests. The antagonistic forces are so nearly equal that, impeded by the complexity of the subject matter and the inertia of court procedure, they meet only in an impasse, with a triumph usually in favor of the status quo.

But there is a more profound reason for the impasse thus reached and the practical inability to reduce rates under regulation. It is the instinct of respect for private property so highly developed in modern civilization. The stockholders earnestly defend their right to the profits their capital and enterprise have created; the effect of reducing the rates renders so uncertain what the rate of profit may be; moreover, its reduction affects not merely the dividend they are to receive but the commercial value of their capital itself, a reduction of from 12 to 6 per cent, cutting such value in two for purposes of sale; all these deterrents, with the ability of the conductor of the enterprise to suppress or disguise those inner facts of his business, of which he alone has intimate and real knowledge, usually leave but one safe recourse for the regulating tribunal, and that is to heed the inevitable doubt in the proprietor's favor. Count von Bismarck has summarized the weakness of the regulating theory as follows:

The attempts to bring about reform by laws have shown the futility of hoping for a satisfactory improvement through legal measures, without trenching materially on established rights and interests.

State ownership is necessary to attain unity and economy under conditions in harmony with the public welfare and to secure direct attention to public interests which do not permanently find sufficient furtherance and protection in the hands of private corporations whose object is gain. The inadequacy of private management and State supervision becomes daily more obvious.

Mr. Chairman, efficacy has never been claimed for regulation as a method for obtaining the maximum social service. Take the case of the Bell Co. controlling the Chicago & Milwaukee Telegraph Co., which raised its rates per telegram from 15 to 25 cents, abridging its former social service nearly 50 per cent. Contrast this with the British post office in 1885 reducing its rate from 24 cents to 12 cents and increasing the number of messages about 60 per cent. In the former case there was an increase, perhaps a justifiable increase, of profits to the private owners; in the latter there was a slight loss in the revenues, but a tremendous gain in public service rendered. It comes back, then, to the fundamental principle involved in the rule of private financiering. Regulation is helpless to invest the private investor with a public-service motive; and without that motive, not the maximum social service, but naturally enough for the investor, the maximum return on his investment, is the rational rule of conduct.

Conservative students of the telephone subject do not propose or consider regulation as a means to attaining the maximum of utilization in this service. I shall quote again from the work of Prof. Holcombe on this subject. He says:

The great advantage of the ownership of business undertakings by the community lies in the power that goes with possession. While the ownership of business of general public importance remains in private hands there is no protection for the ordinary economic interests of consumers except by free competition or by public regulation. In the telephone business the former is neither desirable nor possible. The latter may be obtained in only two ways: (1) By special contract between the private owners and the public authorities; (2) by direct legislative action, subject to appeal to the courts for the protection of individual rights. Under either method of public regulation the antagonism of interest between the private monopolist and the consumer may be subdued but is never removed. It was in order to possess complete control over the management of the telephone business that the Governments of Europe adopted the policy of public ownership. By retaining complete control in their own hands those Governments have had the opportunity to adopt methods for the establishment of rates and the maintenance of service that would have been impossible under any form of private ownership. In a business such as the telephone, the best security for the establishment of reasonable rates is to give those who are to pay the rates a voice in their making, and the best security for the accurate adjustment of the supply of telephone facilities to the demand is to give to those who are to use the facilities a share of the responsibility for their creation.

But once it is recognized that in a particular industry the hypothetical alternative of free competition is an illusion it becomes evident that the community's saving by the assumption of the risks of the enterprise is not a mere recompense for the sacrifice of a more rapid rate of industrial progress, but a clear gain. For under the actual alternative to public ownership in such an industry, namely, a regulated private monopoly, there is no greater security for sound industrial progress than under public ownership, and it is certain that at least a portion of the advantages of industrial progress will be appropriated by the monopolist solely by virtue of the fact that he is a monopolist. The great merit of public ownership, therefore, as an agent of production is that under the proper industrial conditions it fulfills more economically than any other method of industrial organization the direct purpose of production; that is, the supply of the consumer with the kind and quantity of goods that he desires.

The telephone industry can only attain its highest utility when managed as an exclusive monopoly in a given territory. The market for telephone service comprises the whole body of individuals in the territory covered by a connected telephone system, and in practice can be limited for administrative purposes without great inconvenience by the political boundaries of a country. Hence, when owned by the Government owner and consumer are identical. Furthermore, the mechanical nature of the service and the stability of the demand for the service make possible accurate prediction of the demand by statistical methods. In those industries in which these conditions are present the policy of public ownership is best fitted to enable the community to avoid both the periodical overproduction of free competition and the perpetual underproduction of private monopoly.

Naturally enough, sir, the owners, for the most part, when confronted by a proposal to postalize, object and point to the alternative of regulation. But this attitude on their part, it is not considered unfair to suggest, is dictated rather by private than by social considerations. Postalization puts an end to their profits. Regulation may or may not curtail them in a degree, while the stability of their monopoly is actually augmented by regulation, bringing with it an increment to the value of their securities. In this connection it ought to be remembered that, whatever our hesitation may be on administrative grounds to applying the State principle to all forms of natural monopoly in obedience to the principle that "private monopolies are intolerable," such hesitation need not be felt as to postal subjects given the postal department. It may be confidently asserted that no bank or railroad organization, private or public, has better assurances of administrative efficiency to offer.

OBJECTS OF RELIEF.

Mr. Chairman, having completed the analyses of the economics and the traffic effects of our systems of communication by wire, let us put the direct question, What, if any, are the deficiencies to be corrected? Answering this question just as directly, I wish to say that, while our postal rates are as low as those of other countries, we find that in the United States—

(a) The telegraph charge averages more than double,

(b) The local-call phone charge about double,

(c) The toll and long-distance telephone charge about four times, the rates generally prevailing in the principal countries of the world.

Proceeding on the assumption that our postal system can do as well for the wire forms of communication as it does for the letter—that is, can handle the wire messages as cheaply, compared with these countries, as it does the letter—it is suggested that these forms of communication should be postalized; that is, the postal agency should be permitted to conduct these communications in order to normalize the rates and extend the service to the great body of the people.

Proceeding, again, on the further assumption that the abnormal rates operate to abridge the total service rendered in the

same percentage that the rates are excessive—a moderate statement, I think—then the Nation has short-work claims on such services as follows:

(a) The telegraph: Number of messages, 175,000,000.
(b) Local phone service: Number of messages, 7,500,000,000.
(c) Toll and long distance: Number of messages, 300,000,000.

That a twice normal rate will inhibit at least half the traffic, or, stated in the reverse way, that cutting the rates in half will double the traffic in a service for which, like these, there is a universal and constant demand, is an assumption sustained by postal experience with the telegram, with the letter, and now with the postal-express parcel, not to speak of definite experiences with the passenger traffic.

The doubling, or more probably the expected quadrupling, of the number of such communications is not predicated merely on the demands of those now using these means, for the effect of prohibitive rates is not merely to reduce the number of calls by present subscribers but to seriously reduce the number of subscribers themselves. It is true that the rate renders the telegram merely an incident to some calamity, like death, and so forth, for the working classes. But the use of the telephone, which is an hourly convenience if not a necessity, in homes that can afford it, is at present confined to a small percentage of the homes of the country. The proportion of telephones is 1 to each 12 persons. If the number of office or business phones be deducted from this proportion, it is indeed doubtful whether more than 1 family in 6 enjoy this convenience.

Now, the Postal object is not merely to confer equal privileges *in form*, but to effectuate equality in practice. It, therefore, so organizes its service and formulates its rates as to remove any economic barriers to their use. The poor man, the very poor man, can actually utilize any form of the Postal service. Its rates are adapted to his means. Mr. Vail, president of the Western Union Telegraph Co., declares:

> There is a road to every man's door; there should be a telephone to every man's house.

The parallel is indisputable, but its complementary fact should also be noted. It was society, and not any privately financed monopoly, that built these roads. He also adds, apologetically for the Bell, that the system must be—

> Under common control * * * it must be sufficiently strong to constitute practically one system, *intercommunicating, interdependent, universal.*

Now, is this possible in the United States? Sir, I feel justified in saying that it is possible here, if nowhere else; and the Swiss tariff system, I submit, affords demonstration of this statement. But of this the point fundamental—indeed, the whole objective of the discussion, the supportive facts—must be developed later.

METHOD OF RELIEF.

THE TELEGRAPH AND TELEPHONE SERVICES INTERDEPENDENT.

Mr. Chairman, these two methods of communication are so interrelated and interwoven and so identical in characteristics that the only difference which now suggests itself is that the communication in one case is addressed to the eye and in the other to the ear. The mechanism, the wire, and the active principle—electricity—are the same for both; moreover, it is a fact at present that the same telephone wire may be and actually is simultaneously engaged in conveying the both forms of communication, especially for longer distances, where the telegram formerly was the more efficacious. Coupled with this fact that every telephone wire is in fact or potentially a telegraph wire is the circumstance of conclusive economic importance. Since the telephone wires permit the discharge of the double function without interference one with the other, the duplication of the physical agencies will involve a doubling of the expenses of each service—except for the points of large telegraphic traffic, where the skilled telegrapher will be needed as a supplement to the exchange personnel. I shall leave to Mr. Theodore N. Vail, president alike of the Western Union and the Bell telephone system, the task of completing this statement. I quote from the report of the Western Union for 1912:

> There are estimated to be less than about 5,750,000 rural habitations in this country. The Bell System has over 3,200,000 rural telephone stations; that is, more than half the rural habitations are connected by exchange wires with central offices of rural centers and these central offices, by means of branch telephone lines, with and form a part of the Bell Telephone System. These branch lines extend to substantially every rural center. They are not used to nearly their capacity. The lines and the operating staff have to be maintained for one purpose. Under a joint working between the telegraph and telephone, these facilities, both plant and operating, could be utilized without appreciable extra cost for telephoning the occasional telegraph message. In this way a telegraph service could be given to practically every center of population in the country and by means of the rural telephones made to reach nearly every habitation.
>
> If the public desire, as they do, not only improved facilities but additional methods of intercommunication, and eventually cheaper rates, these benefits can only be obtained through a combined use of plant, and to bring about such a combination, not only the purpose but the reasons must be understood, and if it results in a broad combined system extending over the whole country, such a system is inherent to the object to be accomplished and it can not be accomplished in any other way.
>
> It is an axiom that the cost of operating and the cost of construction and maintenance of plant facilities must be borne by the service. If, then, plant facilities are only partially utilized the cost of service is greater and so must be the charges. If additional use of facilities is made, then the cost of service is less and the charges can be reduced.
>
> If the public insist upon a duplication of plant for each kind of service, then the cost of these plants must be borne by the service and the public must pay the cost. If you hire two carriages to carry two loads that one would carry as well, the two carriages must be paid for. No individual or corporation can be expected to, nor can they be required to, provide a permanent service to the public at less than cost and a fair profit. Waste of facilities and waste of duplication come out of the public, either through the additional cost of service which must be maintained or through the loss of the investment made on the facilities which were unnecessary.

In a like report for the Bell Telephone system in 1911, Mr. Vail illustrates the complementary character of the two services with a chart.

And then he makes the following observations as to the operative and economic advantages of their unification of ownership and management:

> The joint use of such lines and operatives would be a source of economy. At busy offices and on busy circuits, the circuits could be "composited" for the simultaneous use for telegraph and telephone purposes. Each service would require its distinct operating force and its distinct offices, as the services rendered by the telegraph and the telephone are functionally and fundamentally different, although both use wire circuits. The telephone makes up a circuit and places it at the use of the customers, who do the communicating, i. e., it leases its circuits to others for personal communication. The telegraph, by its own operators, performs all the services of collecting, transmitting, and delivering messages, i. e., it transmits over its circuits, for others, personal communications.
>
> The greatest economy and advantage would come from the "compositing" or simultaneous use of one system of circuits for the two services, eliminating entirely one of the wire systems. The advance in the state of the art of "compositing" lines for joint use of the telephone and telegraph has been very marked in the very recent past.
>
> The accompanying diagram [1] illustrates a small section each of the telephone and telegraph system. It is self-explanatory.
>
> The diagram shows that the existing wire mileage of the present telephone toll circuits and telegraph plants, brought up to standard construction with some provision for deficiencies or extensions, if "composited" or used jointly, would for all practical purposes be the equivalent of two plants, each of the same mileage, one for telephone and one for telegraph; or, to put it another way, the wire mileage necessary to give the same service need be about half the combined wire mileage of the two systems separately operated, as now.
>
> The annual gross revenue from either a telephone or a telegraph system should be approximately 33 per cent of the total cost of or the investment in plant. If in two systems of equal size one plant were eliminated and both services were performed over the other, the percentage of joint revenue to plant would be substantially doubled, or 65 per cent. To put it in another way: The maintenance of a wire plant costs about 30 per cent of the annual gross revenue from that plant. The simultaneous use of a plant for both purposes would mean maintenance of one wire system against the doubled revenue from both services, or a decrease in maintenance alone of about 15 per cent of the gross revenue. In addition to these savings there would be the savings of the capital charges and of taxes on plant, which would be made unnecessary. This brings within the realm of possibility a reduction of from 20 per cent to 25 per cent in the gross charges or gross revenue without affecting the profits of the business.
>
> In order to avoid confusion, it must be distinctly borne in mind that the telephone service referred to here is the toll or long-distance service and not the circuits of the exchange service, which could not be used for any other purpose. This toll or long-distance service is so intimately interwoven and interdependent both in operation and use with the telephone-exchange service that it could not be separated, but the operation of the toll circuits in connection with the exchange circuits would not interfere with their use for telegraph purposes by a regularly organized telegraph staff.
>
> These are the possibilities, fraught with all sorts of advantage to the public.

Mr. Chairman, I think it sufficiently obvious that the telegraph and telephone are not two services, but really one service; as, indeed, they represent besides but one function, the function of intercommunication. Accordingly, it may be that they will require the application of but one policy and method of treatment.

We have seen that our problem is threefold, viz, the extension of postal relief to the three forms of electrical communication—the local call, the long-distance conversation, and the telegram—which I name in the priority of their importance. It appears that the postalization of but one agency, the telephonic network, may be effective for all these forms of relief. But let us look more carefully into this important matter by reviewing the subject in its constructive relations.

RECONSTRUCTION.

Mr. Chairman; having concluded that on both economic and social grounds these agencies of communication require public or, more exactly speaking, postal financiering, it is now in order to consider the subject in its constructive aspects.

[1] Not printed.

The postal method: The examples of nearly all the principal countries point in but one direction as to the agency which should be employed. It is the postal. Its truly wonderful genius for doing little services cheaply and well is now winning for it the express function in the United States, and in the following countries has added the telephone and the telegraph to the mail piece:

LIST OF COUNTRIES OWNING BOTH TELEGRAPH AND TELEPHONE.

POSTAL TELEGRAPH AND TELEPHONE COUNTRIES.

Australia, Austria, Belgium, Bosnia-Herzegovina, Bulgaria, New Caledonia, Dahomey, Denmark (at least part—state, private, and municipal), Egypt (part), Formosa, France, Tunis, Germany, Switzerland, Great Britain, Sweden (greater part), Greece, South Africa (Union of), French Guinea, Servia, Hungary, Roumania, India (British—state and private), India (Dutch—state and private), French Indo China, Panama (Government), Italy (state and private), Norway (greater part), Japan (including Korea), New Zealand, Luxemburg, the Netherlands (state, municipal, and private), Russia (state and private), Siam (state and private).

COUNTRIES OWNING TELEGRAPHS ONLY.

Abyssinia (Ethiopia), Alaska, Argentina, Bolivia (not all), Brazil, Chile (nearly all), Colombia, Costa Rica, Cuba, Mexico, Montenegro, Paraguay, Persia, Peru, Portugal, Spain, Turkey, Uruguay.

Mr. Chairman, all the civilized, yes, almost all the uncivilized countries have postalized the electrical message, and it will be observed that Spain and Brazil only among the greater countries join the United States in licensing out the telephone agencies of communication to private parties. England naturally has been the last to yield, but since January 1, 1912, even she has assumed the entire postal function of conveying intelligence, by taking over the Bell service. Some of the Provinces in Canada took the step a few years ago, so that our situation is now so exceptional as to be actually noteworthy. The causes for our conditions are not different from those which for 40 years denied us the parcel post, namely, the "Tory" and the "system" largely consequent upon the private financiering of these natural monopolies.

THE POSTAL TELEGRAPH AND TELEPHONE STRUCTURES.

Construction de novo of the wire agencies, as a program, is denied us, of course, on the grounds of national economy as well as on sound political consideration. It therefore becomes necessary to compare existing structures and determine their adaptability for economical postal management and the purposes of the desired relief.

There is considerable likeness between the postal and wire mediums, even in their physical methods. If the wire be taken as the path of the electrical communication, the parallel is almost perfect. Both systems are susceptible of classification into units of: (a) Number of offices; (b) number of employees engaged; and (c) miles of routes of communication. Let us see how the two compare in these respects; I say "the two," for they are not three in number. The telegraph and telephone are but one agency since the same wire—that is, the telephone wire—now carries the written and the spoken communication at the same time.

NUMBER OF OFFICES.

Postal	64,022
Telegraph	6,828
Telephone	[1] 50,000

NUMBER OF EMPLOYEES.

Postal	290,701
Postal (1907)	278,010
Telegraph (1907)	28,034
Telephone (1907)	144,169

MILES OF ROUTES.

Postal:	
Railway and water	436,469
Rural	1,021,492
Telegraph:	
Pole line	287,082
Wire	1,926,052
Copper	[2] 800,000
Telephone:	
Toll pole line	221,161
Toll wire	2,789,163
Exchange pole line	183,842
Exchange wire	15,205,995

TOTAL OF ROUTES.

Postal	1,457,961
Telegraph	287,082
Telephone	[3] 405,003

The extent or spread of these structures has been thus summarized in order to give the student a total glance for preliminary comparison. Each must be subjected later to minute analysis. I wish now merely to observe that the postal organization and structure far exceeds the other agencies. The postal personnel, 278,010 (1907), exceeds the wire, 172,203, by 62 per cent; the post routes, 1,457,961, exceed the duplicated telephone and telegraph pole line, 692,082, by 105 per cent; and the number of post offices (bureaux de reception), 64,022, exceed the commercial wire offices and exchanges, about 60,000, by about 7 per cent. In revenue or gross charges only does the wire communication exceed the popular agency; for, putting the postal receipts this year at $280,000,000, this figure is overtopped by the Bell system, with its $250,000,000 of telephonic and telegraphic receipts, when the estimated $80,000,000 of the independents and $20,000,000 more of the Mackay company's telegraphic receipts are added. By how much this $350,000,000 should be reduced under normal postal financiering the student will have to judge. No one will contend, notwithstanding, that the wire performances equal those of the post in economic service.

I shall consider later the speculative value of the wire systems, but at this time it will be necessary to determine approximately the reproductive cost of the 2,000,000 miles of telegraph and 18,000,000 miles of telephonic wires of the country. Attention is invited to the fact that the pole-line mileage, 221,000 miles, of Western Union, the 67,000 miles of Postal Telegraph, and the 221,000 miles of interurban and long-distance telephone wires triplicate each other to the extent of their pole mileage. When some 50,000 miles of toll or interurban wire of the independents are added to the Bell we have a long-distance phone mileage of 221,000 miles, identical in extent with the Western Union. Therefore telegraphic communications are feasible over three routes:

First. The Western Union pole lines, 221,000 miles.

Second. The Postal Telegraph Co. pole lines, 66,000 miles.

Third. The Bell and independent toll and long-distance wires, 221,000 miles.

Mr. Chairman, considered merely from the standpoint of their value in economic use to the postal system, however, the Postal or Mackay telegraph lines would have to be rejected because of their insufficient extension. The Post Office would have to more than treble the Mackay mileage to do a general service. The Western Union is not subject to the same objection; it has the extension as a telegraph agency merely. But investigation discloses that only two-fifths of its wire—600,000 miles—is copper, so that three-fifths—900,000 miles—of its system would not be susceptible of satisfactory telephonic use. The third system, the Bell and independent toll or long-distance lines in combination, suffices in extent and mechanical construction for both objects, being entirely copper and having the requisite range and extent. All of which means that if we wished to give relief merely to telegraph users we might do so by the use of the Western Union. If we wished to extend relief as well to toll and long-distance users, the interurban and long-distance phone system would alone suffice. But if in harmony with other countries we wished to extend relief to users, actual and potential, of all the forms of communication by wire, we could do so completely by the single expedient of utilizing the Bell and independent telephone systems, since the telephonic network is potentially a telegraph network as well.

Recurring to the estimates of communication services now lost to the public by relatively prohibitive wire rates, let us see in what measure these losses could be saved by the different methods of wire acquisition possible. Let the telegraphic service loss equal 14 per cent of the total loss, the toll and long-distance 21 per cent, and the local phone service 65 per cent, in all 100 per cent, then the following gains in service results may be predicated of postal acquisition:

	Per cent.
(a) By taking over the Western Union, 14 per cent on the telegraphic	14
(b) By taking over additionally the Postal or Mackay telegraph	00
(c) By acquisition of telephonic, long-distance, and toll lines, 14 per cent on telegraphic and 21 per cent on toll and long-distance service	35
(d) By acquisition of the entire telephone network, 14 per cent on telegraphic service, 21 per cent on toll and long-distance, and 65 per cent on local telephone service	100

The costs of propositions (a) and (b) collectively would be about $200,000,000 on the basis of their capitalization; of proposition (c), about $200,000,000; and of proposition (d), about $900,000,000, on the like basis. But let us consider these phases of the subject matter with a little more detail.

CAPITALIZATION AND CONSTRUCTIVE VALUES.

The telegraphs: The censuses of the telephonic and telegraphic agencies are conducted quinquennially, and up to date we have such censuses for the years 1880, 1902, and 1907. On the subject of capitalization we have, besides the annual reports since 1880 of the Bell and Western Union. The "Postal" Telegraph Co. is a member of a voluntary association of telegraph and cable companies known as the "Mackay" Cos., formed under a deed of trust and managed by eight trustees. Besides the Postal Co. there are 20 or more land-wire com-

[1] Estimated 43,819 in 1907 census.
[2] Western Union, 600,000. Balance estimated.
[3] Jan. 1, 1912.

panies merged in the association which, according to Poor's, 1913, has outstanding $50,000,000 preferred and $41,380,400 of common stock. There is, besides, a bond issue of $20,000,000 and, perhaps, other issues. The association has published no reports showing receipts or expenditures, and all the information available for it is capital obligations and net receipts, none of which are segregated into land or sea operations. Besides the Bell, or Western Union Telegraph, and the Postal Co. systems, there are 23 other commercial or nonrailway telegraph companies operating on their own account, for none of which reports are available. Except for the Bell properties—that is, the American Telephone & Telegraph Co. and the Western Union—the latter itself not distinguishing its land-wire and ocean-cable capital, receipts or expenditures—we have only the census reports, which do not individualize the data for the separate companies, nor indeed segregate capitalization, receipts, or expenditures for the land and ocean service.

The situation is better for the telephone network. The companies report their fiscal experience, and the Bell publishes annually a statistical and financial report which, while displaying serious descriptive omissions, is yet excellent as a methodical disclosure of private business affairs. Besides, with the aid of its reports, the census data can be segregated into the necessary elements for the Bell, the Independents, the Rural Cooperative, and the Commercial companies, so that a working analysis of the telephone agency is practicable, while the same can not be said of the telegraphs, no segregation at all being possible as to land and ocean traffic or finance. It will now be in order to present such telegraphic data as are at hand:

Resuming with the data of the telegraph companies, the dividends paid on common and preferred stock were $7,477,083 and $6,256,693, while the other fixed charges amounted to $5,300,529 and $4,355,623 for the years 1902 and 1907, leaving surpluses of $3,725,311 and $2,227,172, respectively. These and other financial data appear as follows in the census report:

The telegraph.

INCOME ACCOUNT, 1907 AND 1902.

	1907	1902	Per cent of increase.
Gross receipts from operation	$45,255,187	$35,300,569	28.2
Operating expenses	36,579,084	26,592,411	37.6
Net earnings from operation	8,676,103	8,708,158	[1] 0.4
Income from other sources	6,328,681	5,629,469	12.4
Dividends on stock of other companies, including interest on bonds	1,406,401	1,159,658	21.3
Lease of lines, wires and conduits	4,430,245	4,185,799	5.8
Rent from real estate	210,014	205,070	2.4
Interest	3,439	6,719	[1] 48.8
Miscellaneous	278,582	72,223	285.7
Gross income, less operating expenses	15,004,784	14,337,627	4.7
Deductions from income (fixed charges)	5,300,529	4,355,623	21.7
Taxes	783,686	588,726	33.1
Interest:			
Floating debt	1,493	1,132	31.9
Funded debt	2,651,511	1,949,150	36.0
Rental of leased lines	1,863,839	1,816,615	2.6
Net income	9,704,255	9,982,004	[1] 2.8
Deductions from net income	7,477,083	6,256,693	19.5
Dividends on preferred stock	15,000	63,000	[1] 76.2
Dividends on common stock	7,462,083	6,193,693	20.5
Net surplus for year	2,227,172	3,725,311	[1] 40.2

[1] Decrease.

Operating expenses, 1907 and 1902.

	1907	1902	Per cent of increase.
Total	$36,579,084	$26,592,411	37.6
General operation and maintenance	34,057,298	24,455,511	39.3
Salaries and wages	[1] 17,808,249	[2] 15,039,673	18.4
Operation and maintenance, including legal expenses	16,249,049	9,415,838	72.6
Rentals of offices and other real estate	1,684,352	875,213	92.5
Rentals of conduits and underground privileges	18,080	7,808	131.6
Telegraph traffic—amount paid or due other companies	701,697	724,826	[3] 3.2
Miscellaneous expenses	117,657	529,053	[3] 77.8

[1] Two companies were unable to separate the amount paid for salaries and wages from the general operating expenses.
[2] One company was unable to separate the amount paid for salaries and wages from the general operating expenses.
[3] Decrease.

Subsequent to the above we have the Western Union report. In 1907 its business represented $32,856,406, or 72.5 per cent of the total reported by the Census Bureau. For 1912 it gives earnings of land and cable wire $41,661,439; net, $5,597,603; and for the 11 months ending May 31, 1912 and 1913, respectively, as follows:

The telegraph (Western Union).

	1912	1913
Gross earnings	$36,986,813.58	$41,562,075.48
Operating expenses, including rent of leased lines	26,113,616.02	30,808,463.27
Current maintenance	3,045,415.38	3,259,565.15
Reserved for depreciation and reconstruction	1,832,264.16	3,375,033.32
Reserved for taxes	617,649.06	922,500.00
Total expenses	31,608,944.62	38,365,561.74
Balance	5,377,868.96	3,196,513.74
Add income from loans and investments, including rentals from real estate	1,183,999.70	892,122.61
Net earnings	6,561,868.66	4,088,636.35
Deduct interest on bonded debt	1,558,985.18	1,225,793.36
Net profits after allowing for interest	5,002,883.48	2,862,842.99
Less 11 months' proportion of dividends	2,742,487.50	2,742,811.25
Balance carried to surplus	2,260,395.98	120,031.74

The above experience of the Western Union brings us up to date for 72.5 per cent of the 1907 telegraphic business; but it is not certain that its increase has been shared by the other companies. The census balance sheet of the telegraphic companies is now given:

Balance sheet, 1907 and 1902.

	1907	1902	Per cent of increase.
ASSETS.			
Construction and equipment, including real estate	$210,045,959	$161,679,579	29.9
Stocks and bonds of other telegraph companies	[1] 36,486,446	[2] 25,939,944	40.7
Cash and deposits	3,690,343	3,287,384	12.3
Bills and accounts receivable	8,010,162	3,084,739	159.7
Machinery, tools, and supplies	2,513,456	945,795	165.8
Sundries	1,061,533	566,334	87.4
Total	261,807,899	195,503,775	33.9
LIABILITIES.			
Capital stock	155,089,575	117,053,525	32.5
Funded debt	65,204,000	45,893,000	42.1
Reserves	8,257,963	7,859,648	5.1
Bills and accounts payable	[3] 10,409,219	6,244,585	66.7
Dividends and interest due and accrued	[4] 421,179	366,666	14.9
Sundries	2,100,024	7,310	
Surplus	20,325,939	18,079,041	12.4
Total	261,807,899	195,503,775	33.9

[1] Includes $558,800 treasury stock and $11,129,346 other permanent investments.
[2] Includes $900,282 other stocks and bonds.
[3] Includes $2,199,286 floating debt.
[4] Includes $120,000 interest due and accrued.

Thus we have in 1907 an alleged $210,045,959 of assets devoted to the function and $220,293,575 of outstanding capital obligations. There is now introduced a table showing the line construction for the same years, which covers the land lines only:

Line construction 1907 and 1902.

	1907	1902	Per cent of increase.
Line construction:	*Miles.*	*Miles.*	
Pole line	239,646	237,990	0.7
Owned	198,127	218,148	[1] 9.2
Leased	41,519	19,842	109.2
Cable	7,488	1,972	279.7
Overhead	2,589	1,467	76.5
Underground	1,130	399	183.2
Submarine [2]	3,769	106	3,455.7
Single wire	1,577,961	1,307,046	20.7
On pole line	1,492,786	1,265,668	17.9
Copper wire owned	513,569	333,456	54.0
Iron wire owned	972,525	863,953	12.6
Leased wire	6,692	68,259	[1] 90.2
In cable	85,175	41,378	105.8
Overhead	40,066	19,041	110.4
Underground	37,727	21,658	74.2
Submarine [2]	7,382	679	987.2

[1] Decrease.
[2] Does not include 46,301 nautical miles of ocean cables of submarine cable companies.

In addition to the above the census gives 46,301 nautical miles of ocean cables included in the other fiscal tables. It must be apparent that the confusion of data as to the land

and ocean agencies leaves the student completely at sea as to the facts bearing on the receipts and expenses, not to say capitalization, of the land lines. The number of messages was 103,794,076, of which 5,869,317 were cablegrams and 5,923,483 were dispatched by the railway personnel, leaving 92,001,276 as the telegrams handled by the commercial companies. We know, too, the miles of wire appropriate to land and ocean service. But these are all the distinctive facts we have.

Constructive values: Since it is impossible to segregate the data to determine what proportions are assignable to the land and ocean wires, or how much of the capitalization of $220,000,000 is chargeable to ocean cables, we can only make our approach to a valuation of the land lines by means of estimates of the present cost of construction.

The telephone network: Let us now make a like survey of the telephonic agencies. The data relating to the subject are for 1907 and are taken from the census of that year:

Analysis of capitalization; outstanding capital stock and funded debt, dividends, and interest, excluding duplications due to intercompany holdings and payments.

	Total.	Bell system (American Telephone & Telegraph Co.).	Independent (non-Bell) systems and lines.
Total capital outstanding (stock and bonds)	$1,072,805,993	$749,840,435	$322,965,558
Deduct intercompany holdings of stocks and bonds	$274,247,841	$258,189,989	$16,057,852
Net capitalization of corporations	$798,558,152	$491,650,446	$306,907,706
Deduct value of investments outside of telephone industry of the United States	$25,289,808	$25,090,795	$199,013
Net capitalization based on telephone industry of the United States	$773,268,344	$466,559,651	$306,708,693
Total dividends and interest	$35,668,827	$27,729,346	$7,939,481
Average rate per cent paid on stocks and bonds	4.47	5.64	2.59
Capital stock	$512,685,265	$294,578,646	$218,106,619
Total dividends	$23,733,670	$20,201,379	$3,531,733
Common stock	$476,648,616	$279,583,201	$197,065,415
Dividends	$22,030,188	$19,327,479	$2,702,709
Preferred stock	$36,036,649	$14,995,445	$21,041,204
Dividends	$1,703,482	$874,458	$829,024
Funded debt	$301,930,739	$197,071,800	$104,858,939
Interest	$12,316,109	$7,527,409	$4,788,700

In 1907 the exclusively telephone properties of the United States were capitalized at $773,268,344, of which the Bell system had $466,559,651 and the independents $306,708,693, all of which paid $35,668,827 in dividends and interest. Capitalizing these dividends on a 6 per cent basis, or 16⅔ years' purchase, we arrive at a value for that year of nearly $600,000,000, probably a slight overstatement of the total market value at that time.

The Bell report for January 1, 1912, shows a total capitalization of $620,760,654, or an increase of about one-third. This augmentation of the Bell largely represents the acquisition of previously existing plants. Its 1912 (Jan. 1) capitalization, however, represented 12,932,615 miles of wire, 2,060,514 of which was interurban and long distance, as against 18,179,000 miles for the United States on that date, according to the best information (Scientific American Reference Book, 1912, p. 311). The Bell properties may thus be taken as representing 71 per cent of the total, which would give $874,310,800 as the total value of telephone property at the beginning of 1912. This figure is probably an overshot for the independents, as the Bell wires embrace a disproportional percentage of the long-distance network, and thus represent larger cost elements per mile-unit.

Altogether we have a telephone network constituted as follows:

Toll and long-distance network.

Bell interurban and long distance, pole miles	171,161
Independents, estimated, pole miles	50,000
Total for the United States	221,161
Bell toll, etc., wire extension, miles	2,189,163
Independents, toll, etc., wire extension, estimated miles	600,000
Total for the United States	2,789,163

Local exchange telephone service.

Bell system, pole miles	143,842
Independents, pole miles, estimated	45,963
Total exchange	189,805
Bell exchange wire, January 1, 1913	12,421,650
Independents, exchange wire, January 1, 1912	4,596,385
Total exchange wire of the United States	17,028,035

It appears that the toll and long-distance telephone lines aggregate in pole-line distribution about 220,000 miles and have a wire development of nearly 3,000,000 miles. Besides this they articulate with over 17,000,000 miles of exchange wires, distributing the messages into the homes and offices of the country through about 9,000,000 phones. This long-distance network in terms of distance compares with the telegraphic network as follows:

Telephonic toll and telegraphic networks.

	Miles.
Telephonic, pole lines	221,161
Telephonic, wire distribution	2,789,163
Telegraphic:	
Western Union, pole line	220,928
Postal, pole line	66,154
Total	287,082
Western Union, wire distribution	1,517,317
Postal, wire distribution	408,735
Total	1,926,052

The above commercial telegraphic network in 1907 reached 6,828 offices and the railway network 22,282. Generally speaking, it is only at the former—the commercial—that messages are promptly delivered, and by far the greater number of railway offices are in towers and otherwise inaccessible, not to say so engrossed with the prior claims of railway messages that the nonrailway public is hardly to be said to secure a real telegraphic service. As opposed to this, the telephone network, through the Bell alone, reaches 70,000 places, and probably nearly 100,000 places as a whole. As against the 6,828 distributing offices of the telegraphic network, the telephonic network possessed in 1907 some 43,819 public and private exchanges—offices from which to dispatch or receive the telegram—and now some 9,000,000 phones through which instantaneous and economical collection and delivery of the message may be had. Another feature possessed by the telephonic network, not possessed entirely by the telegraphic, is that the former lines are copper, while but 40 per cent of the Western Union and an unknown proportion of the others are of such material. In consequence of this condition, the telegraph lines would require almost complete reconstruction in order to be susceptible of telephonic usage. President Vail, of the Western Union, refers to this fact in his report for 1912. He says:

> No telegraph company could go into the telephone business without substantially reconstructing its telegraph plant to adapt it for toll or long-distance use, and, in addition, building exchange plants, involving an investment many times that of its telegraph plant.
>
> The two wires which are necessary for one telephone circuit can by multiplying be made into four, six, or eight telegraph circuits and can be used for both telegraph and telephone transmission at the same time.

And, again:

> A single telegraphic circuit or wire can not be used for telephonic purposes.

Another circumstance is that the telephonic lines are metallic circuits; that is, have the return wire necessary for the spoken message, while the telegraph lines do not, but rely on the "earth return," which is adequate for the telegram but unsuited for speech, except in uninhabited districts like Alaska, where the interferences of adjacent electrical industries are absent.

The practical effect of these differences is that the telegraphic network is fitted only to carry the telegram, with poorer collection and delivery facilities, while the telephonic network is adapted to carrying the telegram and also the conversation, and has the best collection and delivery facilities.

Stated in a more formal manner:

The telegraphic network will—

(a) Dispatch the telegram and

(b) Deliver it at, say, 7,000 places.

The telephonic network will—

(a) Dispatch the telegram and

(b) Deliver it, through 50,000 exchanges, at 100,000 places.

(c) Provide instantaneous and economical delivery through 9,000,000 phones.

(d) Provide toll conversations.

If, in connection with these patent advantages of the telephonic network, economy in operation is also to be considered, it ought to be observed that in maintaining and personneling the telephonic network for telephonic uses the operating and capital expenses will have been met and discharged for the telegraphic service as well. Except for the employment of telegraph operators at points of high density, and the telegraphic instruments necessary in the telegraphic traffic, no additional expense would be incurred for the telegraph service. Indeed, this element is involved in a triplicate way on the telegraphic lines. To the extent that the Postal Co. duplicates the

lines of the Western Union we should in effect be paying two bills of maintenance expense; first, on the Western Union, discharging only the telegraphic function, and then again on the Postal, a mere duplicate of the former. If to this be added the circumstance that the toll telephonic network left in private hands could give a telegraphic service, practically without cost to itself, which, whatever its rates, supplemented by its instantaneous telephonic delivery and collection, would take the most lucrative business from the Postal Telegraph agency, it becomes evident that the proposition to acquire the telegraphic in preference to the telephonic network can reflect only a superficial view, rational 30 years ago, but wholly untenable since the interurban and long-distance telephone wire has been developed. To take over the telegraph wires at this time would for these reasons be only to invite unnecessary failure and, perhaps, postal bankruptcy.

History of subject: In a preceding portion of this study a list has been given of the countries which have postalized the telephone along with the telegraph. In nearly every instance the postalization of the telephone service took place as a measure of protection against the encroachments of the telephone on the revenue of the postal telegraphs. It was foreseen that the telephone, in private hands, would make such inroads upon the telegraphic service as to seriously abridge, if not bankrupt, the postal operation.

Prof. Halcombe, of Harvard, in his work on Public Ownership of the Telephone, has developed the history of the subject in this respect quite clearly. I can not here go over his grounds for each country, but I shall take the time to briefly review the history of the subject in England, whose example in all the fields of sociology has been so potent in our past history:

HISTORY OF ENGLISH TELEPHONE.

1870–1871. Transfer of telegraphs to State.

1879. Edison Telephone Co. of London and the Bell negotiate with the post office for the sale of their patents without success.

1880. The two companies amalgamate. Courts decide that the post office has a monopoly of all wire communication, under telegraph act of 1869.

1881. Postmaster general grants licenses to companies for local exchanges, subject to a royalty of 10 per cent of gross revenues, to replenish prospective losses of telegraph revenues. The Bell Co. holding patent rights refuses to sell the post office its phones. Post office refuses permission to construct interurban lines, or local lines beyond 5 miles. Patents do not expire until 1890 and 1891. The post office established several telephone exchanges in provincial towns to enable it to dictate satisfactory public service terms with the private licensees.

1882. Postmaster general refused to issue further licenses unless the licensees agreed to sell lines on request to the post office.

1883. Post office engages in active competition with the telephone companies. Post office constructs interurban lines and rents wires to the Bell at an annual rate of £10 per mile of wire plus one-half of receipts beyond that sum.

1884. Post office issues new licenses applicable to whole country; licensees not to receive or deliver written messages, but allowed to erect trunk or long-distance lines. Post office reserved right to compete by itself or through competitive licenses. New licenses to terminate in 1911, with the option in post office to purchase plants in 1890, 1897, or 1904. Bell required to charge the telegraph rate, 24 cents for interurban messages, giving one-half to the post office, to protect telegraph revenues.

1885–1888. The United Telephone Co. applied for the right to lay wires underground in streets. Refused. In spite of these protective measures the telegraphic service fell, and in 1885 the minimum rate was reduced from one to one-half shilling per message to save the business. The annual increase of telegrams had been 15 per cent; it jumped to 65 per cent the first year after the reduction.

1889. The privilege of erecting trunk lines connecting the various exchanges of the telephone companies is given. In this year there culminated the amalgamation of the companies into the National Telephone Co.

1891. Duke of Marlborough, in the name of the New Telephone Co., inaugurated a campaign for cheaper telephone services, but this company was captured by and was then merged in the National Telephone Co.

1892. Public discontent with telephone service and increase of private telephone competition with the Postal Telegraph becomes acute. Post office arranges to take over all trunk wires, which was accomplished in 1896. The local exchanges were required to make the trunk or long-distance connections without charge.

1897. Glasgow asks for license for municipal plant to compete with private company. Refused on grounds that two systems would prove wasteful and embarrass the post office in 1911, when postal acquisition might be undertaken

1898. Select committee reports that telephone service "was not likely to become of general benefit so long as the present practical monopoly in the hands of a private company shall continue." Advised competition in local areas, to extend service, and avoid inflated price to Government in 1911. Resolution of Associations of Municipal Corporations that "the subject of telephone supply should be treated as an imperial and not as a local on., and that the postmaster general should have the sole control of the telephone system" and, on failure of the postmaster general to act, municipalities should have right to do so.

1899. Appropriation of $10,000,000 for development of postal telephone system. Municipalities authorized to operate local systems. License of National Telephone Co. made coextensive with other local licenses on the condition that the company should permit free interurban communication with new licenses in same locality. That is, all-round competition was inaugurated. The post office itself established a competitive system in London.

1901. Postmaster general coerced London company into granting free intercommunication for postal and company subscribers, and both established identical rates.

1905. Government contracted to take over the exchanges of the National Telephone Co. at the end of 1911.

1910. The effect of the encroachments of the telephone on the telegraph in number of messages and revenue had been such that the former became practically stationary, while the balance of the revenues showed a continuously increasing deficit:

Year.	Number of messages.	Deficit.
1900	89,576,961	£337,641
1907	89,493,000	652,055
1911	91,614,000	848,611

Meanwhile both the local and the trunk-line telephone service of the post office continued to show satisfactory financial results.

1912. On January 1 all exchanges of the private companies were taken over by the Government and postalized.

The English experience appears to be conclusive upon this point, namely, that an independent telegraph business, because of the growing inroads of the telephone traffic, is, for the future, of doubtful financial feasibility. Even in the United States there are three long-distance communications by phone to one by telegraph, while in Germany the ratio is five to one. Prudence therefore clearly dictates that our postal system should deliberately avoid the telegraph wires and select instead the telephone lines. Such a choice would enable the Postmaster General to render both services at minimum rates, since he would have but one bill of expenditure to pay for their joint operation.

COSTS OF POSTAL ACQUISITION.

As already pointed out, we have three agencies of wire communication—(a) the telegraph network; (b) the telephonic interurban and long-distance network; (c) the local telephone exchanges. In discussing the cost of acquisition these agencies shall be separately treated.

The telegraphic network: As we have already seen, the census gives the capitalization of the telegraph companies for 1907 as $220,203,575, which then covered 1,517,317 miles of land wire and 46,301 miles of ocean cable. No segregation of this capitalization can be made from the data for land and water properties. The capitalization for 1912 for all companies can not be secured; but for the Western Union it is now $135,000,000 and for the Mackay companies $111,000,000, or $246,000,000 for both. These combinations represent 1,517,317 and 408,735 miles of wire, respectively, or a total of 1,926,052. A considerable portion of this capitalization represents real estate investments, and a larger portion the cables owned, neither of which, it is thought, would be serviceable or desirable for the postal service. The Western Union stocks are recently quoted at 63 and the Mackay companies at 78, the former representing $99,000,000 of common and the latter $50,000,000, the balance of the Western Union capitalization being made up of $36,000,000 bonds and of the Mackay companies $41,000,000 of preferred and $20,000,000 of bonds. It is impossible with the facts at hand to make any estimate of the market value of the telegraph companies in respect to their land properties. I have had an estimate made of the present cost of construction of the Western Union land system (see Appendix), which shows a cost of $65,329,275.76 new, but not including the value of office equipment. This is all that may be said of such telegraph land-wire valuation with the information before me.

The interurban and long-distance telephone network: There is similarly no separate capitalization for the interurban and long-distance wires, the cost of their construction being for the most part included in the capitalization for the exchanges and their local or party lines. In dealing with these wires the capitalization is therefore not involved, and our estimate of their value will be purely one of cost. Mr. Vail, in his report of the Bell Co. for 1912, states that the cost of wire per mile varied from $62 in 1905, with 1,265,236 miles, and $68 in 1911, with 2,060,514 miles, to $71 per mile of 2,189,163 miles in 1912. This gives a cost of $155,430,573 for the Bell distance lines. Applying the same rate of cost to the 600,000 miles of similar independent lines gives $198,030,573 as the total cost of the 2,789,163 miles, the entire interurban telephone network of the country. This network is not taken to include any portion of the terminal properties, such as the exchanges in which the wires converge. The British post office separated these lines—there called trunks—in the matter of ownership from the exchanges of the private companies, requiring such exchanges and their personnel to make the toll or trunk calls without special compensation.

In 1907 the census gave the total number of toll and long-distance calls as 251,728,238, of which 191,614,284 were Bell and 60,113,954 were independent. The corresponding receipts

are not given, but the Bell Co. gives its receipts as $45,699,458 in 1912 for 237,579,006 of such calls. On the basis of the 71 per cent proportion of the Bell wires, the number of calls for the independents in 1912 would be 97,039,294, and, assuming the independent rates to average 10 cents—one-half of that of the Bell with its high long-distance rates and its ratio of about 2 to 1 compared with the independents in the charge for local service—the total revenues of the interurban network would estimate at $55,403,387 with 334,618,300 messages.

The local exchanges: Excluding those of the rural and mutual associations, the number of the public exchanges of the commercial companies in 1907 was 15,527. It would not seem necessary to deal with the cooperative plants, as, whatever may be the efficiency of their service, their rates, which average about one-half cent per call, seem to remove them from the demand for immediate postal relief. The census of 1907 gives the number of phones as 5,552,929 for the commercial and 691,605 for the mutuals and rural organizations. The number of miles of wire for the commercial companies was 12,513,075, excluding the mutuals and rural lines, while the messages were, Bell, 6,401,044,799; independents, 4,829,537,057, including the toll messages.

We have seen that the total capitalization for the commercial companies was $773,268,344, and that the 1912 capitalization of the Bell was $620,760,654, which, taken at the proportion of its wire mileage for 1912, would give a present capitalization of $874,310,800 for our entire telephonic network. While this conclusion can not be verified in the absence of official data for the independents, it is believed that it actually overstates the proportionate capitalization of the independents. This inference is based on the reasoning given under the section on capitalization. Other traffic statistics for the commercial companies are now given.

Commercial telephone systems, classified as in urban and in rural districts.

[Exclusive of mutual systems and independent farmer or rural lines.]

	Total, 1907.	In urban districts, 1907.	In rural districts, 1907.	Per cent of total—	
				Urban, 1907.	Rural, 1907.
Number of systems	4,901	685	4,216	14.0	86.0
Miles of wire	12,418,042	11,294,797	1,123,245	91.0	9.0
Number of stations or telephones	5,426,973	4,290,160	1,136,813	79.1	20.9
Number of public exchanges	14,702	7,637	7,065	51.9	48.1
Estimated number of messages or talks	11,230,581,856	9,389,177,548	1,841,404,308	83.6	[1]16.4
Salaried employees:					
Number	24,959	20,650	4,309	82.7	17.3
Salaries	$19,245,349	$17,271,126	$1,974,223	89.7	10.3
Wage-earners:					
Average number	117,477	99,925	17,552	85.1	14.9
Wages	$48,660,223	$43,716,663	$4,943,560	89.8	10.2
Income	$183,784,037	$166,637,109	$17,146,928	90.7	9.3
Operating expenses and fixed charges, except interest on funded debt	$127,910,817	$116,598,227	$11,312,590	91.2	8.8
Interest on funded debt	$12,315,579	$12,076,374	$239,205	98.1	1.9

[1] The receipts per urban message was $0.177 and per rural message $0.0093. The receipts from the interurban and long-distance messages are included in these figures, but are not really local messages.

Commercial systems, classified as Bell and independent (non-Bell) systems, traffic, 1907.

[Exclusive of mutual systems and independent farmer or rural lines.]

	Commercial systems.	Bell system.	Independent (non-Bell) systems and lines.
Number of systems	4,901	175	4,726
Number of stations or telephones	5,426,973	3,132,063	2,294,910
Estimated number of messages or talks:			
Total	11,230,581,856	6,401,044,799	4,829,537,057
Per station or telephone	2,069	2,044	2,104
Local exchange:			
Total	10,978,853,618	6,209,430,515	4,769,423,103
Per station or telephone	2,023	1,983	2,078
Long-distance and toll:			
Total	251,728,238	191,614,284	60,113,954
Per station or telephone	46	61	26

The receipts are not segregated for the local and long-distance traffic, but computation shows that of the Bell total message receipts in 1912—$199,172,231—the toll and long-distance receipts were $45,699,458, or about 23 per cent of the whole. The following tables bring up to 1912 the financial and traffic data of the Bell:

Bell system in the United States, combined yearly balance sheets, 1907 to 1912.

	1907	1908	1909
Assets:			
Contracts and licenses	$9,078,000	$8,107,600	$7,212,800
Telephone plant	521,514,500	545,045,600	557,417,100
Supplies, tools, etc	17,702,200	16,130,700	17,048,200
Receivables	24,490,100	20,689,900	49,744,900
Cash	25,440,700	54,916,000	32,055,900
Stocks and bonds	28,627,300	35,154,400	38,166,300
Total	626,897,800	680,044,200	701,645,200
Liabilities:			
Capital stock	299,014,100	311,837,300	352,904,100
Funded debts	198,776,700	238,880,500	187,685,300
Bills payable	45,175,700	35,680,800	40,721,600
Accounts payable	20,386,200	21,605,700	24,633,800
Total outstanding obligations	563,352,700	607,804,300	605,944,800
Surplus and reserves	63,545,100	72,239,900	95,700,400
Total	626,897,800	680,044,200	701,645,200

	1910	1911	1912
Assets:			
Contracts and licenses	$2,943,381	$2,943,381	
Telephone plant	610,909,964	666,660,702	$742,287,631
Supplies, tools, etc	20,987,551	20,749,388	23,601,262
Receivables	26,077,802	32,916,127	37,700,623
Cash	27,548,933	41,878,140	35,729,037
Stocks and bonds	64,766,089	66,777,231	84,942,255
Total	753,323,720	831,925,149	924,260,818
Liabilities:			
Capital stock	344,645,430	379,727,832	393,209,925
Funded debts	224,791,696	241,032,822	294,380,353
Bills payable	42,566,943	41,198,431	38,268,341
Accounts payable	21,721,125	23,382,423	25,320,335
Total outstanding obligations	633,725,194	685,341,523	751,178,954
Surplus and reserves	119,598,525	146,583,626	164,236,864
Employees' benefit fund			8,845,000
Total	753,323,720	831,925,149	924,260,818

Bell telephone system in the United States, condensed statistics.

	1907	1908	1909
Miles of exchange pole lines		108,539	113,893
Miles of toll pole lines	163,218	161,452	164,111
Total miles of pole lines [1]	1,664,081	269,991	278,004
Miles of underground wire	3,883,051	4,909,449	5,337,436
Miles of submarine wire	6,322	19,906	22,698
Miles of aerial wire	3,057,138 / [1]1,664,081	4,901,363	5,119,892
Total miles of wire	8,610,592	9,830,718	10,480,026
Comprising toll wire	1,664,081	1,732,039	1,804,552
Comprising exchange wire	6,946,511	8,098,679	8,675,474
Total	8,610,592	9,830,718	10,480,026
Total exchange circuits	1,541,727	1,668,211	1,829,942
Number of central offices		5,043	4,963
Number of Bell stations	3,035,533	3,215,245	3,588,247
Number of Bell-connected stations [1]	803,467	1,149,384	1,554,445
Total stations	3,839,000	4,364,629	5,142,629
Number of employees	88,274	98,533	104,956
Exchange connections daily	18,130,803	18,499,376	19,925,194
Toll connections daily	494,000	463,021	517,341

	1910	1911	1912
Miles of exchange pole lines	120,175	131,379	143,842
Miles of toll pole lines	162,702	163,351	171,161
Total miles of pole lines [1]	282,877	294,730	315,003
Miles of underground wire	5,992,303	6,831,667	7,804,528
Miles of submarine wire	24,636	26,936	30,301
Miles of aerial wire	5,625,273	6,074,012	6,775,984
Total miles of wire	11,642,212	12,932,615	14,610,813

[1] Toll-line wire.

Bell telephone system in the United States, condensed statistics—Contd.

	1910	1911	1912
Comprising toll wire	1,963,994	2,060,514	2,189,163
Comprising exchange wire	9,678,218	10,872,101	12,421,650
Total	11,642,212	12,932,615	14,610,813
Total exchange circuits	2,082,960	2,306,360	2,576,789
Number of central offices	4,933	5,014	5,182
Number of Bell stations	4,030,668	4,474,171	4,953,447
Number of Bell connected stations [1]	1,852,051	2,158,454	2,502,627
Total stations	5,882,719	6,632,625	7,456,074
Number of employees	120,311	128,439	140,789
Exchange connections daily	21,681,471	23,483,770	25,572,345
Toll connections daily	602,539	644,918	737,823

[1] Includes private-line stations.

Bell telephone system in the United States, comparative yearly earnings, 1907 to 1912.

	1907	1908	1909
Gross earnings	$133,006,900	$138,144,300	$149,914,700
Expenses	90,941,300	93,376,700	101,547,200
Net earnings	42,065,600	44,767,600	48,367,500
Interest	10,654,100	10,874,100	[1] 10,221,400
Balance	31,411,511	33,893,500	38,146,100
Dividends	18,714,100	20,719,000	23,910,600
Surplus earnings	12,697,400	13,174,500	14,235,500

	1910	1911	1912
Gross earnings	$165,612,881	$179,477,998	$199,172,154
Expenses	114,618,473	127,891,701	142,285,464
Net earnings	50,994,408	51,586,297	56,886,690
Interest	11,556,864	13,610,860	14,205,365
Balance	39,437,544	[1] 37,975,437	42,681,325
Dividends	25,160,786	25,966,876	29,460,215
Surplus earnings	14,276,758	[1] 12,008,561	13,221,110

[1] Decrease from preceding year.

Averaging operating units of Bell associated operating companies, 1909–1912.

Average per exchange station.	1909	1910	1911	1912
Earnings:				
Exchange service	$31.37	$31.28	$30.85	$30.93
Toll service	9.42	9.47	8.98	9.21
Total	40.79	40.75	39.83	40.14
Expenses:				
Operation	$15.14	$15.14	$15.36	$15.17
Taxes	1.93	2.00	1.94	2.02
Total	17.07	17.14	17.30	17.19
Balance	23.72	23.61	22.53	22.95
Maintenance and depreciation	12.93	13.46	13.41	13.66
Net earnings	10.79	10.15	9.12	9.29
Percentage operation expense to telephone earnings	31.1	37.2	38.6	37.8
Percentage telephone expense to telephone earnings	73.6	75.1	77.1	76.9
Percentage maintenance and depreciation to average plant, supplies, etc	8.4	9.5	9.2	9.3
Percentage increase exchange stations	11.6	11.8	10.8	10.5
Percentage increase miles exchange wire	7.1	12.0	12.3	14.3
Percentage increase miles toll wire	4.4	11.5	6.5	6.2
Average plant cost per exchange station, including exchange and toll construction	$145	$142	$141	$143
Average cost per mile of wire (toll), including poles and conduits	$63	$66	$68	$71
Percentage gross telephone earnings to average plant	29.6	29.3	28.7	28.9
Percentage net profits to average capital stock	8.14	8.48	7.93	8.34
Percentage dividends to average capital stock	5.95	6.31	6.31	6.35
Average cost per mile of pole line (toll), including wire	$610			

The following table from the census of 1907 gives the comparative expense and income for the different kinds of operating agencies:

Commercial and mutual systems—Operating earnings and operating expenses per station and per message, 1907.

	Commercial and mutual systems.	Commercial systems.	Mutual systems.
Average number of messages per station or telephone per year	2,048	2,069	1,128
Average operating earnings:			
Per station or telephone	$31.49	$32.10	$5.35
Per message	.01538	.01551	.00475
Average operating expenses:			
Per station or telephone	21.29	21.69	4.43
Per message	.01040	.01048	.00393
Average net operating earnings:			
Per station or telephone	10.20	10.41	.93
Per message	.00498	.00503	.00082
Ratio of operating expenses to operating earnings	67.6	67.6	82.7

There is now inserted a table showing the employees and their wages:

Commercial and mutual systems—Employees, salaries, and wages, 1907.

	Commercial and mutual systems.	Commercial systems.	Mutual systems.
Employees, total:			
Number	144,169	142,436	1,733
Salaries and wages	$68,279,127	$67,905,572	$373,555
Salaried employees—			
Number	25,298	24,959	339
Salaries	$19,298,423	$19,245,349	$53,074
Wage earners—			
Total average number	118,871	117,477	1,394
Total wages	$48,980,701	$48,660,223	$320,481
Operators—			
Average number	80,214	79,085	1,129
Wages	$24,309,877	$24,080,873	$229,004
Men—			
Average number	3,576	3,432	144
Wages	$1,218,387	$1,184,224	$34,163
Per cent of total operators	4.5	4.3	12.8
Women—			
Average number	76,638	75,653	985
Wages	$23,091,490	$22,896,649	$194,841
Per cent of total operators	95.5	95.7	87.2
All other wage earners—			
Average number	38,657	38,392	265
Wages	$24,670,827	$24,579,350	$91,477

The preceding data will sufficiently indicate the relative public importance of the telegraphic, the long-distance, and the local telephone service. But if a postal simile may be employed, I should say that the telegram and long-distance messages compare with the local calls or conversations about as the parcel-post service compares with the letters and mail pieces—that is, scarcely compare at all—the local phone and the letter services being immeasurably the more important.

Some special attention may be justified at this point to the subject of these local rates.

The average rate or receipt per local call for the principal countries of the world is shown to be 1.1 cents, which compares with a rate exactly the same for the independents in 1907, which includes their toll messages, and with 2.1 cents per local message, exclusively, for the Bell Co. in 1912. As late as 1900 the Bell report gives the cost to the subscriber as varying from 1 to 9 cents per connection. As the Bell system includes from three-fourths to four-fifths of the telephonic institution, it is apparent that its operations present conditions which are national in character. This deduction will graphically appear when we compare it with even the national telephone institutions of the greatest countries, which it overshadows in capital invested as well as in wire development and in gross expenditure and income. It is only our postal system which exceeds it in scope and extent or the other characteristics of a national institution. It would seem to be unnecessary to indicate the similarity between the postal function of communication and that of the wires, while attention has already been given to the fact that but about one home in five can now be reached by the electrical communication. That this is due to the limitations natural to the rule of private financiering may be shown in a comparison of the universality of the postal agency under contemporaneous conditions. It is certain that under private financiering the wires are not destined to follow the mail carrier into the ordinary home. And yet, for even more pressing reasons of use and necessity, this is what they should do. It is as much the necessity and the right of society to have the effective means of sending its communications to the homes of the masses by wire as by human carriers, not to speak of the similar necessity and the right of the masses to enjoy such facilities for their own uses. Private financiering has exhausted its right to a longer lease of the agency to realize this end, even if it were to convince us of the sincerity of such a program. That such a program is impossible in its hands but requires institutional motives and resources which it can not be expected to command, and which are yet available for society acting for itself, shall be the subject of our next chapter.

POSTAL SOCIO-ECONOMICS.

Mr. Chairman, Mr. Vail, president alike of the Western Union and the Bell system, declares in one of his reports:

> There is a road to every man's door; there should be a telephone to every man's house.

The parallel is indisputable, but its complementary fact should also be noted. It was society and not any privately financed monopoly that built these roads. He also adds apologetically for the Bell that the system must be—

> under common control * * *. It must be sufficiently strong to constitute practically one system, intercommunicating, interdependent, universal.

For such an object I make bold to say that nothing less than the social power and motive can be made adequate.

Now, the postal object is not merely to confer equal privileges in form, but to effectuate equality in practice. It therefore so organizes its service and formulates its rates as to remove any economic barriers to their use. The poor man, the very poor man, can actually utilize any form of the existing postal service. Its rates are adapted to his means.

The rate methods by which this is accomplished with the mail piece are well known, and it now becomes necessary to apply them to the different kinds of communication by wire and determine their availability for procuring like results in that field.

The rates: It must be obvious that the universality of the postal service has been accomplished through the lowness or social serviceableness of its rates. In treating the forms of wire communication, the local call, the toll, and the telegraphic message will be separately taken up.

Subscribers' rates: Academically speaking, a railway rate structure has two functions to perform:

(a) The function of the body of rates charged is to produce sufficient revenue to keep the property whole and pay operative and capital charges.

(b) The function of the particular rate is to move as much of the potential traffic as possible in the article to which it relates without actual loss in the operating expense.

If function (a) should fail, transportation must ultimately cease, while if function (b) fails, transportation does not take place at all. What all this means in practice is that the railways have not found it practicable to move the traffic of the country with rates based upon the quantity of service rendered; that is, rates compounded of the average cost of service plus a proportionate apportionment of the fixed and capital charges. At first they tried this plan, but very shortly learned that an immense proportion of the potential, low-priced traffic, able to pay its share of the operating costs and a small proportion of the fixed charges, was not able to pay its full share of the fixed or capital charges. The consequence was that such traffic did not move at all, and the railway lost the slight gain over operating expenses which it might have secured, while society lost the service of having many of its commodities moved from their places of production to their natural market. The railways accordingly threw overboard the cost and capital-charge theory of rate making, and adopted instead the system of class and commodity rates which universally obtains to-day. In other words, they have frankly espoused the principle that transportation rates, especially that proportion of them from which they derive their revenues for fixed and capital charges, must be levied, like taxes, according to the subject's capacity to pay; and so, if you will look into a freight car, you will observe shipments of equal weights and sizes moving on the same train from the same point of consignment to the same destination, each paying a different rate for what appears to be an identical service. Rates per 100 pounds actually vary from 95 cents for first class to 31 cents for the sixth class, when consigned from St. Louis to points in Massachusetts, which is not an exceptional ratio. At first we may resent the idea that a private organization should formally assume and exercise the power to tax us, and this feeling doubtless has had much to do with the Government acquisition of the railways in other countries; but as necessity knows no law and a substantial part of transportation would have failed under cost-of-service rates, the American public has long acquiesced in this private taxing power.

It is worthy of note that only the railway has adopted this State or social principle in rate making. None of our public utilities, such as water, gas, electric, street railway, or telephone companies have followed its example; and, indeed, it is doubtful if such a program would be permitted them even if traffic conditions made it desirable. Although it will appear sufficiently clear that the universalization in use of the local telephone service will require just the treatment the railway has applied, still we can understand why no telephone company has discriminated in its charges in favor of the poorer, potential subscribers as the railways have done in favor of the poorer paying articles of commerce. It is the object of this chapter to show that such a policy is actually necessary and that it is also fundamentally ethical and economically sound.

Ethics of rate making: It is only necessary, I submit, to clearly apprehend the relations of the subscriber to his phone and to other subscribers to make proof of the above assertion.

Let us see what are the uses of a phone:

First. To save A a walk to B's office.

Second. To save B a walk to A's office.

Thus my phone is intended, or its functions, as much for Jones as for me. From this it follows that having supplied myself with a phone society is obligated to supply the conditions whereby Jones can similarly provide himself. That is, my material interests in the case of the phone, as in the case of the road, entitles me to have a phone connection with Jones's house. The analogy with the public-road system is obvious, and my right to a means of ingress to his premises, now secured by general taxation, would seem to be the same in one case as in the other.

Let us suppose, now, that the system cost of maintaining each telephone is $15 per annum, of which $6 is the expense of making connections and $9 the charge for depreciation and interest. Let us suppose that A earns $2 per day, or $0.20 an hour, which would enable him, impelled by its convenience, to subscribe for a phone, if he could rent it at not more than $6 per annum. On the other hand, let it be supposed that B earns $8 per day, or $0.80 an hour, four times the wages of A, and impelled like A, would subscribe at a rate of $24 per annum. In that case the joint subscriptions of A and B would equal $30, or $15 per phone, the gross sum required. In order that A may reach B and that B may reach A, why should not the tariffs be formed on the theory that would make them both subscribers? Would not this be making a like use with the railways of a principle just as applicable to a similar state of facts in local communication by wire?

It may be answered that such a proposal amounts to a gross discrimination between A and B, and that while the railway tariffs do discriminate between the different classes they do not discriminate between persons, but merely between inanimate commodities. But is there, in fact, any discrimination in either case? Is it not the fact that the railway, theoretically at least, is simply charging each class for service according to the value of such service to the commodity as the only practical mode of fully performing the function of transportation? Let us now recur to the assumed conditions of the illustration for A and B and their telephones. B receives four times the wages of A, therefore his time has four times the monetary value of A's time. In saving the time of the walk for A the agency renders him, accordingly, only one-fourth of the benefit it renders to B. Obviously the tariffs assumed in the hypothesis express the relative utility of the service rendered to each.

Now, if A may be taken to represent the phoneless homes and offices of the country to which the present nondistinguishing tariffs deny this great service, B may be taken to represent the body of relatively well-to-do subscribers, about one-sixth of the population, who are equally denied access to such phoneless population representing the immense body of the people. The five-sixths who are phoneless suffer a great inconvenience from inability to communicate with each other or the more fortunate one-sixth, but it is not improbable that the B class suffer even more from their greater need of communicating with the more numerous body of society.

It is a condition, therefore, rather than a theory that confronts us. If the present class of subscribers had the number of accessible persons multiplied by 6, could they complain if the tariffs should be based on assignments of the cost of service proportioned only to the value of service rendered to the subscriber, especially if such tariff making were found to be the only means, the actual sine qua non, of securing for them the required connections or accessibility to society?

Some such method ultimately must be applied to secure the maximum of social service in the local exchange. Society has resorted to much more aggressive measures in the case of the public road and the common schools. To maintain these agencies it levies its tax without regard to the utility directly resulting to the individual taxpayer. He may be a sailor or a bachelor, yet civilized mankind adopts but one policy—it is general taxation to secure the maximum result, otherwise unattainable.

Evolution of tariffs: In the beginning the phone was treated as the unit of service, and the monthly or annual rates were identical, whether for residence or business uses. No difference of charge was made even for business houses where the calls might be 30,000 a year as against one-tenth that number in some quiet office or even less in the residence. The next step was to charge a higher tariff for business than for residence uses, and this classification still largely obtains in the smaller towns where the limited number of subscribers prevents serious overuse and financial loss. In the larger cities the differentiation of the tariffs has proceeded forward to what is called the measured-service rate.

There is added as an appendix a table giving the local rates for a number of countries as perhaps the best means of studying the varieties of local-rate growth throughout the world.

While I believe both the economics and the ethics of the subject would justify the use of discriminating rates based on the value of the service to the user, if such rates proved necessary to exploit the potential traffic, yet it is not thought necessary that they should assume such a form at any time, even if judged necessary. The grades of service from one-party exclusive lines to two, three, or four party lines with graduated rates could be made effectually to cover up the merely apparent discriminations. The base rates could be made sufficiently low for the multiple party lines and sufficiently high for the exclusive to achieve both revenue and traffic producing qualities, with the rate per call alike for all. If eventually, as it is believed the event will show, the cent rate proved adequate alone, the base rate could be commuted into so many calls—for example, base rate, $10, giving 1,000 free calls. Devices for collecting the call rates and for registering their number are cheap and have reached the practical stage. Ultimately the base rate itself might be susceptible of elimination, except temporarily as security against loss in improvident new installations of the phone, where it might be retained as a guaranty of the necessary utilization. The rate evolution here described might bring us ultimately to the "pay as you use" phone, with a low and uniform rate per call for the entire country.

Local rates: It would be highly desirable, if financially feasible, to secure for the phone user a local rate of a cent per call, the average statistical receipt per call for postal-telephone countries, and approximately the average receipt with the independents. Such a rate would, if uniformly available, place the phone service within the reach of every American home. No one should complain of such a rate, as with our wage levels the 1 cent is an actually negligible price. Thus, if such a rate can be finally rendered compensatory, the local phone charge will be completely halved and universal satisfaction with the tariff secured. The letter rate, and if not in a few instances the postal-card rate assuredly, represents that desideratum at present.

The closest tariff approaches to the cent-a-call rate are the German and Swiss tariffs for measured service with a cent-a-call charge. But the Germans have a basal fee besides, and the Swiss also a basal arbitrary charge amounting, after the second year, to $7.72 per annum. Serious apprehension of inability to attain the cent rate as an average statistical result need not be felt in view of the experience of the American independents and foreign postal systems. But grave doubt may be felt as to applying such a rate to the metropolitan populations. It will be argued that while more than compensatory in the towns and villages, on the average, as it has been shown to be, yet in a city like New York such a rate would be ridiculous, especially when compared with existing New York charges. This is an extreme case, it is true, but let us see how the facts stand with respect to New York and the rest of the country.

The Bell reports give the average cost per subscriber for its entire system, excluding the cost of toll lines, as $105 each. The total cost of construction for 400,000 subscribers' phones and 25,000 (?) booths of the New York Telephone Co. is given in the report of the Public Utilities Commission, as follows:

Telephone plant	$50,128,000
Less depreciation reserve	5,123,786
Total	45,004,214

Thus the cost per phone is $106, or but 1 per cent greater than the average. The assumption that a metropolitan plant exceeds the town and rural so greatly in cost does not seem to be borne out. When millions of miles of wire can be massed in a single conduit, even though at an underground expense, the cost per mile and the maintenance service are greatly reduced.

But no discussion of local rates is actually valid that does not explain the use being made in many American cities and other countries—Munich, and so forth—of the automatic system with which the subscriber quickly and simply makes his own connection, eliminating the exchange operator, and by switching and trunking devices reducing the miles of manual wire per phone (2.50) in the most substantial way. There is now but 1 phone to 12 persons, and these phones are in the stores and offices, probably not more than one home in five being so provided, especially in the larger cities. Each city block of fifty or a hundred homes has a few subscribers, whose lines, in connection with the automatic system and its switching and trunking devices, could be used as trunks to the central for the multitude of block-party lines that would follow the introduction of the postal cent-a-call rate. The total investment per subscriber might thus be brought down to $70 or lower, while the expenses of operation in the cities would be reduced by the amount of the expense of exchange operators. One should feel rather hesitant to make the above statement if the actual facts of practice and accomplishment were not before him. In the case of these local rates so various and incongruous even within the Bell network, it is submitted that while a goal should obtain toward which the postal department would direct its aim, yet the approaches to an ultimate uniform rate for local services should for a time be experimental and only tentative in spirit. The widest latitude should be given the department to conduct its experimentation, and specific freedom to try out its plans in selected places.

If it be found that metropolitan centers represent a greater capital cost per phone, I think it will also be found that such phones represent an even greater percentage of use or patronage. On a measured surface basis, even with like rates, it is only rational to expect a larger number of calls and, therefore, a larger revenue per phone from city subscribers. The average utilization of the subscriber's phone is said to be less than 2 per cent of its time capacity. We all feel at liberty to write as many letters as we wish, but the visitor to New York who is asked first to pay the telephone company as much as the street car fare would be and then the hotel as much more, if his means are limited, is likely to count the cost.

TENTATIVE RATES.

For all practical purposes the cost of conducting the agency will be nearly the same whether the lines be used at their maximum or their minimum capacity. The problem of the rate maker is therefore twofold:

(a) The body of rates must on the average pay the total cost of service.

(b) The particular rate or adaptations of the rate should produce the maximum utilization of the agency and thus the greatest service to the public.

Therefore, according to the hypothesis, if the gross annual cost of operation were known and the amount of traffic which a given rate graduation would result in might be predicated, it would be feasible, theoretically, to adjust the rates to gratify both maxims. So much for the theory, which, of course, is not precisely realizable, although the universality of postal operations renders theoretical reasoning highly useful and almost accurate, as applied to average periods. What in practice is feasible is a system of approximations as to cost and traffic; and it is by these methods that private financiers pass upon such projects in the establishment of public utilities of the various kinds. Applying this method to our subject, let us observe the probabilities.

COST OF MAINTENANCE AND OPERATION.

INTERURBAN NETWORK.

The operation of 220,928 miles of pole line of Western Union in 1912 represented expenditures as follows:

Operating expenses, including rent of leased lines, reconstruction, repairs, miscellaneous interest, etc	$35,350,422
Taxes	713,413
Total	36,063,835

This represents the operating and maintenance expenses of a pole-line network identical in mileage with the toll and long-distance network, including depreciation on 1,500,000 miles of wire, as against about 3,000,000 miles of such telephone wire. It also represents the wastes of telegraphic accounting previously set forth, as well as other elements of expense indicated as susceptible of elimination under postal operation, e. g., office rents, legal expenses, corporate salaries, and so forth. If we ignore these savings and add to the total sum interest at the rate of 3 per cent on 200,000,000 of Government bonds and 4 per cent to cover the depreciation not fully included in the expenditures statement of the Western Union, and also add 5 cents per telegram and 2½ cents per call for the extra business to follow the proposed reduction in rates, then the following table approximately represents an annual fiscal statement for the telegraphic and long-distance telephone services under the new system:

Expense of operation and maintenance of 221,000 miles of pole line and 3,000,000 miles of interurban network	$36,000,000
Additional for depreciation, 4 per cent	8,000,000
Interest on bonds, 3 per cent	6,000,000
600,000,000 telephone connections, at 2½ cents each	15,000,000
300,000,000 extra telegrams, at 5 cents each	15,000,000
Total	80,000,000

The receipts of the toll and long distance lines are now between sixty and seventy millions. The application of continental rates to this traffic has produced a result of over five long-distance calls per capita per annum in Germany as against about three here, although our phones double theirs in per capita distribution. With reference to the number of telegrams, the New Zealand experience, now nine per capita, is presented. From all these data it is assumed that under postal rates the long-distance phone traffic would equal the German and half equal, at least, the New Zealand development for the telegram. Such results in tabulated form would be as follows:

Average receipt, 300,000,000 telegrams, at 25 cents each	$75,000,000
Average receipt, 600,000,000 conversations, at 10 cents each	60,000,000
Total	135,000,000
Deduct estimated expenditures	80,000,000
Profit	55,000,000

Obviously the figures as to the prospective traffic can only be speculative; but they are no more so than the conditions and computations of private enterprises in the same field. In their support it may be said that the gross figure of $135,000,000 approximately represents the gross receipts now derived from the toll and telegraph business; and it is not apparent why the postal system should not secure an equal gross revenue with the inducement of offering double and treble service. That the substitution of low-service rates for high ones will find a complementary potential traffic inhibited by the higher rates has been made sufficiently evident. Yet it seems justifiable to add that the experience of the parcel post in giving mobility to an immobile but potential express traffic sustains the thesis. Probably two hundred million shipments will be moved as parcels by the post this year, certainly not less than one hundred and fifty millions; and yet only about fifty millions of these have been taken from the express companies. The low postal rates have had the effect of creating new traffic to the extent of trebling or quadrupling the former traffic.

TELEGRAPH RATES.

Mr. Chairman, the present telegraph tariffs, beginning with a minimum of 25 cents for 10 words, are graduated for increasing distances in multiples of 5 cents up to 50, whence the rate is 60, 75 cents, and $1. The additional word rates correspondingly rise from 2 cents to 3, 4, 5, and 7 cents, respectively. These rates yield now an average on the message of from 38 to 40 cents. Special rates are given the press on individual messages as set forth in an appendix; while the great body of the news is handled by the press associations over leased wires, for which the telegraph company is commonly paid $20 per mile per annum, the association supplying its own operators. The data are insufficient to permit an opinion as to the merit of this lease rate, but since it is a wholesale rate it is not so likely to be excessive as the individual message rates.

We have seen that, differing from our postage rates, which are quite as low, the telegraph rate here averages about twice on the shorter, and on the longer distances from three to four times as high as in other countries.

Rate and receipt per telegram.

[Telegrams per capita.]

Country.	Amount.	Rate.	Rank.	Receipt.		Telegrams per capita.	
				Amount.	Rank.	Number.	Rank.
Luxemburg		$0.090	1	$0.090	1	0.84	10
France	10 words	.0965	2	.121	2	1.65	4
Do	Each word additional	.0096					
Japan				.123	3	.60	13
Belgium	15 words	.0965	4	.142	4	1.25	6
Do	5 words additional	.0193					
Netherlands	10 words	.1005	5	.150	5	1.19	7
Do	Each word additional	.0201					
Sweden	10 words	.134	12	.153	6	.80	11
Do	Each word additional	.0134					
New Zealand	12 words	.12	8	.157	7	8.09	1
Do	Each word additional	.01					
Great Britain	12 words	.1217	9	.172	8	2.18	2
Do	Each word additional	.0101					
Switzerland	Each telegram	.0579	6	.172	9	1.75	3
Do	Plus per word	.0048					
Germany	10 words	.119	10	.180	10	.92	9
Do	Each word additional	.0119					
Denmark	10 words	.130	11	.205	11	1.31	5
Do	Each word additional	.013					
Austria				.224	12	.73	12
Italy	15 words	.193	13	.239	13	.55	15
Do	Each word additional	.0101					
Hungary				.251	14	.59	14
United States[1]	10 words	.25	14	.360	15	.97	8
Do	Each word additional	.02					
Russia	Each telegram	.0757	15	.390	16	.24	16
Do	Plus per word	.0257					

[1] Minimum rates.

Thus, in Germany the rate is 12 cents and 1 cent, with possible distances of 700 miles. In the United States the rate for a like distance would average 50 cents. There are a few foreign rates lower than the German, but it represents a mean for postal-telegraph countries, including New Zealand, with its American wage levels. It is not believed that a flat rate for all distances in a country so large as the United States could be made compensatory without making it too high for the shorter—as it is in Russia—and too low for the extreme distances of which our country abounds. Tentatively, it is proposed to adopt the 12-cent minimum, plus a cent per additional word, which is typical for postal systems, the 12 cents to embrace but 12 words, counting address and signature. This rate, it is proposed, shall be effective for 200 miles. For greater distances a rate scale based on the declension of freight rates for increasing distances is suggested. Broadly regarded, the railway class rates double as the distance quadruples; or, stated in mathematical terms, the rate increases in proportion to the increase of the square root of the mileage of the journey. This law is a recognition of the fact that the terminal service does not increase with the lengthening haul, a fact which would seem to be of even greater importance for increasing telegraph and telephone message journeys. Applying this law to the telegraph message, we should have a result as follows:

Twelve cents, up to 200 miles.

Twenty-four cents, up to 800 miles.

Forty-eight cents, up to 3,200 miles.

But the above table, which is merely expository, contains only three jumps from coast to coast, while the telegraph companies have found it prudent to have not less than eight, from their 25-cent to their $1 charge, for the most part representing increases of 5 cents per advance. The scale following is therefore presented as supplying the necessary gradations.

Cents.	Miles.	Additional word.
		Cents.
12	200	1
18	500	1
24	800	1
30	1,400	1
36	2,000	2
42	2,600	2
48	3,200	2

It is thought that the day and night letter services adapted to the above rates should be retained, in order that the wires be utilized during otherwise idle hours of the day and night, and to these should be added a new species of telegram, auxiliary to the long-distance conversation. I call it the phone-appointment telegram, say, at a flat cent-a-word rate, to be used by parties in fixing a definite moment for long-distance talks. Much time and annoyance, it would seem, might be saved thus to the parties themselves as well as otherwise wasted plant and personnel in the preliminaries of the attempt to connect long-distance parties.

The above tariffs would average a little less than one-half of the present telegraphic rates, and it is thought would produce an average receipt of 25 cents, somewhat exceeding the average 21-cent receipt for Denmark on a flat 13-cent minimum and 1½-cent additional word rate. Such rates, when taken in connection with the extension of the service to all the post offices, homes, and offices reached by the telephone wires, could hardly fail, ultimately, to render effective the maximum of business and social demand for this form of correspondence. Surely such a development is due us. The people of the United States exceed all others in the number of letters per capita on identical postal rates. It is humiliating to think that we must occupy but the eighth place among the nations in the degree of use made of the wonderful telegraph agency. Great Britain, Switzerland, France, Norway, Denmark, Belgium, and the Netherlands, all with lower wage levels than ours, precede us in this respect, while New Zealand, with wage conditions like our own, manages to extend its average citizen eight times the telegraph service we get here. And this has been done for a generation. Surely the country has paid enough for its tory statesmen and monopolistic financiers.

The toll telephone rate: It has been said that the telegraphs have word-miles for sale, and that the limit of their capacity might only be reached when the best word-sending devices were fully occupied in transmitting words over every mile of their wire. It is equally true that the telephone agency has mile-minutes to sell, and that its theoretical limit is only reached when every wire is conveying a conversation every moment during the year. Such is the theory. In fact, during sleeping hours, say from 12 to 6 a. m., there can be but a very reduced demand. The conversation unit is three minutes in all countries, and according to the reports of the Bell Co. the time consumed in making the connection and the conversation runs from five to seven minutes. Taking the average as six minutes, if a circuit were, theoretically, in constant use throughout the year, 87,500 conversations might take place. The German toll and long-distance network consists of 19,623 circuits, while the Bell Co.'s network, reaching about the same number of people, appears to be 33,164. The number of conversations per circuit in Germany was 16,417 in 1910, while on the American system the average was but 7,164. It is pertinent to remark, however, that the average charge in Germany was less than 4 (0.036) cents, while in the United States it was over 19 (0.192) cents. The German rates were effective to induce traffic equal to one conversation to each 31 minutes, or 19 per cent of the theoretically available phone time; while the American rates produced one conversation to each 73 minutes, or a utilization of about 8 per cent of such time. The low utilization in the United States is indubitably the result of her higher rates—over five times those of Germany. This low utilization is made a matter of observation, if not of complaint, in the reports of the American system.

Unlike the telegraphic agency, where the press and the night letter largely preserve the nighttime from waste, while the day letter may use the idle moments of the day, little has been done in the United States to distribute the distance telephone traffic equally throughout even the day hours. In Germany considerable effort has been made to effect such a distribution. There are rates for urgency or immediate demand service, rates for regular subscribers at given hours, regular day and regular night rates, and monthly contract rates.

Under the operation of postal motives it would be interesting to sketch the possibilities of the use which might be made of the waste hours from 12 p. m. to 6 a. m. A purely fanciful case is presented for illustration. The mother lives in New York and her daughter in Chicago. The scale rate is now $6 for a three-minute talk, and this talk, purely domestic, never takes place between poor people. But the wires are idle, and in Germany the rate would be but 48 cents. Why not permit the use of the lines during midnight hours at that rate for such purpose? The postal rate maker would say, like the railway rate maker, "Well, if it be not diverting higher-priced traffic from the day business, anything I get beyond the cost of exchange operator will be velvet to me, and I will open the wires to this social traffic at the German rates." "Nonsense," objects the private financier, "such a rate is absurd."

Well, let us see as to that. In another part it is shown that the total cost of maintaining and operating the interurban telephonic network for telegraphic and telephonic uses would be about $80,000,000. If half of this represented the telephonic share, the cost per mile of wire, exchange service included, would be at the rate of $13,333 per 1,000 miles. The New York to Chicago wire measures about 1,000 miles, and with return wire 2,000 miles; thus the half annual cost of maintenance and operation would be $26,666, or about 30 cents per six-minute period, counting every moment of the year. These figures are not to be taken as accurate, or even approximate, and yet it is asserted that the true figure, when secured, will not differ enough to impair the case.

The truth is that the German rate, while not seductive to him, might well be introduced during these midnight hours, if the private financier did not fear the effect in two directions. It would call attention to the abnormal day rate, some ten times as high, and might divert a serious proportion of the high-priced day traffic to the cheaper service. Perhaps it might have been wiser for the gentlemen controlling these really postal agencies to have taken the public into their confidence and formulated rates designed to secure the maximum utilization of their plants, even if their rates at first appeared utterly incongruous. But they are not sure that it would be wise. Nor, indeed, can it be very certain that their fears are groundless, considering the state of ignorance and indifference which has permitted the agencies to fall into private hands at all. Their patriotic night rates might indeed be made the false basis of a demand for irrational day rates. And yet this has not been the experience of the railways, with their wisely discriminatory class and commodity rates.

The basis for a long-distance rate, it is believed, would include (1) the total number of messages likely to be transmitted on a given rate—the experience of other countries would afford approximate means of computing them; (2) the total cost of service divided into units of mile-minutes; (3) the graduation of rates for the different hours of the day and night to correspond with the relative desirability as determined by traffic demands; (4) the distribution of wasted or unused plant values into special hour rates in a way the least deterrent to the

demand for the service. Doubtless it would require considerable experimentation by the postal department to acquire data for the use of these bases, but the postal system would have a motive to experiment, and it could rely on the support of the public in its efforts. It is highly probable that the result would be a very great salvage of telephonic plant life now lost, to be devoted to public services, which the present rates preclude.

Expository toll rates: With the object rather of stating the conditions of the problems connected with the long-distance rates, I am presenting a tentative tariff for the different distances up to 1,000 miles. Two administrative purposes are sought to be realized, the utilization of the blank period between 12 m. and 6 a. m., and the comparatively blank period from 6 to 9 a. m., as also from 8 p. m. to 12 m., in the telephonic plant day of 24 hours. Conversely, it is sought to cut down the traffic peaks one-half between the hours of 9 a. m. and 12 m. and 6 p. m. and 8 p. m. I insert at this point a chart[1] taken from the Bell report, which illustrates these points of peak and periods of blank utilization for the toll and long-distance traffic, differing but slightly from the local traffic.

It is obvious that if the blanks could be partly filled by new traffic such business would represent nearly all gain to the postal department. It is equally obvious, of course, that if future increases of traffic during peak periods could be diverted to the comparatively blank periods by sufficiently attractive rates, a business from three to four times that now done could be accomplished on the present capacity of the wires. Theoretically the rates should rise with the degree of the demand and fall with it in order to scatter or distribute the traffic as nearly equally over the 24 hours as possible, and thus secure the maximum effective capacity of the plant. With a view to illustrate rather than to propose methods for this purpose the following tariff is presented:

Long-distance traffic distributing tariff (3-minute units).

	12 m. to 6 a. m.	6 a. m. to 9 a. m.	9 a. m. to 12 m.	12 m. to 6 p. m.	6 p. m. to 8 p. m.	8 p. m. to 12 m.
Up to 10 miles:						
Regular	.....	$0.05	$0.10	$0.05	$0.10	$0.05
Urgent	.....	.05	.10	.10	.10	.10
Up to 50 miles:						
Regular	$0.10	.20	.30	.20	.30	.20
Urgent	.....	.30	.45	.30	.45	.30
Up to 100 miles:						
Regular	.15	.27	.40	.27	.40	.27
Urgent	.....	.40	.60	.40	.60	.40
Up to 150 miles:						
Regular	.20	.30	.60	.40	.60	.40
Urgent	.....	.45	.90	.60	.90	.60
Up to 200 miles:						
Regular	[1].25	.53	.80	.53	.80	.53
Urgent	.....	.80	1.20	.80	1.20	.80
Up to 250 miles:						
Regular	.30	.67	1.00	.67	1.00	.67
Urgent	.....	1.00	1.50	1.00	1.50	1.00
Up to 400 miles:						
Regular	.40	1.04	1.60	.97	1.60	.97
Urgent	.....	1.60	2.40	1.60	2.40	1.60
Up to 600 miles:						
Regular	.50	1.60	2.40	1.60	2.40	1.60
Urgent	.....	2.40	3.60	2.40	3.60	2.40
Up to 800 miles:						
Regular	.60	2.14	3.20	2.14	3.20	2.14
Urgent	.....	3.20	4.80	3.20	4.80	3.20
Up to 1,000 miles:						
Regular	.70	2.67	4.00	2.67	4.00	2.67
Urgent	.....	4.00	6.00	4.00	6.00	4.00

[1] Add cost of appointment telegram 1 cent a word. Sunday, half week-day rates form 6 a. m. to 12 m. Overtime, one-sixth of given rate per additional minute.

The busy-hour rates could be very much further reduced in the event that the schedule proved effective in more equally distributing the traffic. It is for this purpose that the urgency rates are made so high; for the five busy hours they are as high as at present. Doubtless there is a body of demand that cares not for the highness of the rate—most of the present patronage, perhaps—if it can secure quick and instantaneous service. This character of service is called "urgent" in Germany, and pays three times the regular rate for its preference over the regular traffic.

The rates outlined are of seven varieties: The midnight rate for social objects slightly exceeding the German day rate; the 6-to-9 morning rate and the 8-to-12 night rate, designed to attract traffic from peak periods; the 9 a. m. to 12 m. and the 6 to 8 p. m., or peak periods, with the rates purposely left high to divert excess demands at those hours to other periods; the urgent or quick-service rates; the Sunday rates for social uses; and the one-half or one-sixth per minute additional rate, for overtime, which corresponds to the first three-minute rate since the additional allowance of three minutes for making the connection is included in the first charge.

[1] Not printed.

It will require some years of experimentation to determine just what graduation of rates to busy and nonbusy periods of the day and night will secure the highest attainable utilization of the plant; and the consummation of the lowest rates must await, and is dependent on, such a degree of utilization. Meanwhile the present rates, under the above schedule, run from but one-fifth to two-thirds of the existing rates, with it is believed a substantial enlargement of plant capacity during peak demands. Even if our long-distance traffic carries a rate four times normal, and the public service is at perhaps but one-fourth of its potential, yet normal, though compensatory, rates would not be practicable if the effect was only to exaggerate the peaks and thus perhaps require immediate additions to the plant, although its average utilization, as shown, might be but a paltry 8 per cent of its total capacity. Time and experiment only will qualify the rate maker to formulate the most desirable rate structure.

COMPARISON OF PROBABLE RECEIPTS AND EXPENDITURES.

Mr. Chairman, it may be of interest to ascertain how the account would have stood, say for 1912, had the telephones been under postal management, with the telegraph function added. Taking the receipts and expenditures of the Bell system for that year and adding those of the independents—estimated, Bell equals 71 per cent, independents equals 29 per cent—and adding also the receipts and expenditures which the superimposing of the telegraph traffic of the telephone network would have involved, we should have the following statement:

Receipts, 1912:	
Telegrams (300,000,000)	$75,000,000
Bell system receipts	199,172,154
Independent companies' receipts	81,351,989
Total receipts	355,524,143
Expenditures, 1912:	
Telegrams, 7 cents each	21,000,000
Bell system, 1912:	
Operation	65,246,677
Current maintenance	31,762,636
Independents:	
Operation	26,651,000
Current maintenance	12,586,000
Interest at 3 per cent on purchase	27,000,000
Depreciation, 5 per cent on purchase	45,000,000
Total expenditures	229,246,313
Résumé:	
Total receipts	355,524,143
Expenditures, interest, and depreciation	229,246,313
Net balance	126,277,830

The above table substantially reflects what the postal budget for 1912 would have been had it conducted the telephone and telegraph services over the telephone network upon the existing telephone rates, supplemented by the telegraph rates proposed. It is plain enough that the department will be on safe financial ground, with a surplus of a third of its receipts to apply to the extension of the service to the farmside and the homes of the masses.

Against this alluring balance of more than one hundred millions it will be urged that the statement takes no account of the higher wages which the postal system would have paid. Granted; its scale would have been higher. But as a future factor it is submitted, as the judgment of the telephone engineers, that the reduction of the personnel concomitant with the certain introduction of the automatic phone much more than meets the difference between private and postal wages.

SUMMARY OF BENEFITS.

Let us see what our reasoning supports as the advantages to be ultimately derived from a postalization of the telephonic network.

(a) A cent-a-word telegram.

(b) Long-distance rates from one-half to one-fourth those prevailing.

(c) A cent a call, local conversation.

(d) Universal use of the telephone.

Only item (d) presents an achievement not already attained in other countries; i. e., the phone in every man's house. But with item (c) within reach our American wage levels offer the highest assurance that a service so cheap and necessary will become as universal as the letter service.

Of the great advantage which should flow to society in the way of relieving the local governing institutions from the strain to which they have been subjected by the corrupting influences of franchise hunters, it seems unnecessary to do more than refer to the experience of San Francisco recited more fully in the chapter on social effects. The New York (Bell) Telephone Co.

recently put forward a claim of $30,000,000 as representing the value of the franchise it obtained from the city government to lay its wires in the streets. If private capital is to be relied on, then such franchises must continue, and if conceded any value it is apparent that bribery and corruption, whether frequently exposed and punished or not, are likely to continue; and with such stupendous amounts involved ordinary virtue in the promoter and official can only be expected to give way. On both economic and social grounds the verdict of the nations has been "Postalize"; and possessing an institution as trustworthy and efficient as our postal agency there is nothing to discourage the expectation of even higher accomplishments here.

OBJECTIONS.

I distinguish the difficulties which attach to any constructive program from objections which take the character of fundamental defects in the proposal itself. Such difficulties, for example, as the inconvenience of financing the project, the adjustments and readjustments necessary to secure the desirable properties in the rates, the extensions of the network to meet additional demands, the addition to the postal service of the numerous personnel essential to the conduct of correspondence by wire, and, finally, the effect of competition by the postal telegraph on the telegraph lines in private hands, all of which may be difficulties and yet not objections. It is meant to meet these in an absolutely frank way, and so I shall take them up in their order:

Financing the acquisition: It is assumed that the acquisition of the total telephone network, embracing local exchanges, toll, and long-distance lines, would cost about nine hundred millions of dollars. The purchase would, of course, be financed by the issue of Government bonds. The question presented is, therefore, whether the marketing of this amount of bonds would be so difficult as to render the proposition undesirable.

Great financing enterprises during recent years have been as follows:

The Panama Canal.
The United States Steel Co.
Acquisition of the railways by Japan.
Acquisition of the railways by Switzerland.
Acquisition of one-third of the railways by France.
Acquisition of the national telephone network of Great Britain.

The plan would not involve the compensation of the owners in one gross payment or at one time. While it would, of course, be necessary to acquire title and possession of the networks by a single process of statutory appropriation, and on the same day, it by no means follows that payment for the properties would or could be invoked in the same total or single way. There are, altogether, some 3,000 companies or distinct legal proprietorships of the network, and even the Bell associated companies number more than 200. There would, therefore, be as many distinct payments as there are different proprietorships. Moreover, these payments would naturally extend over a period of time sufficiently long to enable the Interstate Commerce Commission to make its appraisals and the courts to adjust such legal questions as to valuation as may arise. It is thus apparent that the payments would be distributed throughout a period of several years and be decentralized into as many acts of payment as there are distinct legal owners. The extension by such postal acquisition of the securities of the superseded companies would be likely to create an equal demand for substitute securities and render it but natural that most of such bond issues would be accepted by the former owners in lieu of their displacing private holdings. Thus ample time and opportunity to market the bonds necessary would seem to be assured, and it is not likely that the program would present any difficulties not successfully encountered in financing the Panama Canal.

Extensions of network: This represents a difficulty under any kind of proprietorship, but more especially does it represent a fundamental deficiency under private financiering. We have seen that the normal action of the private motive will be to extend the network only to those points promising sufficiently attractive profits. This motive has under our conditions substantially worked out its potency, except for the normal increase from year to year. Nearly every office and store and the residences of the well to do in the cities have been reached, and with these achievements the private financier has attained his practical limitations. The homes of the masses he has no motive to reach by the only means competent to reach them, namely, lower rates devoid of the desirable margin of profit.

As a high-priced haberdasher he naturally prefers the patronage of the gentry, and, as boldly proclaimed by the Bell system, meets demands of the masses with the assertion that "Instantaneous transmission of communications is as yet a convenience or luxury, it is not a necessity and is still confined to the comparatively few, and for that reason should be at the cost of the few that find benefit and profit in that use."

The experience of the Bell system is that 48 per cent of their phones are "business." Whether this includes hotel-room phones does not appear. If half only of the phones are in the residences, we should have about 4,000,000 out of 20,000,000 homes supplied with phones, or one in five, embracing the 20 per cent of the population that is rich enough to patronize this alleged "luxury." It is not fair to expect that extensions to the other 80 per cent will be made by merely profit-seeking capital.

In the legislation proposed all existing agencies for extension and new development, together with important additional ones, are put in service. That is to say, individuals, associations, and corporations, together with the Postal Department, the municipalities, counties, and States, may engage in the work of extension of the system under license from the Postmaster General. They may operate them themselves, or have them postally operated, but the right to postalize the ownership is reserved upon paying a price for the extensions which shall not be so low as to discourage nonpostal construction. The above methods have been successfully employed by the Austrian Government to assure freedom and adequacy of railway development under a régime of State ownership and management, and there is every probability that these methods would prove effective to secure the maximum of telephonic extension in the United States.

Rate adjustments: It is of the highest importance that there should exist complete flexibility in the rate structure. Private financiering until the recent era of regulation possessed this advantage for use as its motive might impel. There is a disposition to associate postal rates with the inertia of Congress and the inflexibility of our statutes. This objection is a fundamental one, but it is provisional none the less. If Congress undertook to make the rates, as it does the rates of postage, and gave no administrative power to the Postal Department to revise such rates, as it did in the case of the parcel post, then I should consider this objection to be a serious one indeed. But Congress has already shown that it can distinguish between what is a legislative and what is an administrative function. It has not undertaken to make freight rates or express rates, and recently delegated to the Postmaster General the power to revise the parcel-post rates and weight limit. The rate-making function is treated as administrative elsewhere and, moreover, the legislation proposed does not undertake to formulate the rates at all, but vests that duty with the postal administration under the restriction that the rates shall be revised from time to time in order to make them compensatory and to promote the public service.

The personnel: In the 1907 census the total number of employees is given as 144,169. The data for the later years are not now available, but the number for the Bell system in 1912 is stated to be 140,789, indicating something like 200,000 for the country. This compares with approximately 300,000 employees in the Postal Service, who, to an extent, would replace the telephone personnel. More than half of the telephone employees (56 per cent), i. e., 80,214, were exchange operators, as reported in the census of 1907, and of these 76,638 were girls and women. Improvements in telephone practice, the automatic switchboard now being installed abroad and in prospect, involve the elimination of nearly all exchange operators, so that the future telephone personnel need not exceed relatively one-half the present number. Two difficulties will be urged as involved in acquiring this personnel. First, probable postal hesitancy to eliminate the employee as mechanical improvement renders him unnecessary. This difficulty will happily take care of itself. The exchange operators are girls, and experience, as reported in a study of the Bureau of Labor, shows that the average time of their employment is less than three years, when their service is terminated by marriage. This is also the experience in Great Britain I am informed by the British postmaster general. Accordingly, by simply refusing to fill the vacancies the necessary reduction of the exchange-operator force will accomplish itself within a period sufficiently brief for improvement purposes.

The other difficulty that may be urged is that increases of wages and reduction of hours of service will be asked by the personnel and conceded by the Government. This is probably true. But is it an objection? Would it not, on the whole, be socially desirable that some of the savings of unification and postalization should go to the necessary employees to lift them to the wage and service level of the postal personnel? The rank and file of the latter are admittedly better paid and their working conditions more favorable than employees in nearly similar private employments. But instead of being an objection, this fact may fairly be appealed to as supportive

of postalization. The employees should be placed in the protected classified list, and their wages and conditions of employment, like the rates, left plastic, until, through experience, the Postal Department has developed a complete system of regulations for the service. If it be feared that the efficiency of the employees in work done might not be as great for the future, reference is confidently made to the efficiency tables in former pages, where the Bell performance per employee is compared with the publicly conducted telephones of other countries, and then again to a comparison of our own postal performance with those countries. The student can not be left in doubt as to the verdict, which is highly creditable to the American postal workman.

Telegraph competition: The acquisition of the telephonic network alone, as proposed, would leave the telegraph lines undisturbed in the hands of their present owners. But the postal system would engage in telegraph business over the telephone wires, at least to the extent of transmitting individual messages. This would mean, of course, competition with the telegraph companies. President Vail, of the Western Union, is of the opinion that it need not fear such a situation, and asserts:

> There is not a single instance of telegraph and telephone companies operated by private corporations in competition with Government operation where the private service is not better than the Government, and profitable, against unprofitable Government operation, if untrammeled by Government interference. (Bell report, 1911, p. 40.)

Since Mr. Vail speaks as president alike of the Western Union Telegraph Co. and the American Telephone & Telegraph Co., its major stockholder, this difficulty would seem to be answered for the Western Union, which, having granted none, asks no quarter from the public. The opinion of the Mackay companies as to Government competition is not available, but, even if unfavorable, it is submitted that it is estopped to complain. It went into the field itself with a deliberate purpose of competition, and its activities so far have been merely to duplicate the preoccupying lines of its rival. But this company is even under more distinct duty not to complain of postal rivalry. When, in the eighties, the Government was about to give the public a postal telegraph at reduced rates, it came forward and asked the Government to desist, giving it the formal assurance that it would, as fast as its lines were extended, give the public as low or lower rates.

The result was that the Government forbore at that time to postalize. Instead of keeping its promise this system joined hands with the Western Union to eliminate the popular 10 and 15 cent rates in existence, raising them to 25 cents, and has since maintained an effective agreement with it to keep the telegraph tariffs of the United States the highest in the world. A flagrant violator of its pledge to the public to furnish it the reasonable rates the Government was about taking measures to provide, it surely can not now contend that the people should give heed to any opposition it may make.

Such opposition might take the form of claiming that the telegraphic lines should be immune from competition. That is, in effect, that the telegraph companies refusing to give the public the benefit of competition in rates the postal agency should not be permitted to do so. Many persons will fail to see any distinction between the competition of the Post Office and express companies and the like procedure with the telegraph companies. It may be urged by the latter companies that they should be purchased and not be subjected to competition from the Government. There are two circumstances preventing such a course, for one of which—the second—the companies are responsible. First, in possession of the telephone network the telegraph lines would be only an unnecessary and very expensive adjunct to the Post Office; second, the telegraph lines notoriously are so water-logged by false capitalization that the maxim "caveat emptor" obviously applies itself, and no Government could risk their forcible appropriation. If abandoning Mr. Vail's position that postal competition need not be feared, it be argued that such competition will reduce the value of the properties and that the people should shoulder the loss by buying the properties without needing them, then a question of ethics is presented to be answered by another question of ethics, thus: Should the people, who have suffered from exorbitant telegraph rates for generations, now also be made to unpocket besides the amount of capitalization of the declining telegraph institutions merely that their owners, who took the profits with the chances of the enterprise, may escape the results of the progress of mechanical civilization? On what ethical theory can a few thousand stockholders ask that the obsolescent losses of private property shall be shifted from them to the innocent taxpayer of the country?

It does not follow, however, that the gloomy picture of injury to the telegraph companies shall come true. There are several reasons for a more hopeful view. The competition would not extend to the whole field of telegraphic activity. With reference to much of it their rates are not so unsatisfactory. For example:

First. The Associated Press business.

Second. The stock-quotation business.

Third. The patronage of those who do not object to higher rates.

Fourth. Lease of the wires to various business demands.

Fifth. The growing demands of the railways for such wires which are mostly located favorably for railway use.

All of these varieties of business would likely remain to the companies unimpaired, as also their cable traffic. With proper initiative and the elimination of the nonpaying offices, as also the use of devices to economize on their extravagant telegram accounting, it is not apparent why fair returns on the fair value of their property should not follow. At all events, no claim should be made by them for a charitable purchase of their lines until they have exhausted their ability to "make good" under the new conditions. If they succeeded, there would be no problem of charity to deal with. If they failed, we should know in what degree and the exact character of the problem.

The wireless: The startling character of the discoveries and innovations involved in the wireless method of communication may suggest to some the possibility that it may be applied to the domestic, or, rather, land and municipal, correspondence, and thus perhaps diverting the correspondence from the wires, place them on the scrap heap. This phase of the matter has been carefully inquired into, with the result that the Government experts declare such a prospect to be baseless. They explain that the method of the wireless is by the principle of disturbance of the medium—that is, by waves which disturb the ether between the point of sending and the point of receiving the message; indeed, the waves actually extend backward as well as in the direction of the address. This is illustrated by the wavelets caused by the throwing of a stone into a pool, which move equably in all directions.

If many persons were throwing stones in such pool at the same time, the wavelets would commingle and lose their identity or definition. Just so when the wireless messages are being sent from different stations, attuned alike, a confusion of vibrations results and the messages can not be deciphered because of the "interference" thus caused. It is true that attuning to different wave lengths is possible and, when correctly done, the interference is avoided. But the limits within which this distinguishing of wave lengths can even mathematically be carried is said not to exceed 33 in number; and so the nature of things would prevent more than 33 stations working constantly between two points. Thus, the Government scientists affirm that no development of any now known principle of communication can take the place of the telephone wires where selectiveness and secretiveness are necessary in the message. A wireless message flares itself to the whole world and correspondingly attuned instruments must listen. Thus, in a city where a half million phones are employed, or even in the smallest exchanges, it is apparent that the nonconducted or unisolated wireless message is out of the question for meeting the requirements of the telephone. For trans or intra oceanic uses where the number of communications is at its lowest, or even in uninhabitable districts like Alaska, with great distances to traverse, the wireless offers an ideal and economical agent, and for such fields its future would seem to be unrivaled. It is a supplement to and not a substitute for existing telephone agencies.

It is important, however, that provisions should be made to meet the contingencies of future discovery and invention in order to devote them to their greatest usefulness for society, and it is for this reason mainly that a monopoly of all electrical forms of communication is reserved in the bill to the Postal Department.

LEGISLATIVE METHODS.

Mr. Chairman, my object has been to present the economic, social, and institutional features of the subject, and so but the briefest discussion of legal questions will be undertaken.

Method of acquisition: The bill proposed itself condemns and appropriates the telephone network, except farmers' lines, to the use of the Government as of a given date. The transfer of title therefore takes place by force of the statute at the same moment for all the many distinct legal ownerships. This method leaves open only the question of valuation, which, under the Constitution, must consist of "just compensation." Possession may be taken anterior to the act of valuation or payment, provided an appropriation is made to cover the amounts of the awards when found. (10 Am. & Eng. Ency., p. 1068.) The Interstate Commerce Commission is constituted a board of appraisal to value the properties without a jury (Nichols on Eminent Domain, secs. 302–306) and directed to

report its awards to the parties, and if either objects the valuation is sent for review to the appropriate circuit court of appeals. The Secretary of the Treasury is directed to make payment of the final awards and is directed to issue such 3 per cent bonds as may be necessary for that purpose. On a given date, say the 1st of January, 1915, the Postmaster General takes possession, retaining the former employees so far as necessary, who are placed in the classified service, which will define the tenure of their employments.

The constitutional power to condemn the properties appears to be clear, independent of the fact that they are means of communication and correspondence and therefore postal instrumentalities. The Supreme Court has frequently decided that the wires possess interstate-commerce characteristics, and has as often affirmatively declared that Congress in its right to regulate commerce may condemn the instrumentalities through which such commerce is carried on; for example, the railroads. (Wilson *v.* Shaw, 204 U. S., p. 24.) But the constitutional resources are multiple. The military power is now used to construct and operate numerous telephone and telegraph agencies by the War Department, both for Government and private correspondence. The post-offices and post-roads clause, of course, is apposite. It will hardly be denied that the nearly universal postalization of the communicating wires establishes them as postal instrumentalities as much as it does the mail car or pneumatic mail tube, and as to postal instrumentalities the power of condemnation is well established. (Kohl *v.* U. S., 91 U. S., 367.)

The bill should contain a provision for the allowance of interest on the awards and perhaps its quarterly payment pendente lite, or from the time of Government possession up to the date of payment. Judgments in the Federal courts between private parties now bear interest at the rate provided in the State where the controversy arises; but the statutes do not apply to the Government, which pays none. A rate of 4 per cent is suggested as fair to the parties under the circumstance of a Government guaranty. A greater rate of interest might tempt prolonged litigation in many cases to defer the events of final payment.

It will be observed that the cooperative or "farmers' lines" are excepted from the act of appropriation. There are two reasons for this: First, such lines appear to be giving rates as low as should be desired, about one-half cent per call, and where not already articulated with the commercial lines may be so connected by postal permission. The second reason is that there are some 18,000 to 20,000 of such lines, each under distinct ownership; and if merger into the postal system be later desired, it might be much more efficaciously accomplished by agreements with the Postmaster General than through the methods of statutory condemnation of so great a multitude of ownerships.

The licensing method: To protect its functions and its investments in the field of correspondence it is considered necessary that a monopoly be reserved to the Postal Department for the future, which is according to the practice in nearly all of the leading countries. In our civilization science is likely to develop improved methods from time to time, and it would seem to be the part of prudence to place the postal establishment in a situation where it could take the primary advantage of such progress as may occur. However, there may be, and frequently is, a period when such innovations are purely tentative and experimental and when it may be desirable to grant the private exploiter a temporary privilege, such as patentees are given, in which to put such new ideas into practice. Society might thus employ the fruits of all the pioneering which the postal system may conduct on its own initiative as well as that of private financiering without the alternative in the latter case of yielding itself over for generations to badly functioning private monopolies. Moreover, there are the present telegraph agencies, which, being left undisturbed, should be placed under license, and thus given definite relations to the postal monopoly.

In order to accomplish these objects the proposed bill first declares a monopoly of the whole field of electrical correspondence and then provides a system of licenses for existing telegraph lines, farmers' lines, and such telephone lines as may be used exclusively by the railways. These licenses may also be extended by the Postmaster General to private parties for developmental construction upon terms to be fixed in the license, so that future conditions and contingencies may be seasonably and rationally provided for without impairment of the principle of postal supremacy.

PARLIAMENTARY PROCEDURE.

Mr. Chairman, since 1871 no less than 17 favorable reports of committees of the House and Senate providing bills for some form of postal telegraphy have been made to these bodies. They are:

March 3, 1845. House Report 187, Twenty-eighth Congress, second session. Committee on Ways and Means.
July 5, 1870. House Report 114, Forty-first Congress, second session. (Washburn.) Select Committee on Postal Telegraphy.
House Report 115, Forty-first Congress, second session. (Palmer.)
1872. House Report 6, Forty-second Congress, third session.
1875. House Report 125, Forty-third Congress, second session. (Gen. Butler.) Judiciary Committee.
1881. House Report 137, Forty-sixth Congress, third session. Committee on the Post Office and Post Roads.
1883. House Report 2004, Forty-seventh Congress, second session. (Bingham.)
1884. House Report 1436, Forty-eighth Congress, first session. Committee on the Post Office and Post Roads.
1888. House Report 955, Fiftieth Congress, first session. (Rayner.) Committee on Commerce.
1870. Senate Report 18, Forty-first Congress, second session. (Ramsey.) Committee on Post Offices and Post Roads.
1872. Senate Report 20, Forty-second Congress, second session. (Ramsey.) Committee on Post Offices and Post Roads.
1872. Senate Report 223, Forty-second Congress, second session. (Zachary Chandler.) Committee on Commerce.
1872. Senate Report 242, Forty-second Congress, third session. Committee on Post Offices and Post Roads.
1874. Senate Report 242, Forty-third Congress, first session. Committee on Post Offices and Post Roads.
1875. Senate Report 624, Forty-third Congress, second session.
1884. Senate Report 577, Forty-eighth Congress, first session. (N. P. Hill.) Committee on Post Offices and Post Roads.
Senate Report 577, part 2, Forty-eighth Congress, first session.
1896. Senate Document 291, volume 11, Fifty-fourth Congress, first session. (M. Butler.) Committee on Post Offices and Post Roads.

In not a single instance has one of these bills succeeded in getting before either House for a vote. They were crowded out by appropriation bills and other bills having the right to prior attention in the respective sessions. That is, to use courthouse parlance, the court adjourned at each session before the postal telegraph bill "came up" for trial; when under parliamentary practice a new bill would have to be reported at the next session, and so forth, only, however, to fail again for the want of the momentously valuable parliamentary time. In a generation, I am informed, not a single piece of postal legislation has passed Congress except as a part of the Post Office appropriation bill. Sufficient research would probably disclose that this statement is equally true of legislation relating to the other departments; and Members of Congress will understand why this has been true in the past and must become increasingly so in the future.

All of which means that there can be no hope for such legislation unless it is made a part of the Post Office appropriation bill. That bill can not be pigeonholed. An independent bill could be and most probably would be in the House or Senate. Accordingly, there would be two methods to defeat the measure without its getting a single opposing vote. One would be to have the Post Office Committee report a separate bill, the other would be to have the Committee on Rules of the House to refuse to grant a rule for the consideration of the measure as a part of the Post Office appropriation bill. So far as I know this committee has never vetoed the action of the Post Office Committee in such a way; and so if the Post Office Committee includes the measure in its appropriation bill, as it did the parcel post, the measure could not fail to come before the House for its action. If this be not done the history of the other 17 postal telegraph bills would become the history of this. It would simply be the eighteenth chapter in a story of never-ending parliamentary jugglery and calendar failures.

SOCIAL PRINCIPLES.

Mr. Chairman, having discussed the numerous other features, I shall devote my closing remarks to the social and institutional aspects of the subject, namely, the effects of the misapplication of private financiering in the field of public economics. The experience of the United States has been almost unique among nations in this respect, for it is only here that the accepted distinction between private and public financiering has been frankly thrown to the winds. Most people have been compelled to draw a very unfavorable comparison between American and foreign municipalities. With a view to explaining this fact I quote again from the work of Prof. Adams. Speaking of our State and local governments, he says:

> The policy of restricting public powers within the narrowest possible limits tends to render government weak and inefficient, and a weak government placed in the midst of a society controlled by the commercial spirit will quickly become a corrupt government; this in turn reacts upon commercial society by encouraging private corporations to adopt bold measures for gaining control of government machinery. Thus the doctrine of laissez faire overreaches itself, for the application of the rule which it lays down will surely destroy that harmony between public and private duties essential to the best results in either domain of action.
>
> The great argument against public monopolies is that government is inefficient and corrupt, and this brings us to a consideration of the third class of evils which result from the theory of noninterference as maintained in modern society.

SOCIAL HARMONY MAY BE RESTORED BY EXTENDING THE DUTIES OF THE STATE.

As a class of evils attending the attempted realization of the doctrine of laissez faire may be mentioned the injury worked to established government. The policy of restricting public powers within the narrowest possible limit tends to weaken government and render it inefficient; this leads to corruption on the part of public officials, which, in its turn, invites to yet greater corruption in private practices. Excluding for the present Federal administration, no one will deny the inefficiency of the government of our States, while that of our municipalities is generally regarded as a dead failure. This fact is urged by the advocates of laissez faire as the strongest argument in favor of their doctrine. See, they say, what a weak and halting thing this Government is; it can not do well what now is in its hands; how absurd to extend the range of its activity. There seems to be sound sense in this statement; and yet, notwithstanding its apparent reasonableness, it is believed to rest upon superficial reasoning, for it commits the grave error of mistaking a result for a cause. I would not go so far as to say that the statement would be wholly true if turned end for end, but there is truth in the charge that the inefficiency of local government is, in a large measure, traceable to the endeavor to realize the nolle tangere policy among a people whose energies are directed by the commercial spirit.

The policy of progressive denial of function and the consequent lessened ability of the functionary for efficient service is thus illustrated:

The advocates of noninterference have treated the Government as the old physicians were accustomed to treat their patients. Was a man hot, he was bled; was he cold, he was bled; was he faint, he was bled; was he flushed, he was bled; until fortunately for him he passed beyond the reach of leech and lance. This has been, figuratively speaking, the form of treatment adopted by the people of the United States for their local governments, and it has worked its natural result of feebleness and disintegration.

It is quite possible that some of my readers will protest against such a presentation of the case, resting their criticism upon the well-known tendency toward an increase in legislation in these latter days. This is what Mr. Spencer complains of, and it is also the occasion of that remark, so often heard, that sessions of legislatures are far too frequent. But there are two thoughts which suggest themselves in reply to such criticism:

First. The multiplication of laws, so far from being out of harmony with the theory of individualism as understood by democratic peoples, is a natural consequence of its general acceptance. A philosophy of social relations, like that of laissez faire, which tends to efface the sharp distinction between public and private interests, must inevitably result in an extension of pernicious legislation; for, under the direction of such a philosophy, men feel themselves warranted in using public machinery for private ends. This conclusion is fully sustained by considering the nature of the bills which gain the approval of our modern lawmaking bodies.

Second. It is believed that the above criticism mistakes the true center of public power.. The importance of government or the extent of the functions assigned to it is not measured by the amount of legislation which its lawmaking bodies turn off from year to year, but rather by the nature of the administrative duties imposed upon it. Indeed, the stronger the executive department of a government, the less opportunity there will be for particular legislation, and the more likely it will be that such laws as are passed will conform to the just requirements of general laws. It is especially the administrative functions of government that the doctrine of laissez faire attacks; and the strength of the attack lies in this, that individuals desire the opportunity of performing services of "collective interest" under the ordinary rule for private financiering. It must, then, be admitted that the above criticism does not touch the point. The increased legislation which we all deplore does not prove that government is growing strong and extending its range of duties; it is rather the evidence of increasing weakness, for it shows that the government is incapable of adequately defending the public against the encroachment of individuals.

The constitutional history of the various States of the Union, so far as it pertains to the legal restrictions imposed upon their administrative powers, bears directly upon the point under consideration. I can not, of course, present even the outline of this history, but there are two facts well worth a moment's notice. The contemporaneous growth of the power of corporations, on the one hand, and of municipal corruption, on the other, bears for us a deep significance. The rise of corporations into such power that they menace the stability of society, by controlling in their favor legislation, dates from the time when the States were deprived of all direct control over inland transportation.

The causes of State and municipal corruption are said to inhere in such a situation:

In all matters where any possible question arises between Government and corporations the advocates of governmental control are obliged to prove their case. At the present time the waterworks in many of our towns are managed by private companies. It is the exception for gas to be supplied through public works, while there is no city, except now Cleveland and San Francisco, so far as I am aware, that maintains control over its street railways. And in perfect harmony with this whole line of policy is the morcelization of government among separate and independent boards rather than the concentration of power in the hands of responsible officials in such a manner as to make it worth their while to attend to business. Under the sway of this policy municipal government has become corrupt, while in many cases corporations have passed the bounds of all decency. These two tendencies have developed contemporancously, and the question is whether there is any casual relation between them.

As I view the matter, there is certainly a close relation between the rise of the menacing power of corporations and the rise of municipal corruption. They are both an inevitable result of the too great confidence that has been placed in the regulative potency of competition on the one hand and the too great suspicion with which governmental action is viewed on the other. It is impossible, as society is at present organized, properly to correlate public and private duties. The motives leading men in one direction are overpoweringly strong when compared with the motives leading in the other direction. And under such circumstances it is futile to expect that either domain of activity will exercise a healthful regulating influence upon the other.

A line of demarcation between public and private functions essential to moral order and efficiency is presented:

The basis of this distinction has already been suggested. We have said that society, being the fundamental fact disclosed by an analysis of human relations, confines within itself all individual growth and action. The activity which it displays is either public or private; that is to say, the activity of the state, embracing all governmental functions, or that of individuals or corporations, which is undertaken for private ends. But the important point that should be noticed in this connection is that these departments of social activity are constantly acting and reacting each upon the other. The line which separates them is clearly defined so far as the principles are concerned to which each must conform, for the one is subject to the rule of public and the other to the rule of private financiering; but the growth of society demands continuous modification in the assignment of specific functions. Recognizing, then, the mutual relations that exist between public and private duties, it is easy to understand why failure to achieve the best results in one department of activity must injuriously affect the other; and the pertinent question for one who would direct by his thought the development of society is, Under what conditions may the best results be expected from both departments of activity?

This question has already been answered. The best results may be expected when the duties assigned to public officials and the functions performed by private individuals are so correlated that the inducements offered are of about the same strength in both domains of activity. It is, of course, necessary, in applying this rule, to take into consideration other than merely pecuniary motives by which men are led to act. Considerations of social distinction, the desire to exercise such powers as one may possess, the pleasure of filling well a responsible position—indeed, all the varied demands of human nature must be admitted into the account.

The neglect to observe these fundamental conditions, the depreciation of the public functionary, and the demoralization of the invader of public functions are treated thus:

In our own country, on the other hand, one observes that society has developed in the opposite direction. The great prizes here offered are in the line of individual initiative. Our civil, State, and municipal service is so poor that an official has no social position, while a business man who accumulates money is generally regarded with deference. The salary paid by the State is nothing when compared with what men of ordinary talent may secure, either as profit, if engaged in business on their own account, or as salary if working for a private employer. It is therefore no occasion for surprise to learn that in this country we have very perfect sewing machines but poorly administered cities.

One can not fully appreciate this view of the case without calling to mind the possibilities of acquiring wealth in a rapidly developing industrial society. The atmosphere of such a society is intensely commercial, and not only do men of ability and energy refuse to consider a public position as desirable to themselves, but they regard with supercilious condescension one who is willing to assume public office in a municipality. And it may be added in this connection, as bearing on the question of municipal corruption, that the moral judgments of a public officer are very much like those of his neighbors who elect him, and the sentiments which control in the transactions of their daily business will probably give color to his administration. But the ordinary business life of the nineteenth century is such as to render men familiar with methods of speculation and to conform their ethical principles to the law of supply and demand. The spirit of speculation partakes in character of the spirit of gambling. It judges all businesses undertaken on the basis of their pecuniary success, and has little care for the equivalent given for what is gained. A fine sense of what is just can not exist where it prevails, nor can a delicate appreciation of what is honest be long retained by business men.

In his excellent work upon the Philosophy of Wealth, Prof. Clark portrays the moral effect of this transformation in the following language:

"The man of the present day is actuated now by one influence, now by the other, and has two distinct codes of outward conduct. Moral philosophy, indeed, teaches that his fundamental character is one and unchanging; but as there is one code of practical conduct for war and another for peace, so there is one for mercantile life and a different one for the family, the social circle, and the church. The man of business is constantly passing from the jurisdiction of one code to that of another.

"It is a common remark that business practices are not what they should be, and that a sensitive conscience should be left at home when its possessor goes to the office or the shop. We helplessly deprecate this fact; we lament the forms of business depravity that come to our notice, but attack them with little confidence. We are appalled by the great fact of moral dualism in which we live and are inclined to resign ourselves to the necessity of a twofold life."

And what of the effect of these perversions upon the ambitions of public men?

Suppose, now, that a man of good intentions came into office in a community breathing the atmosphere of commercial speculation—let us say the office of mayor in his town or governor in his State—what does he see upon looking into the society whose welfare is placed in his hands? He sees it to be no uncommon thing, where contracts are uncontrolled and where the rule of individual ownership is indiscriminately applied to all of the agencies of production, that fortunes are established in the hands of men and families having no peculiar right to them. He sees also that many businesses which from their very nature must be carried on as monopolies are given over to private control; that the principle of private financiering is applied to them with all its vigor; and that in this manner large fortunes are accumulated and large power over men acquired, exceeding by far the importance of any individual to society. He sees also that in many businesses naturally subject to the regulating influence of competition artificial combinations are established, by means of which monopoly prices are secured from customers. But such privileges as these can not pass unchallenged, and it follows that the important lawyers of every town are retained at large salaries to defend, by their tempered talents, the privileges that monopolists have secured, while other lawyers are hired to depart from their legitimate profession to secure for business men some special legislation. Yet all this lies within the law. It can not be branded as corrupt, although the least sum taken by a public official beyond his stated salary is properly called robbery.

As contrasted with this state of affairs, what does our successful candidate see in the office to which he has been elected? He will not long remain an incumbent before discovering that the position which he sought as a dignity brings with it no honor. What he thought to be a place of responsibility and power proves to be the center of no great influence, demanding in reality little beyond the perfunctory duties of a ministerial officer. He finds there is small demand for the exercise of judgment and a narrow field for the development of manly

faculties; he also learns through the sinister suggestions of those whose personal interests he does not forward that his tenure of office is insecure; and, last of all, he finds that his salary does not suffice to keep his family respectably in the social circles in which they wish to move and that the gratitude of republics does not extend to provision for their servants against sickness and old age. Repeating again the assumption that our candidate is honest—at least within the meaning of the law—and that he is conscious of ordinary business capacity, we are warranted in concluding that the career of an official will not harmonize with his tastes. He will, upon the first opportunity, retire to private life, which presents larger scope for efficient activity and where the prizes to be gained are much greater.

Such are the conditions of a public career in most of the municipalities of the United States, and observed results are altogether what might have been expected. The incumbents of local office are usually men of indifferent ability. If not actually depraved, they are at least colorless in character. Among "city fathers" of this sort there appears from time to time the shrewd yet unscrupulous man who for personal aggrandizement assumes complete control over public affairs. This is the explanation of "rings" and "jobs." Public corruption therefore is no accident. It is the necessary result of the idea that the best thing to do with a public official is to lay him on the shelf out of harm's way.

Is it not, then, correct to say that the theory of noninterference, which regards individual enterprise as the only proper depository of industrial power, and which relies wholly on competitive action as the guaranty of fair treatment in business affairs, is an obstacle to the restoration of harmony in social relations? Under the influence of the sentiment engendered by this theory we see corporations to have attained power at the expense of the importance of the States; we see the symmetry of government to have been destroyed; we see the line between public and private interests to have been practically effaced; and, as a natural consequence, the machinery of government easily perverted from its high purpose to serve the private ends of corporations and individuals.

A concrete case of what Prof. Adams has in mind may be given. It relates to the telephone in San Francisco. The Pacific States Co., a Bell company, and a rival, the Home Telephone Co., were engaged in a struggle for possession of the field, with stupendous bribes as their weapons. The Schmitz-Reuf combination was in political control. The following narrative is from McClure's Magazine for February, 1911, in the form of a dialogue between "Boss" Reuf and Detective Burns:

"What next?" said I [Detective Burns], when the gas case was finished.

"The Home Telephone Co.—$120,000. Sixty thousand went to the board of supervisors, through Gallagher; the other sixty thousand was divided between Schmitz and me."

("Thirty thousand apiece for them," said Burns, interrupting his story, "while each of the 18 supervisors, poor devils, who were necessary to grant the franchise and who served as a cloak, were glad to get away with their little three thousand apiece.")

There were absolutely no bounds to Reuf's greed. He is the only boss I've ever heard of who never showed an atom of loyalty or gratitude to those who served him. He admitted that, although for years he had received from the Pacific States Telephone Co. $1,000 a month, when Detweiler, of Toledo, president of the Home Telephone Co., outbid the Pacific States, he went over straightway. And in connection with the transaction Reuf told this story:

"The Pacific States Corporation," said he, "attempted to do some individual bribing of the supervisors on their own account. They thought they could beat me," and Ruef swelled out his chest. "Their local agent, Theodore V. Halsey, had made an arrangement with Boxton, of the board, who had promised to procure the pledges of 10 of the supervisors to favor the old corporation—a majority of the 18, you see—when I was informed by some of the board of what was going on. They came to ask me what to do. 'Sure; take the money from the Pacific States people,' I advised. 'All you can get. And then give them the double-cross.' So Halsey started his little game," said Ruef. "Oh, he thought he was laying me out. He engaged a room in the Mills Building; Krause, his secretary, who has since committed suicide in Europe, ushered the supervisors into the inner office, where Halsey handed each a package containing from twenty-five hundred to five thousand dollars. Halsey told them that the balance, making ten thousand for each, would be given them at the expiration of their terms of office, provided they refused the franchise to the Home Telephone Co.

"Halsey paid out about $75,000 in this way," grinned Ruef. "Then, when the Home people got their franchise, he went wild. He came to me and wept and begged me to make the supervisors give him back his money; he said he'd lose his job if he didn't get it back. 'It serves you right, Halsey,' said I, 'for trying to steal my supervisors from me.'" (Burns imitated Ruef's virtuous indignation.) "'But I'll see what can be done.' I then told the supervisers to return to Halsey one-half of the Pacific States Telephone bribe; I knew they wouldn't; only two of them did."

"But I was going to tell you the Ruefesque windup of this telephone affair," Burns resumed. "For in this case the boss surely did shine as a dyed-in-the-wool grasp-all. He forced the supervisors to credit their Halsey money to the Home Co.'s account. The Pacific States actually paid their rival's bribes to the supervisors and Ruef pocketed all the Home people gave."

The San Francisco conditions have not been repeated in every city, at least not to the same degree, although they are implicit wherever the temptation and prize are equal and the municipal government has been weakened by the policy of denying it its powers.

The Federal administration has been excluded—very justly, I think—from the above desertation on the causes and character of municipal weakness and inefficiency. Its functions have not been so badly neglected, and agencies like the Interstate Commerce Commission, the Agricultural Department, the Army and Navy, and the postal system have made it administratively reliable and respected. This fact is recognized by Prof. Adams. He says:

So far as the Federal Government is concerned, the extension of its powers thus far does not seem to be open to severe criticism, and we are only solicitous as to what this tendency will bring about in the future. The present condition of affairs is easily stated. Men are now coming to realize the disastrous consequences likely to emerge from the continued sway of irresponsible corporate power. They see that an extension of governmental agency can alone retain for them the fruits of an advanced industrial civilization; and, inasmuch as the States are incompetent to deal with such difficult questions, they turn of necessity to the Federal Government.

Municipal phone administration: There has been some suggestion that the interurban and long-distance lines be run by the post, but the local exchanges be left to municipal administration. The above reflections on the present municipal situation with respect to administrative deficiencies seem to preclude that course. But even should the administrative capacity of our municipalities be restored, as foreign and many home examples indicate they shall be, yet there are grave institutional and objective reasons why the wire service should be completely postalized instead of, as suggested, being partly municipalized. It is the same thing as proposing that the mail trains and the rural delivery should be in the hands of the Government, but that the local post office should be run by the mayor. The examples of all the world are against such a method.

Some of the reasons for this postal solidarity in phone administration in countries like England, Switzerland, and Germany, possessing full-fledged local governing institutions like our own, but exempt from the inefficiency charges we must bear here, are not unlikely the following:

First. Wastes of personnel service in maintaining and management of distinct institutions. Thus during breakdowns of the wires in storms local and long-distance men can be concentrated for immediate relief, if there be but one management.

Second. The postal institution articulates with and embraces all varieties of the population, whether massed in cities, towns, villages, or individual homes. The municipal institution, on the other hand, is limited to a corporate area, while many towns and villages have no administrative machinery and no means of supplying it, whatever the cost.

Third. The postal system by virtue of its universality is able to standardize its rates and service by employing the principle of averages, and thus is able to universalize the service, extending it to points which, while generally necessary, might be locally unprofitable.

It is not perceived what municipal administration of the exchanges could offer in the way of advantages over the postal method, and no such arguments have been presented. Its advocates are probably wholly influenced by the doctrinal view which deprecates all appreciation of Federal activity where local action is possible. But the makers of the Constitution, even in their day, strongly impressed as they were with a preference for local authority, plainly distinguished the function of communication as dominatingly Federal in its character and so treated it in their grant of powers. There does not seem to be any claim that the Federal discharge of the full postal function of communication would throw the Federal and the State and local governments out of equilibrium. The amount of Federal expenditures is probably much exceeded by the combined municipal, county, and State expenditures. In 1912, the latest data, the Federal expenditures were less than 40 per cent of the whole public expenditures, a disparity which is likely to have continuous growth as the local governments take up the much-needed road improvements of the future—a field they might occupy to much greater advantage and a field likely to fully tax their financial resources.

RÉSUMÉ.

Mr. Chairman, I am only too conscious of the extreme advantage I have taken of the courtesy of the House, and now wish to conclude with a hurried summary of the leading features of the discussion. To be brief, the investigation discloses that our telegraphic rates are the highest among 20 countries, running from 25 cents to $1, while in other countries they average about 12 cents, or a cent a word. The result of these abnormal rates is that we rank but ninth as telegraph users, with one and one-tenth telegrams per person to our credit per annum, while in New Zealand, with the 12-cent rate and our price and wage levels, the use of the telegraph reaches as high as eight telegrams per person.

Against these conditions it appears that our postal rates average lower than other countries, and that the number of letters here—101 per person—is the highest in the world.

The telegraph companies seem to be lacking in institutional economy or efficiency. The operation of sending a telegram is loaded down with 74 incidental services and processes, not less than 50 of which would be replaced by affixing the postage stamp. Notwithstanding they have the greatest business per office, yet their daily product is less than 10 telegrams per em-

ployee, even less than that of New Zealand, which has less than one-third the business per telegraph office. The American inefficiency is further exaggerated by the duplication of telegraph offices in all the important towns and cities, and the denial of the service at many thousand necessary points.

A striking feature is the discovery that the telegraph service is a relatively declining institution, and that it would be unwise now to postalize it alone and as a single service. For 10 years in England the number of telegrams has been actually stationary. To take over the telegraph lines alone and operate them merely as telegraph lines might result in postal bankruptcy. Separated from the telephone, they are not now surely self-sustaining as mere telegraphs. Because you would rather talk than write to a person, you use the telephone rather than the telegram, if the rates permit. In Germany, where both telegraph and telephone rates are normal, there are five times as many toll or long-distance conversations as there are telegrams, and even in the United States from two and one-half to three times as many. There would be no advantage in taking over the telegraph lines; the investigation makes this clear.

But our toll and long-distance rates compare with those of other countries even less favorably than do our telegraph rates. The average interurban receipt in Germany is but 4 cents; here it averages 20 cents. The long-distance rates here are made on a scale of 6 mills a mile per three-minute conversation, as against an average charge of about 7 mills a mile received by the railways for transporting a ton of freight. The average charge on the Continent for a 300-mile talk is 30 cents; here it is $1.80, or six times as great. It is not unfair, or inaccurate, to say that the American interurban telephone rates are the scandal of public-service rates the world over. The American telephone monopoly takes the thirteenth place only among 17 countries with regard to the lowness of these rates.

With respect to local telephone exchange rates, we have three main divisions—the farmers' lines, which cost the average subscriber about a half cent a call; the independents, which cost a little over 1 cent a call, but usually with the half service permitted by telephone competition; and the local rates of the Bell monopoly, which average a little more than 2 (2.10) cents per call, or just twice the average charge in other countries. While our postal rates give us the first rank in lowness of charges, this company ranks but fourteenth among 16 countries with its local charges, and we are one of three countries where the charge per local call exceeds the letter-postage rate; the other 13 countries giving a much lower charge per phone call than their letter rates.

The subscribers' rates in American cities, compared with continental cities, are about three times as high. For example, New York, where 5,400 calls, about 15 per day, under a measured service tariff cost more than the four unlimited yearly rates of London, Paris, Berlin, and Stockholm together. For like services, Baltimore people pay more than the rates for London and Paris combined, and Washington pays as much as the five cities of Amsterdam, Rotterdam, Auckland, Tokyo, and Copenhagen combined. In postal-telephone countries the local toll tariffs tend to run about one-half the charge for a letter, while here it runs with the street car fare, and sometimes exceeds it, when it is three times the letter rate.

While competition does not supply a remedy because it divides the service and necessitates the payment for two phones, yet it throws an interesting side light on the tendency of a private monopoly to jack up the rates. Thus of 60 of the great American cities, 24 averaging 342,486 in population, pay an average annual phone rate of $53 under competition; while the other 36 cities, averaging but 188,629 in population, without competition, pay an average rate of $81. Since competition can only augment the total cost of operation it is apparent how private monopoly and high rates go hand in hand.

Telephone development has reached its substantial limits in the United States under private capital with the extension of the service to the very profitable office and well-to-do home traffic. To extend it to the homes of the masses, as the public roads and postal service now are extended, the postal agency is necessary. If the telephone lines are postalized, both the telephone and telegraph business can be done over them, as in other countries, where a telegram and a conversation go over the same wire at the same time. It will be unnecessary to take over the telegraph lines here (capitalized at $240,000,000), as both kinds of communication can be handled on the telephone wires, which exceed the telegraph wires in mileage and geographical distribution.

The telegraph lines would have to be substantially reconstructed to add a telephone business to them, while the addition of the telegraph instruments to the telephone wires may be accomplished at a negligible total cost. This circumstance shows the weakness of private monopoly. Instead of duplicating the telegraph network with a separate toll and long-distance system as the American Telephone & Telegraph Co. has done, the postal telegraph countries have made the one network serve for both functions, by articulating the telegraphic with the telephone exchanges.

The cost of acquiring the telephone networks is indicated as something less than $900,000,000, for which it is proposed to issue 3 per cent bonds, payable in 50 years. It is calculated that the postal system by superimposing the telegraph service on the telephone lines at half present telegraph rates may net some fifty millions annually from that traffic alone, which with the present profits of the telephones, and after the deduction of interest on the bonds and depreciation, would supply the department with a large surplus for extensions, and so forth.

The telephone rates should be worked out experimentally by the Post Office Department in a few years, with the assured prospect of ultimately securing telephone and telegraph rates, like our letter rates, as low as those abroad. That is, rates about half those now obtaining for the telegraph and local telephone services, and about one-fourth those charged for the long-distance telephone conversation. Our other postal rates, including the highly profitable parcel-post rates, have been made as low as in other countries, and the indications are that like results can be obtained for the wire service when postalized.

The suggestion that the interurban and long-distance lines alone be postalized and the telephone exchanges be left to the municipalities is found to be unsound. The postal system can finance and operate the exchanges the more economically and efficiently, and the divorcement of the exchanges from the interurban and long-distance lines would necessitate the maintenance of two personnels at substantially increased cost. It would be like divorcing the local post offices from the Post Office Department and turning them over to the mayors to run. The towns and cities have enough to do if they give proper attention to those utilities which are distinctly local. Moreover, the farms and countryside villages which are without local administrative governments would not be reached by a municipal service.

The financing of the acquisition and the valuations of the properties would cover several years; and while the properties should be taken at one time with their personnel and systematized, the payments for them would have to await the final valuations by the Interstate Commerce Commission, the Treasurer paying the owners 4 per cent interest quarterly during the interim. The financing would thus be decentralized into as many payments as there are distinct legal ownerships. It is not thought this financing would involve difficulties seriously greater than those of the Panama Canal. Switzerland has recently successfully financed the purchase of her railways, amounting to about $50 per capita, while the telephone acquisition here would be less than $10.

With respect to management, it is found that our postal system is highly efficient. It ranks next to the highest—Belgium—among 16 countries, and perhaps is actually in advance of her. Our product per average postal employee in 1912 was over 60,000 mail pieces per man, as compared with Germany at 37,000 and France at 34,000, countries which rank eighth and tenth, respectively, in postal efficiency. In the matter of telegrams handled per employee our companies are outranked by New Zealand, notwithstanding the concentration of the telegraph business in a relatively few offices here. The Bell telephone monopoly ranks but ninth in operative efficiency among 16 countries. In 1912 it handled 58,000 telephone calls per employee, as against 149,000 per employee in Norway. This is mainly because its abnormal rates condemn the operative plant to comparative idleness—its interurban lines show but 8 per cent of utilization as against 19 per cent in Germany—while the number of operators engaged in maintenance and other services remain the same, whether the phones are actively or but sparingly used. The postal system with normal rates might easily double the Bell efficiency in number of calls per employee, and the independents do better it by nearly 50 per cent on account of their lower rates and consequent higher utilization of plant and personnel. With the number of calls thus doubled, the expense per call would be practically reduced one-half, and it may thus be seen what the postal motive could accomplish in rate reduction without substantial increase of expense. This illustrates the natural infirmities of private monopoly, which is without a motive to double the service even where expenses and profits will remain the same.

Such, sir, are the results of a business and economical survey of the field of communication by electricity. In the domain of public morals the lesson is not different. The perversion of the laws of public and private financiering, by which public governments have been disinherited of their normal functions.

has led to such corruption and demoralization—of the functionaries giving and the alien claimants receiving the despoiled inheritance—that cities like New York with its street railways, Philadelphia with its gas works, and San Francisco with its telephones, have shamed the scions of Roman corruption in their most dishonorable days. The policy of weakening these governments by alienating their functions to ambitious private finance has made them despised and attractive only to such weak political creatures as see opportunity for individual enrichment. Compare them, sir, with the proud cities of other lands, undespoiled of their rightful attributes of public service and where public position gives honor, prestige, and respect.

TABLE A.—*Unlimited service.*

Country.	Exclusive.	Each of 2 parties.	Per additional party.[1]	Number of subscribers.	Population.	Distance from exchange in miles.	Area of free service.
Denmark:							
1. Zealand (Seeland) and Amac Isles.						$1.24 per additional 0.062 mile	
(a) Copenhagen	[2]$24.00 37.36	[2]$17.40			555,400	0.75 1	
(b) Outside—							
I	[4]10.70						City.
II	13.40						Radius of 12.5 miles.
2. Moen Island	16.00				14,100		
Stege City	10.70				2,500		
3. Laaland and Falster Islands	20.00				105,000		
4. Fyen Island	33.50						Entire system.
City	$12.00–14.75						Only city.
5. Langeland Island	16.00				19,000		
6. Aero Island	[3]10.70 16.00				[9]11,000		
7. Jutland district					1,198,500		
(a) City	9.25						City.
(b) City and suburbs	17.40						City and suburbs.
8. Veile	9.25				16,200		City.
Veile and suburbs	17.40						City and suburbs.
9. Samso Islands	16.00						
10. Bornholm Island	16.00				41,000		
France:[5]							
Paris system	77.20		[6]$9.65			Old city limits	
Lyon system	57.90		[6]7.72			do	
Other systems and places	28.95 38.60		[6]7.72 7.72		(8) (9)	In all other cases subscribers for unlimited service pay cost of connection at the rate of $2.90 or $3.86, respectively, per 328 feet of single or double line in air; 3 times that amount for underground line.	
Germany	19.04			[10]50		3.10 miles; $1.20 per additional 0.062 mile.	Local, adjoining, and such neighboring places as do not pay a higher fee than the place of origin of the call, $4.76 per additional apparatus in the same establishment; $7.14 outside of it.
	23.80			100			
	28.55			200			
	33.32			500			
	35.70			1,000			
	38.08			5,000			
	40.46			20,000			
	42.84			[11]20,000			
Great Britain:							
London	82.75					2 miles	London system.
Hungary:							
Budapest	57.90						
Budapest and suburbs	69.48						
Other cities	23.16						
Other cities and suburbs	46.32						
Province—							
Same district	11.58						
Inter-district	23.16						
Connection with city	27.79						
Inter-Province—							
Border districts	27.79						
Italy	[12]38.60 [13]57.90					1.87 miles; per additional 0.122 mile, $1.16 or (underground) $1.55 is allowed to be charged.	Local system.
Japan	34.60	25.00				Class A, B, C, D, city. Out of city $1 is added and the cost of connection to city limits.	Local, adjoining, and suburbs.
	28.00	22.00					
	25.00	19.00					
	19.00	16.00					
Luxemburg	19.30					Local. Within 0.93 mile from main line, subject to charge of cost of connection.	Entire duchy.
Netherlands:							
1. Government networks—							
Alphan	14.00					0.31 mile; per 0.062 mile beyond	Entire network.
Bergen	14.00				13,091	$1.20 up to 3.10 miles	Do.
Boskoop	14.00					$2 up to 3.72 miles	Do.
Culenborg	14.00					$2.80 up to 4.34 miles	Do.
Eukhinzen	14.00				6,733	$3.60 up to 4.96 miles	Do.
Goes	14.00				6,746	$4.40 up to 5.58 miles	Do.
Gorinchem	14.00				11,879	$5.20 up to 6.20 miles	Do.
Harlingen	14.00				10,308	$6 beyond 6.20 miles	Do.
Heerenveen	14.00						Do.
Heerlen	14.00						Do.
Lochem	14.00				3,979		Do.
Neuzen	14.00						Do.
Noordwyk	14.00						Do.
Rozendaal	14.00				11,311		Do.
Staalwyk	14.00						Do.

[1] In addition to the connection charges at the rate given in column "Distance from exchange in miles."
[2] Private business.
[3] Private.
[4] See area.
[5] In France, towns within a radius of 15.5 miles from certain cities (17 in all) are included in the system of the respective city. Paris appears to embrace a larger radius, including 50 or more towns and cities.
[6] Only in the same establishment.
[7] See remarks. (Distance from exchange in miles.)
[8] Below 25,000.
[9] Or over 25,000.
[10] Up to.
[11] Above.
[12] Maximum for air line.
[13] Maximum for underground line. The maximum rates are not usually charged.

TABLE A.— *Unlimited service*—Continued.

Country.	Exclusive.	Each of 2 parties.	Per additional party.	Number of subscribers.	Population.	Distance from exchange in miles.	Area of free service.
Netherlands—Continued.							
I. Government networks—Con.							
Winterswyk	$14.00				9,879		Entire network.
Zandvoort	14.00						Do.
Zierikzee	14.00						Do.
Lisse and branches at Stillegorn and Sassenbeim.	20.00					3.10 miles	Do.
Nymegen	18.00				55,828	.....do	Do.
Rheden [1]	20.00						Do.
II. Commercial networks—							
Amsterdam	36.00				566,200		Do.
Apeldoorn	16.00				35,800	1.55 miles; per additional 0.062 mile up to 4.65 miles, 60 cents; beyond, 80 cents.	Do.
Armhem	18.00				64,000	Out of commune, $40	Do.
Assen	16.00				12,900	1.864 miles; per additional 0.062 mile out of city, $1.	Do.
Doesburg	18.00				4,500	Local. Per 0.62 mile out of city, $1.20.	Do.
Edam	16.00				6,600	1.24 miles	Do.
Do	20.00					Beyond 1.24 miles	Do.
Eindhoven	14.00				57,000	0.93 mile	Do.
Enschede	14.00				34,200	Local	Do.
Do	20.00					1.864 miles	Do.
Hague (The)	26.00	[2] $16.00			271,300	Same in Voorburg and Ryswick. Outside of these cities, $2 per additional 0.062 mile, with minimum of $32 exclusive; $20 each of 2 parties; $15.40 each of 3; $13 each of 4; the rate per 0.062 mile for parties being $1, 68 cents, and 50 cents, respectively.	Do.
Holmond	14.00				14,800	Per 0.62 mile out of city, $1.20	Do.
Kampen (city)	18.00				19,246	Per 0.062 mile out of city, 80 cents	Do.
Kampen (commune)	22.00					0.76 mile; per 0.62 mile in addition, 80 cents.	Do.
Katwyk	18.00					Out of commune 40 cents per 0.062 mile.	Do.
Maestricht	16.00				37,500	Per 0.62 mile out of city, $1.20	Do.
Meppel	14.00				11,000	1.864 miles	Do.
Do	20.00					Beyond 1.881 miles. Per 0.62 out of city, $1.20.	Do.
Oldenzaal	16.00				66,000	Per 0.062 mile out of city, 60 cents	Do.
Purmerend	14.00				5,800	0.62 mile	Do.
Do	18.00					Beyond 0.62 mile; per 0.62 mile out of city, $1.20.	Do.
Rheuen	18.00				6,000	0.155 mile from city hall. Others 24 to 80 cents per 0.062 mile from exchange.	Do.
Rotterdam	[3] 26.00				417,900		Do.
Do	[4] 36.00						Do.
Sliedrecht	20.00				9,892	Central part of commune. Per additional 0.062 mile, $1.20	Do.
Sneek	16.00					0.31 mile; per additional 0.62 mile, $1.60.	Do.
Veulo	18.00				17,100	Per 0.62 mile out of city, $1.20	Do.
Wagenmgen	14.00				9,600	1,864 miles	Do.
Do	20.00					2.485 miles	Do.
Do	24.00					3.106 miles	Do.
Wyk by Duurstede	18.00				3,000	0.155 mile from city hall. Others 24 to 80 cents per 0.062 mile from exchange.	Do.
Winschoten	16.00				9,700	0.466 mile. Per additional 0.062 mile, $1.20.	Do.
Woerden	18.00					0.155 mile from city hall. Others 24 to 80 cents per 0.062 mile from exchange.	Do.
New Zealand:							
Private	24.35	17.00	[5] $14.60			1 mile	Do.
Business	24.35	21.87	19.47			½ mile	
If service continuous	34.05	26.74	21.34			Parties: ½ mile per party	
Norway:							
Trondhjem	[6] $18.76	[7] 18.00	[8] $6.43 [9] 9.11		45,228	0.93 mile	
Sarpsborg	[7] 13.40		[8] 5.36 [9] 6.70		9,300	City	
Drobak	[6] 10.72		[8] 5.36 [9] 6.70		2,800	.....do	
Brevik	[6] 10.72	[7] 8.58	[8] 4.29 [9] 5.36		2,200	0.62 mile	
Farsund	[6] 10.72		[8] 4.29 [9] 5.36		1,500	City	
Voss	[6] 10.72		[8] 4.29 [9] 5.36		7,700	0.62 mile	
Levangor	[6] 10.72	[4] 8.04	[8] 6.43 [9] 9.11		1,977	9.93 mile	
Bydo	[6] 13.40	[7] 10.72	[8] 4.29 [9] 5.36		4,300	City	
Larvik	[6] 16.08		[8] 4.29 [9] 5.36		10,151	0.62 mile	
Tromsoe	[6] 16.08		[8] 6.70 [9] 9.38		10,000	City	
Russia			[10] 5.00			1.33 to 2 miles	Do.
Akerman [12]	[6] 37.50			154	32,470		
Alexandrowsk	[6] 37.50			288	42,186		
Balaklava	[6] 62.50			7	2,347		
Balakovo [12]	[6] 15.00	[7] 37.50		124			
Balta	[6] 25.00	[7] 30.00		40			
Bar [12]	[6] 28.00			37	13,434		
Batum	[6] 30.00	[7] 37.50		221	30,008		
Bausk [12]	[3] 15.00			128			
Druskeniki [12]	[6] 15.00			22			
Ekaterinoslav	[6] 30.00	[7] 37.50		1,701	156,511		
Fellin [12]	[6] 20.00			57			
Friedrichstadt [12]	[6] 20.00			32			
Gatshina	17.50	37.50		360	11,557		
Gourzouf				26			
Jacobstadt [12]	20.00			64	2,168		
Jitomir	30.00	[11] 37.50		276	89,108		
Kamenetz-Pod	30.00	[11] 37.50		222	40,135		
Kharkov	30.00	[11] 37.50		3,991	206,315		
Khvalinsk	25.00	[11] 30.00		62	22,642		
Kishinev	30.00	[11] 37.50		891	127,487		
Kodinzovo	52.50			4			
Koreiz	60.00			72			
Kurisovo	62.50			6			
Lipetsk	25.00	[11] 30.00		102	16,834		
Lodz	30.00	[11] 37.50		4,103	393,526		

[1] The central office being Duren and branches at Steeg and Velp.
[2] Each of 3 parties, $12; each of 4 parties, $11.
[3] Home.
[4] Business.
[5] Up to 6.
[6] Double line.
[7] Single line.
[8] Same building.
[9] Different building.
[10] If in the same building.
[11] The higher rates are for collective service.
[12] Private company under concession.

TABLE A.—*Unlimited service*—Continued.

Country.	Exclusive.	Each of 2 parties.	Per additional party.	Number of subscribers.	Population.	Distance from exchange in miles.	Area of free service.
Russia—Continued.							
Moghilev-Pod [1]	$24.00 [2] 40.00			164	53,718		
Mo(g)hilev	30.00 [2] 37.50			295	25,141		
Moscow, district of: Moscow [1]	32.00 [2] 51.00			43,348	1,468,563		
Odessa [1]	25.00 [2] 36.00			6,842	520,000		
Riga [1]	26.00 [2] 37.50			8,876	318,400		
Righval [1]	12.50			4			
Rovno [1]	29.00			261	7,964		
St. Petersburg [1]	25.00 [2] 36.00			46,842	1,907,700		
Warsaw [1]	31.00 [2] 45.00			28,935	771,000		
Sweden	[3] 13.40 16.08					Local	Local and in some cases environs.

[1] Private company under concession.
[2] The higher rates are for collective service.
[3] The maximum for business is $21.44 for the first 5 years; thereafter, $16.08. Entry fee for business, $13.40. Installation contract is 5 years in all cases. Extra apparatus in appt's (minimum, 10 apparatus); 15 cr. ($4.02) per apparatus.

TABLE B.—*Limited service.*

Country.	Basal annual charge.					Additional charges for service.				
	Exclusive.	Number free calls included.	Each of—			Per additional party.	Number calls per party.	Number calls.	Amount.	Charge per call (estimated).
			2 parties.	3 parties.	4 parties.					
Australia	$14.60	None.	$12.17	.....	.....	$9.74	None.	4,000	.....	$0.01
	17.05	None.	13.37	.....	.....	11.00	None.	[4] 4,000	.....	.00¾
	19.50	None.	14.60	.....	.....	12.17	None.		.....	.....
Austria	23.00	[2] 2,400	16.00	.....	[3] $10.00	.....	2,400	.....	.....	None.
	24.00	3,000	16.00	.....	10.00	.....	3,000	.....	.....	None.
	30.00	6,000	16.00	.....	10.00	.....	6,000	.....	.....	None.
	36.00	12,000	16.00	.....	10.00	.....	12,000	.....	.....	None.
	26.00	[2] 2,400	18.00	.....	11.00	.....	2,400	.....	.....	None.
	29.00	3,000	18.00	.....	11.00	.....	3,000	.....	.....	None.
	36.00	6,000	18.00	.....	11.00	.....	6,000	.....	.....	None.
	43.00	12,000	18.00	.....	11.00	.....	12,000	.....	.....	None.
	29.00	[2] 2,400	20.00	.....	12.00	.....	2,400	.....	.....	None.
	34.00	3,000	20.00	.....	12.00	.....	3,000	.....	.....	None.
	43.00	6,000	20.00	.....	12.00	.....	6,000	.....	.....	None.
	52.00	12,000	20.00	.....	12.00	.....	12,000	.....	.....	None.
	34.00	[2] 2,400	24.00	.....	14.00	.....	2,400	.....	.....	None.
	40.00	3,000	24.00	.....	14.00	.....	3,000	.....	.....	None.
	52.00	6,000	24.00	.....	14.00	.....	6,000	.....	.....	None.
	64.00	12,000	24.00	.....	14.00	.....	12,000	.....	.....	None.
	40.00	[2] 2,400	29.00	.....	17.00	.....	2,400	.....	.....	None.
	48.00	3,000	29.00	.....	17.00	.....	3,000	.....	.....	None.
	64.00	6,000	29.00	.....	17.00	.....	6,000	.....	.....	None.
	80.00	12,000	29.00	.....	17.00	.....	12,000	.....	.....	None.
	48.00	[2] 2,400	36.00	.....	20.00	.....	2,400	.....	.....	None.
	60.00	3,000	36.00	.....	20.00	.....	3,000	.....	.....	None.
	80.00	6,000	36.00	.....	20.00	.....	6,000	.....	.....	None.
	100.00	12,000	36.00	.....	20.00	.....	12,000	.....	.....	None.
Belgium	21.23	None.	.....	.....	.....	.....	.....	1,200	$7.72	.....
	23.16	None.	.....	.....	.....	.....	.....	2,000	11.58	
	25.09	None.	.....	.....	.....	.....	.....	3,000	15.44	
								4,500	20.27	
								6,000	25.09	
								8,000	30.88	
								10,000	34.74	
Denmark (business):										
Copenhagen	32.00	5,000	.....	.....	10.70	.....	[4] 400	[1] 1,200	.....	.....
Fyen Island	18.75	1,200	.....	.....	.....	.....	.....	100	1.75	.0268
Fyen City	12.00–14.75	1,200	.....	.....	.....	.....	.....	100	1.34	.0268
France:										
First year	19.30	None.	.....	.....	.....	[5] 5.79	.....	.....	.....	.0193
Second year	15.44	None.								.0193
Third year	11.58	None.								.0193
Thereafter	7.72	None.								.0193
Germany	19.04	400	.....	.....	.....	.....	.....	.....	.....	.0119
	22.60	400	.....	.....	.....	.....	.....	.....	.....	.0119
	25.18	400	.....	.....	.....	.....	.....	.....	.....	.0119
	27.56	400	.....	.....	.....	.....	.....	.....	.....	.0119
Great Britain:										
London County	[10] 24.55	None.	[11] 14.60	.....	.....	Up to 10, 9.74	.....	.....	.....	[6] .02
										[7] .04
Out of London County, but in London	[10] 19.45	None.	.....	$9.74	9.74					[8] .02
										[9] .01
Italy: [12]										
First year	19.30	None.	.....	.....	.....	.....	.....	.....	.....	.00965
Thereafter	11.58	None.	.....	.....	.....	.....	.....	.....	.....	.00965
Norway	.....	.....	.....	.....	.....	8.04	.....	.....	.....	.....
Christiania	21.44	6,000	.....	.....	.....	10.72	.....	Per 1,000	2.68	.....
Switzerland:										
First year	19.30	None.	.....	.....	.....	.....	.....	.....	.....	.00965
Second year	13.50	None.	.....	.....	.....	.....	.....	.....	.....	.00965
Thereafter	7.72	None.	.....	.....	.....	.....	.....	.....	.....	.00965

[1] Above.
[2] Residence only.
[3] Business houses can subscribe only to two-party lines.
[4] Per additional.
[5] Only in the same establishment.
[6] In London County.
[7] Outside.
[8] Same exchange.
[9] With other exchange.
[10] Minimum amount for calls, $14.60.
[11] Minimum annual amount for calls, $12.17.
[12] These measured service rates may be enforced by Government.

TABLE B.—*Limited service*—Continued.

Country.	Additional charges for service.					
	Total cost per call, including basal charge.	Additional apparatus.	Population.	Number of subscribers.	Area.	Distance from exchange.
Australia		(1)	10,000		5-mile radius	2 miles. Per additional ¼ mile: Exclusive, $2.40; per party, 60 cents.
			100,000		10-mile radius	
			[2] 100,000		do	
Austria				200	Network	0.62 mile.
				200	do	Do.
				200	do	Do.
				200	do	Do.
				500	do	0.93 mile.
				500	do	Do.
				500	do	Do.
				500	do	Do.
				2,000	do	1.25 miles.
				2,000	do	Do.
				2,000	do	Do.
				2,000	do	Do.
				5,000	do	1.86 miles.
				5,000	do	Do.
				5,000	do	Do.
				5,000	do	Do.
				20,000	do	2.50 miles.
				20,000	do	Do.
				20,000	do	Do.
				20,000	do	Do.
				[2] 20,000	do	3.73 miles.
					do	Do.
					do	Do.
					do	Do.
Belgium		$4.83–$3.75		1,000	18.64 miles, in some cases 28 miles from exchange.	1.864 miles.
				10,000		Do.
				[2] 10,000		Do.
Denmark (business):						
Copenhagen					Island	1.24 miles. Per additional 0.062 mile, $0.75 to $1.
Fyen Island					Network	
Fyen City					City	
France:						
First year		5.79	[3] 80,000			0.62 mile.
Second year		5.79	[3] 80,000			
Third year		5.79	[3] 80,000			
Thereafter		5.79	[3] 80,000			
Germany		[4] 4.76		1,000		3.10 miles.
				5,000		Do.
				10,000		Do.
				[5] 10,000		Do.
Great Britain:						
London County						2 miles.
Out of London County, but in London						
Italy: [6]						
First year						1.864 miles.
Thereafter						Do.
Norway, Christiania						0.93 mile.
Switzerland:						
First year						1.24 miles.
Second year						
Thereafter						

[1] Same as parties.
[2] Above.
[3] Maximum.
[4] In the same establishment only.
[5] Per additional.
[6] These measured service rates may be enforced.
(In nonlucrative Government offices (i. e., other than railway, gas, electricity, etc.) the $7.72 fee from beginning.)

TABLE C.—*Long-distance or interurban rates.*

Length of line in miles.	Australia (see note).		Belgium, per 3 minutes.		Denmark, per 3 minutes.	France, per 3 minutes.	Germany, per 3 minutes.	Great Britain.	Hungary, per 3 minutes.[1]	Italy, per 3 minutes.	Japan.	Luxemburg.[2]	Netherlands.	New Zealand, unit of 3 minutes.		Norway.	Russia.	Sweden, per 3 minutes.		Switzerland, per 3 minutes.
	First 3 minutes.	Per additional 3 minutes.	Single calls.	Monthly contract.										First.	Per additional.			Day.	Night.	
2.5											$0.025					$0.0268				
5											.025					.04				
7.5										$0.04	.05					.04	$0.05			
10										.06	.075		$0.08			.04	.075			
12.5										.06	.075					.067	.075			
15	$0.04	$0.04				[3] $0.05	$0.047			.06	.10					.067	.075			
20	.06	.06					.06			.06	.10					.067	.15			
25	.08	.06					.06			.096	.10			[4] $0.06	[4] $0.02	.067	.15			
31	.12	.10			$0.067		.06			.096	.125					.067	.15			$0.06
35	.12	.10		$0.026–.064	.0938		.12			.096	.125					.0938	.15			.10
37.5	.16	.12	$0.10		.0938		.12			.096	.125					.0938	.15			.10
45	.16	.12			.0938		.12	$0.12		.096	.125					.0938	.15			.10
50	.16	.12	.14	.039–.096	.0938		.12	.24		.096	.125			.12	.04	.0938	.15			.10
55	.24	.18	.14		.0938		.12	.24		.096	.125			.18	.06	.0938	.15			.10
62.5	.24	.18	.14		.0938		.12	.24		.096	.125			.18	.06	.0938	.15	$0.04		.10

[1] Flat rate of $0.39.
[2] Between subscribers, free; nonsubscriber called subscriber, $0.05 per 3 minutes; other calls, $0.10 for first 3 minutes, $0.05 per additional 3 minutes.
[3] $0.05 per 50 miles air distance between capitals of departments in which the terminals are located; night rate three-fifths (by subscription, two-fifths) of day rate
[4] Subscriber only.

TABLE C.—*Long-distance or interurban rates*—Continued.

Length of line in miles.	Australia (see note).		Belgium, per 3 minutes.		Denmark, per 3 minutes.	France, per 3 minutes.	Germany, per 3 minutes.	Great Britain.	Hungary, per 3 minutes.	Italy, per 3 minutes.	Japan.	Luxemburg.	Netherlands.	New Zealand, unit of 3 minutes.		Norway.	Russia.	Sweden per 3 minutes.		Switzerland, per 3 minutes.
	First 3 minutes.	Per additional 3 minutes.	Single calls.	Monthly contract.										First.	Per additional.			Day.	Night.	
67.5	$0.24	$0.18	$0.14	$0.039–	$0.134	.....	$0.24	$0.24	.....	$0.193	$0.15	.....	.....	$0.18	$0.06	$0.134	$3.25	$0.08	$0.04	.....
70	.24	.18	.14	.096	.134	.....	.24	.24	.....	.193	.15	.....	.....	.18	.06	.134	.25	.08	.04	.....
75	.24	.18	.14		.134	.....	.24	.24	.....	.193	.15	.....	.....	.18	.06	.134	.25	.08	.04	.....
80	.32	.24	.14	.....	.134	.....	.24	.24	.....	.193	.175	.....	.....	.24	.08	.134	.25	.08	.04	.....
85	.32	.24	.....	.....	.134	.....	.24	.24	.....	.193	.175	.....	.....	.24	.08	.134	.25	.08	.04	.....
90	.32	.24	.....	.....	.134	.....	.24	.36	.....	.193	.175	.....	.....	.24	.08	.134	.25	.08	.04	.....
93	.32	.24	.....	.....	.134	.....	.24	.36	.....	.193	.20	.....	.....	.24	.08	.134	.25	.08	.04	.....
100	.32	.24	.....	.....	.201	.....	.24	.36	.....	.193	.20	.....	.....	.24	.08	.20	.25	.08	.04	.....
110	.44	.32	.....	.....	.201	.....	.24	.36	.....	.193	.20	.....	.....	.36	.12	.20	.25	.08	.04	.....
120	.44	.32	.....	.....	.201	.....	.24	.36	.....	.193	.225	.....	.....	.36	.12	.20	.25	.08	.04	.....
130	.44	.32	.....	.....	.268	.....	.24	.48	.....	.193	.25	.....	.....	.36	.12	.20	.25	.08	.04	.....
140	.44	.32	.....	.....	.268	.....	.24	.48	.....	.193	.25	.....	.....	.36	.12	.20	.25	.08	.04	.....
150	.44	.32	.....	.....	.268	.....	.24	.48	.....	.193	.275	.....	.....	.36	.12	.20	.50	.08	.04	.....
160	.56	.42	.....	.....	.268	.....	.24	.48	.....	.193	.30	.....	.....	.48	.16	.20	.50	.08	.04	.....
170	.56	.42	.....	.....	.268	.....	.24	.48	.....	.29	.325	.....	.....	.48	.16	.268	.50	.134	.08	.....
180	.56	.42	.....	.....	.268	.....	.24	.60	.....	.29	.35	.....	.....	.48	.16	.268	.50	.134	.08	.....
190	.56	.42	.....	.....	.268	.....	.24	.60	.....	.29	.375	.....	.....	.48	.16	.268	.50	.134	.08	.....
200	.56	.42	.....	.....	.402	.....	.24	.60	.....	.29	.40	.....	.....	.48	.16	.268	.50	.134	.08	.....
210	.68	.50	.....	.....	.402	.....	.24	.60	.....	.29	.425	.....	.....	.....	.....	.268	.50	.134	.08	.....
220	.68	.50	.....	.....	.402	.....	.24	.96	.....	.29	.45	.....	.....	.....	.....	.268	.50	.134	.08	.....
230	.68	.50	.....	.....	.402	.....	.24	.96	.....	.29	.475	.....	.....	.....	.....	.268	.50	.134	.08	.....
240	.68	.50	.....	.....	.402	.....	.24	.96	.....	.29	.50	.....	.....	[1] .12	[1] .04	.268	.50	.134	.08	.....
250	.68	.50	.....	.....	.402	.....	.24	.96	.....	.29	.50	.....	.....	.....	.....	.268	.50	.134	.08	.....
275	.80	.50	.....	.....	.....	.....	.24	.96	.....	.....	.50	.....	.....	.....	.....	.335	.50	.134	.08	.....
300	.80	.60	.....	.....	.....	.....	.24	1.08	.....	.....	.50	.....	.....	.....	.....	.335	.50	.134	.08	.....
325	.92	.68	.....	.....	.....	.....	.36	1.08	.....	.....	.625	.....	.....	.....	.....	.335	.50	.134	.08	.....
350	.92	.68	.....	.....	.....	.....	.36	1.08	.....	.....	.625	.....	.....	.....	.....	.335	.50	.134	.08	.....
375	1.04	.78	.....	.....	.....	.....	.36	1.32	.....	.....	.625	.....	.....	[1] .60	[2] .10	.....	.77	.134	.08	.....
400	1.04	.78	.....	.....	.....	.....	.36	1.32	.....	.....	.75	.....	.....	.....	.....	.....	.77	.20	.....	.....
435	.....	.....	.....	.....	.....	.....	.36	1.32	.....	.....	.75	.....	.....	.....	.....	.....	.77	.20	.....	.....
470	.....	.....	.....	.....	.....	.....	.....	1.44	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
515	.....	.....	.....	.....	.....	.....	.36	1.56	.....	.....	.825	.....	.....	.....	.....	.....	.77	.20	.....	.....
585	.....	.....	.....	.....	.....	.....	.36	.....	.....	.....	1.00	.....	.....	.....	.....	.....	.....	.268	.134	.....
620	.....	.....	.....	.....	.....	.....	.36	.....	.....	.....	1.00	.....	.....	[1] .60	[2] .10	.....	.....	.268	.134	.....
655	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.125	.....	.....	.....	.....	.....	.....	.....	.....	.....
755	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1.25	.....	.....	.....	.....	.....	.....	.335	.....	.....
870	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.40	.20	.....
994	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.469	.268	.....
Any distance			$0.193	{ .052 / .128	.536	[3] $0.58 / [4] .35	.48	.....	.....	.385	1.375	.....	$0.12	.....	.....	.402	.....	.536	.268	$0.15

[1] Per additional 50 miles.
[2] Six minutes via telegraph circuits.
[3] Day.
[4] Night.

NOTE.—Press rate per 5 minutes about 65 per cent of public rate per 3 minutes.

SOURCES OF INFORMATION.

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La Journal Telegraphique et Telephonique, volumes 1 to 35.
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The Clerk read as follows:

Northeast. Second Street, end of present pavement to V Street, grade and improve, $5,200;

Northwest. Harvard Street, from Avenue of the Presidents eastward to end of pavement, pave, $4,000;

Northwest. Allison Street, Eighth Street to Ninth Street, and Eighth Street, Webster to Allison Streets, grade and improve, $5,200.

Northwest. Newton Place, Park Place to alley west of Warder Street, grade and improve, $3,900;

Northwest. Jefferson Street, Seventh Street to Ninth Street, grade and improve, $5,100;

Northwest. Fifteenth Street, Euclid Street to Columbia Road, grade and improve, $7,200;

Northeast. Fort Place, Seventeenth Street to Eighteenth Street, grade and improve, $1,800;

Northwest. Shepherd Street, Avenue of the Presidents to Piney Branch Road, grade and improve, $5,500;

Northwest. Davenport Street, Wisconsin Avenue to Howard Street, grade and improve, $5,000;

In all, $85,500.

Mr. SISSON. Mr. Chairman, I offer the following committee amendment again.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

The Clerk read as follows:

On page 22, after line 24, insert:

"Hereafter the street designated as 'The Avenue of the Presidents' shall be known and designated as 'Sixteenth Street,' in accordance with the original plans of the city of Washington."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMITH of Maryland. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Maryland offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend, on page 22, after line 6, by adding the following:

"Northeast, Hunt Place, Deane Avenue, and Grant Street, from Minnesota Avenue to Division Avenue, grade and improve, $14,400."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. MANN. Mr. Chairman, I reserve a point of order on that.

Mr. PAGE of North Carolina. If the gentleman is going to make a point of order——

Mr. MANN. I reserve a point of order. I could not understand what the amendment was. May we have it reported again?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The amendment was again reported.

Mr. MANN. I shall not make a point of order against it.

Mr. PAGE of North Carolina. Mr. Chairman, I am constrained to make the point of order that the amendment comes too late. The paragraph has been completed, and the total has been read.

The CHAIRMAN. The Chair would call the gentleman's attention to the rule which requires the reading of the paragraph to be concluded.

Mr. PAGE of North Carolina. The item at the end of the paragraph is for street improvement, and carries the total. That is the point I made.

Mr. MANN. Mr. Chairman, I do not think the point of order is good, for two reasons. The first reason is it is not within the power of the committee to strike out some other item. And the second is, the law is that where the totals are not the same as some of the items, the items control, and not the total. And I presume that would apply in this case.

Mr. PAGE of North Carolina. I desire, also, to call the attention of the Chair to the fact that other business has intervened since the reading of the last item relating to streets. A committee amendment was offered by the gentleman from Mississippi [Mr. SISSON] changing the name of a street in the city of Washington.

Mr. MANN. It came at the end of the street business.

Mr. PAGE of North Carolina. It was reported after the paragraph was read.

Mr. MANN. The amendment was reported to come in on page 22, after line——

Mr. PAGE of North Carolina. The gentleman is mistaken.

Mr. MANN. How does the amendment read?

Mr. PAGE of North Carolina. The one that was adopted?

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

On page 22, after line 24, insert:
"Hereafter the street designated"—

And so forth.

Mr. MANN. Then read the amendment that is pending.

The Clerk read as follows:

On page 22, after line 6, add the following:

Mr. MANN. Of course, we had passed that place.

Mr. SISSON. The gentleman from Illinois, of course, understands after we had read the total of $85,500, I then offered an amendment in reference to the change of the name of a street.

Mr. MANN. Of course, we had passed that part of the bill. The amendment is now too late.

Mr. SISSON. The amendment has passed that line and comes too late.

Mr. PAGE of North Carolina. The thing that I was calling to the attention of the Chair was that the committee amendment was offered at the end of line 23, on page 22.

Mr. MANN. Well, we passed over line 6 some time ago. We can not go back to it except by unanimous consent.

The CHAIRMAN. The Chair finds on examination that each of these two lines here, containing separate items, constitutes a paragraph within the meaning of the rule, and the point of order would be well taken. The Clerk will read.

Mr. FOWLER. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. FOWLER. Where a paragraph consisting of many items and punctuated as this paragraph is, I ask the Chair, as a parliamentary question, whether the paragraph is completed until we reach the conclusion? That would be on page 33, after the words "abutment, $30,500."

The CHAIRMAN. The Chair will state to the gentleman that that is an entirely independent proposition, and it carries its own appropriation.

Mr. FOWLER. That would be after the words "in all, $35,500." That is the conclusion of the whole paragraph, Mr. Chairman, as I understand it.

Mr. PAGE of North Carolina. So it is; but if the gentleman will permit——

Mr. MANN. Mr. Chairman, it has always been held that each one of these paragraphs is a paragraph regardless of the total.

Mr. FOWLER. Mr. Chairman, just the reverse was held during the entire Sixty-second Congress, and I challenge the gentleman to find one instance in which the ruling of the Chair was to the contrary.

Mr. MANN. Well, Mr. Chairman, I could find many instances where the practice was to the contrary. I have never heard of anyone raising the question, I think, except possibly in connection with the agricultural appropriation bill, where a great many items concerning forest reserves appeared. They are all treated as separate paragraphs, and they are separate paragraphs. That is a matter of grammatical construction, and I appeal to my colleague that he must know, as a matter of construction, that each of these is a separate paragraph.

Mr. FOWLER. Yes; but, Mr. Chairman, where an appropriation seeks to provide for several items in which they are placed as only fragments of a paragraph it has been the unbroken custom, or was during the Sixty-second Congress, to hold that it took all of those fragments to constitute the paragraph, and repeated rulings were had during the Sixty-second Congress to that effect.

The CHAIRMAN. The Chair is informed that on a section of the bill containing a number of independent items, each giving a separate and distinct subject matter, amendments are in order at the conclusion of the reading of each separate item, such as we find on page 23, and in accordance with that information the Chair sustains the point of order at present.

Mr. MANN. The Chair is right.

Mr. FOWLER. The Chair is wrong.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The authority given the Commissioners of the District of Columbia in the act making appropriations for the expenses of the District of Columbia approved March 2, 1907, to make such changes in the lines of the curb of Pennsylvania Avenue and its intersecting streets in connection with their resurfacing as they may consider necessary and advisable is made applicable to such other streets and avenues as may be improved under appropriations contained in this act: *Provided*, That no such change shall be made unless there shall result therefrom a decrease in the cost of the improvement.

Mr. JOHNSON of Kentucky. Mr. Chairman, I reserve a point of order on that.

The CHAIRMAN. The gentleman from Kentucky reserves a point of order.

Mr. JOHNSON of Kentucky. I would like to inquire of the gentleman from North Carolina as to whether or not this provision would authorize the purchase of new curbing or stones, as it did when the work was done on Pennsylvania Avenue?

I am advised—I do not know whether correctly so or not—that under a provision like this real good curbing was taken up and thrown away and curbing from somewhere else brought in. The gentleman from Georgia [Mr. HOWARD] lodged some complaint with the Committee on the District of Columbia relating to it, alleging that there was discrimination against one concern offering the stone. As the matter has come up, I would like to know what expense can be incurred under this item.

Mr. PAGE of North Carolina. My understanding of the expense that may be incurred under this item, I will say to the gentleman, is that authority was placed with the commissioners to narrow a street at certain points, as originally given on Pennsylvania Avenue, the purpose and necessity of it being at certain points in the city to protect the line of shade trees by the curb where the present line could not do so. But I can not conceive any authority for the purchase of curbing.

Mr. JOHNSON of Kentucky. I do not recall the exact wording of the District appropriation bill last year, as to that part of it, but the curbing was taken up there last year and put back in the same place, but with new granite. The only damage done to the trees was done by the steam engine which hoisted out the blocks that were there, and putting back others, by burning the trees. I think the blocks were put back in the same place.

Mr. PAGE of North Carolina. I can not throw any light on that; but I will say to the gentleman that this provision is in the same language as the last appropriation bill, and the commissioners stated, in connection with it, that they desired it chiefly to protect the shade trees in the work of making the street grades conform one with another.

Mr. JOHNSON of Kentucky. The gentleman from North Carolina, then, interprets it that it provides only for straightening?

Mr. PAGE of North Carolina. Yes. I call the gentleman's attention to the proviso in this paragraph. A limitation is placed there in this language:

That no such change shall be made unless there shall result therefrom a decrease in the cost of the improvement.

Mr. JOHNSON of Kentucky. Very well, Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The gentleman from Kentucky withdraws the point of order.

Mr. MONDELL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wyoming offers an amendment which the Clerk will report.

Mr. MONDELL. It comes in at the end of line 5 on page 24.

The Clerk read as follows:

Amend by adding at the end of line 5, page 24, the following:

"For constructing a suitable viaduct and bridge to carry Benning Road over the tracks of the Philadelphia, Baltimore & Washington Railroad Co., and of the Baltimore & Ohio Railroad Co., in accordance with plans approved by the Commissioners of the District of Columbia, to be available until expended, $110,000.

"And the commissioners are hereby authorized to make the necessary expenditures for the construction of said viaduct and bridge and approaches under the like conditions prescribed for the expenditure of the appropriation for a subway and bridge at Cedar Street, contained in the act of May 18, 1910, making appropriations for the expenses of the District of Columbia for the fiscal year 1911: *Provided*, That the cost of constructing said viaduct and bridge within the limits of the rights of way of said Philadelphia, Baltimore & Washington Railroad Co. and the Baltimore & Ohio Railroad Co. shall be borne and paid, half by said railroad companies in proportion to the widths of their respective rights of way and half by the United States and the District of Columbia, as provided in section 10 of an act entitled 'An act to provide for a union railroad station in the District of Columbia, and for other purposes,' approved February 28, 1903, and said sums shall be paid by said companies to the Treasurer of the United States, one half to the credit of the District of Columbia and the other half to the credit of the United States, and the same shall be valid and subsisting liens against the franchises and property of said Philadelphia, Baltimore & Washington Railroad Co. and the Baltimore & Ohio Railroad Co., respectively, and shall be a legal indebtedness of said companies in favor of the District of Columbia, jointly for its use and the use of the United States as aforesaid, and the said lien or liens may be enforced in the

name of the District of Columbia by bill in equity brought by the commissioners of said District in the supreme court of said District, or by any other lawful proceedings against the said Philadelphia, Baltimore & Washington Railroad Co. or said Baltimore & Ohio Railroad Co., or both, and any relocation in the line or change in the grade of the tracks of the Washington Railway & Electric Co. necessary to permit the completion in accordance with approved plans of the viaduct and bridge and approaches herein provided for shall be made by and at the cost of said railway company, and in the event of said railway company failing or refusing to do such work the same shall be done by the Commissioners of the District of Columbia, the cost to be paid from the appropriation for said bridge and viaduct and collected from said street railway company in the manner provided for in section 5 of 'An act providing a permanent form of government for the District of Columbia,' approved June 11, 1878, and paid into the Treasury, one-half to the credit of the United States and one-half to the credit of the District of Columbia."

Mr. PAGE of North Carolina. Mr. Chairman, I make a point of order against the amendment.

Mr. MONDELL. Will the gentleman withhold his point of order——

Mr. PAGE of North Carolina. I want to be courteous to the gentleman. How much time does the gentleman desire?

Mr. MONDELL. About two minutes.

Mr. PAGE of North Carolina. I will withhold the point of order for two minutes.

Mr. MONDELL. Mr. Chairman, I think the item is subject to a point of order, although there is some question in regard to that. However, I desire to call to the attention of the committee this needed improvement. It is one of the improvements estimated for by the Commissioners of the District of Columbia.

It is very important that these five tracks of the Pennsylvania Railroad and the Baltimore & Ohio Railroad be covered by a viaduct, as the crossing is quite dangerous in its present shape. It should be remarked that this Benning Road is the principal highway to the District of Columbia from a very large section of Maryland. The State of Maryland has built a fine concrete highway extending, I think, some 60 or 70 miles into Maryland, which connects with Benning Road. In fact, there are two fine highways in Maryland that are reached from Benning Road. These fine Maryland highways are entitled to consideration by the authorities of the District of Columbia.

It is not only in the interest of the people of the District that this improvement should be made, and we not only owe it to them to make them, but we owe it to the progressive spirit that has been shown by the State of Maryland in the building of splendid highways to connect with this city. We should not require the people who travel over those highways to cross over five tracks of these two railroads in entering the District of Columbia.

Mr. PAGE of North Carolina. Mr. Chairman, in reply to what the gentleman from Wyoming [Mr. MONDELL] has said, I shall not undertake to argue the point of order. The gentleman did not argue it, but conceded it, as I understand.

This item has been included in the estimates forwarded to Congress during the last three Congresses, if not more. It proposes to construct a viaduct over these railroad tracks, and in each instance it has been proposed that the railway company shall pay only half of the cost of the bridge over their right of way. In the first instance, this has no place upon this bill. It is a matter of legislation that ought to go to the legislative committee of the District, and upon that I have based my point of order.

But if the legislation was to come upon this floor, as one Member of Congress I should insist that the railroad companies should bear the whole cost of the work, where the construction of the viaduct means vastly more than the mere construction across the right of way.

In insist on my point of order.

Mr. MONDELL. Will the gentleman yield for just one statement?

Mr. PAGE of North Carolina. Certainly.

Mr. MONDELL. Does not the statement just made by the gentleman emphasize the importance of having the committee which has jurisdiction over these matters take them up and bring in legislation that will be fair, equitable, and just, so that the House can pass upon it?

Mr. PAGE of North Carolina. I will say to the gentleman that I am not a member of the Committee on the District of Columbia, and it is for them to decide what they will consider and what they will report.

Mr. MONDELL. The statement made by the gentleman from North Carolina emphasizes the importance of this improvement which the District needs and is asking for, but which the Committee on the District of Columbia, which has jurisdiction of it, refuses to give any attention to. The crossing is dangerous and should be made safe. I hope the District Committee will give the subject favorable consideration.

The CHAIRMAN. The Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

Highway Bridge across Potomac River: Draw operators—2 at $1,020 each, 2 at $720 each; 4 watchmen, at $600 each; labor, $1,500; lighting, power, and miscellaneous supplies, and expenses of every kind necessarily incident to the operation and maintenance of the bridge and approaches, $8,620; in all, $16,000.

Mr. FOWLER. Mr. Chairman, I reserve a point of order against the paragraph.

The CHAIRMAN. The gentleman from Illinois reserves a point of order.

Mr. MONDELL. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Wyoming offers an amendment which the Clerk will report.

The Clerk read as follows:

On page 25, after line 2, insert:

"For surfacing with asphalt the roadway of approaches on both sides of the Highway Bridge, $30,000."

Mr. PAGE of North Carolina. I reserve a point of order against the amendment.

Mr. FOWLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Illinois will state his point of order.

Mr. FOWLER. When a point of order is made against a paragraph, can any further proceedings be had with reference to the paragraph in the way of amendment until the point of order is settled?

The CHAIRMAN. There can not. Does the gentleman from Illinois make his point of order?

Mr. FOWLER. The question I desire to ask of the gentleman in charge of the bill is this: On page 24, line 23, the bill provides for two drawbridge operators at $1,020 and one at $720. I want to ask the gentleman why there should be an increase of one at a salary of $720?

Mr. PAGE of North Carolina. I think I can make an explanation that will be satisfactory to the gentleman from Illinois; at any rate, it was satisfactory to the subcommittee. The testimony before the committee showed that these men were required to work, on account of the lack of a sufficient number, 12 hours a day, Sundays included. If we gave them another man, it would not only shorten the hours but it would give them a little leisure on Sunday.

Mr. FOWLER. Would it give each a Sunday alternating?

Mr. PAGE of North Carolina. That is the understanding of the committee.

Mr. FOWLER. Was that the prime object in making this addition to the appropriation?

Mr. PAGE of North Carolina. I do not know that it was the prime object, but it was one of the two.

Mr. FOWLER. The other was the shortening of hours?

Mr. PAGE of North Carolina. And the other was giving these men some relief on Sunday.

Mr. FOWLER. That is a very worthy object, and I withdraw the point of order, Mr. Chairman.

Mr. PAGE of North Carolina. Mr. Chairman, I withdraw the point of order against the amendment, because I am willing to concede that it is not subject to a point of order.

Mr. MONDELL. Mr. Chairman, I do not desire to detain the House; the only desire I have is to bring this matter before the committee. This proposes to repave the approaches on each side of the Highway Bridge, which the commissioners say are very badly worn and need improvement. I hope the committee will approve the amendment.

The CHAIRMAN (Mr. BEALL of Texas). The question is on the amendment offered by the gentleman from Wyoming.

The question was taken; and on a division (demanded by Mr. PAGE of North Carolina) there were—yeas 10, nays 15.

So the amendment was lost.

The Clerk read as follows:

For completion of the construction of a bridge across Rock Creek on the lines of Pennsylvania Avenue, in accordance with plans approved by the Commissioners of the District of Columbia, $135,000.

Mr. FOWLER. Mr. Chairman, I caught from the reading of the Clerk that the appropriation was $125,000. I may have been mistaken, but I desire to know whether it is $135,000 or $125,000.

The CLERK. One hundred and thirty-five thousand dollars.

The Clerk read as follows:

Rock Creek main interceptor: For continuing construction of the Rock Creek main interceptor from P Street to Military Road, $40,000.

Mr. REED. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I received a communication recently from a man in my district who subscribes himself as one of my constituents, and he wishes to send a protest, which I desire to

have printed in the RECORD. I asked unanimous consent this morning for the purpose of extending my remarks in the RECORD and publishing this letter, but objection was made. I should be very glad to print it in the RECORD now, without reading, if I can have consent, and if not I will read it in my own time.

Mr. MANN. Mr. Chairman, I make the point of order that the gentleman is not talking to the question before the House. If the gentleman wishes to print a short letter in the RECORD, I have no objection. The gentleman can not get around his unanimous-consent proposition by taking the floor in the five-minute debate.

Mr. REED. The gentleman from Illinois objected to my unanimous-consent request this morning, and I hope he will withdraw it.

Mr. MANN. I objected because I had no idea what the gentleman wanted to put in the RECORD, whether it was a book or a set of books or a short article.

Mr. REED. The gentleman knew that it was not a set of books. I made my position plain by stating to him on the floor of the House——

Mr. MANN. I beg the gentleman's pardon, but he did not make himself clear, because the gentleman was interrupted by somebody.

Mr. REED. This is a simple letter that I wish to put in the RECORD.

Mr. MANN. I have no objection at all.

Mr. REED. I thought perhaps the gentleman did not understand it.

Mr. MANN. I have no objection to the gentleman's inserting the letter in the RECORD.

The CHAIRMAN. The gentleman from New Hampshire asks unanimous consent to print in the RECORD a letter from one of his constituents. Is there objection?

There was no objection.

The letter is as follows:

As one of your constituents, I wish to send you a protest. It is to this effect:

Some of the speeches made against the Democratic administration last week at the annual meeting of the Civil Service League, at Boston, were unfair and undiscriminating. Even the better of them failed to see the full significance of the last election. Every speaker saw nothing more than a change of Republican officeholder for Democratic officeholder; and from this point of view, every dismissal of Republican and the installation of Democrat was the sign of a bad and deteriorating Government.

Now, from a central point of view, was there no deeper significance than that? Just a Republican going out and a Democrat coming in? Nothing more?

In my own fight, I fought for not only a change of men, but for a change of principle; not only for a change of name, but a fresh policy and procedure.

If the last national election—in our State of New Hampshire and elsewhere—meant anything, it expressed a protest against the wide gap Republican politics and procedure had made between all economic machinery and humanity. It meant a deep protest against the absolute rule of gold. It meant at least a fighting chance for the golden rule in economics, politics, and social ethics.

The election was a definite recognition that modern economic problems were the old problems of chattel slavery appearing in a new face. That the new freedom "implied as great an emancipation as any ever made, and that each one had the same right to himself and herself that any man or woman has."

If this fundamental shifting in national politics is true, what becomes of principles under absolute and rigid civil service? Has civil service the right to demand only correct penmanship, statistical accuracy, prompt office hours, etc.?

If so, what becomes of this new, fresh insistence upon fundamental principles? Civil service from the above point of view becomes a place where the old order of things can recruit itself to delay, to thwart, to hinder, to prevent the change that recognizes right as well as rights, men as well as machinery.

The Hon. ELIHU ROOT has a right to his views on currency. Mr. William Taft has a right to his view that the New York Senator would make a better President of this country than Woodrow Wilson. But what right has civil service, as shown at Boston, to demand the retention of Root men and Taft men—men who are in fervent prayer daily, who pass the collection plate, that the gods may shape ends and means for the old meat to old idols?

I believe an efficient officeholder is much. I also believe if he is dead set in favor of the dollar diplomacy, he ought to take his efficiency and dead setness elsewhere.

The death of no man ever leaves a vacancy that can not be filled, either as to efficiency or to harmony, not even politically.

The Tory of the Revolution of seventy-six trecked to Canada. That he could write well, administer any possible office efficiently, gave him no civil-service right under the Washington administration.

The southern man who made powder for the North had no right to sit in the counsels of Lee, however efficient. And the northern man who ran the southern blockade with his guns had no place to a chair in Lincoln's Cabinet, however efficient in administrative capacity.

There may be an adjustment toward an ever-increased efficiency by a fresh, capable man in a new office. There never can be an adjustment of a Tory prejudice in office toward the deepening Democratic principles and policy. The change in the last election was not for a day, nor for a man, but it was for forever.

President Lowell, of Harvard, as reported by the papers, taking the present administrative methods to task, holding up the warning examples of Greece, whose democracies fell, he said, "because they did not have a civil service."

If he said thus as reported, could she have been saved by the most perfect civil service, all other things being as they were?

Was not Greece's decline caused by what once caused modern Denmark's decline? England's civil service is pretty good; but why is it not checking her decline? Will Germany's ultimate decline be checked by a simple rigid civil service?

In Rome the growth of militarism brought about a decay of what is fundamental to every nation—agriculture. Small holdings were swallowed up by large estates. These were worked with slave labor. The peasant farmers went to the cities. There was better pay, shorter hours, greater social appeal to him and his family. Commercial and industrial work was held in contempt by the Roman.

Will civil service remedy these modern conditions in our country, in Denmark, Germany, Belgium, etc.? Will an undisturbed diplomatic corps bring the remedy?

Denmark's wonderful upswing out of the depressing military and economic conditions came out of a line of men and principles that were radically opposed by the civil-service interests of Copenhagen. It came about by finding efficient men with an efficient principle and an efficient procedure.

And this is the combination we so sorely need to-day—not on the low and paltry basis of spoils to the victor, but that the political and economic faith of just men may be made perfect.

Sincerely,

LEWIS H. BUCKSHORN.

CHICHESTER, N. H.

The Clerk read as follows:

Bathing beach: Superintendent, $600; watchman, $480; temporary services, supplies, and maintenance, $2,250; for repairs to buildings, pools, and upkeep of grounds, $1,500, to be immediately available; in all, $4,830.

Mr. JOHNSON of Kentucky. Mr. Chairman, I make a point of order against the paragraph. I send to the desk volume 26 of the United States Statutes at Large and ask the Chair to refer to page 490, and there he will find that there is an authorization for the District of Columbia to maintain a bathing beach——

Mr. PAGE of North Carolina. Mr. Chairman, I concede the point of order.

The CHAIRMAN. The point of order is sustained.

Mr. MONDELL. Mr. Chairman, I offer the following amendment.

On page 27, after line 15, insert the following:

"For bathing beach on the shore of the tidal basin in Potomac Park, including buildings, wharves, boardwalks, cribs, floats, and appurtenances, $66,000.

"For bathing beach on the shore of the Eastern Branch or Anacostia River, including buildings, wharves, boardwalks, cribs, floats, and appurtenances, $21,000."

Mr. PAGE of North Carolina. Mr. Chairman, against that I reserve a point of order.

Mr. MONDELL. Mr. Chairman, this amendment is subject to a point of order if the item in the bill that went out is subject to a point of order. I want to ask the gentleman from North Carolina a question in regard to that item that just went out on a point of order.

Is it not true that no expenditure can be made by the Commissioners of the District of Columbia except by authorization of Congress?

Mr. PAGE of North Carolina. I think that is true.

Mr. MONDELL. And is it not also true that there is a general law which provides that so far as bathing beaches are concerned the sum total shall be paid by the District?

Mr. PAGE of North Carolina. The gentleman is arguing to the gentleman from North Carolina a question relating directly to the point of order which he should argue to the Chair.

Mr. MONDELL. But the Chair decided the point of order so quickly that I did not have an opportunity to do so.

Mr. PAGE of North Carolina. The Chair decided it because I conceded the point of order. The whole matter was thrashed out over a year ago. All of the precedents were brought out and a decision was rendered. This item went out on a point of order, and I see no use of spending an hour of time in arguing the question again.

Mr. MONDELL. I do not care to take the time of the committee to argue the matter, if that is the situation, but it seems to me very extraordinary, in view of the fact that this expenditure can only be made by an act of Congress, that the committee has no authority to authorize this expenditure. Otherwise how can the District maintain these bathing beaches?

Mr. SISSON. Mr. Chairman, I will state to the gentleman that the law provides that all expense of bathing beaches shall be borne by the District of Columbia. This item is not under the half and half plan. When the item was up in Congress last year quite a good deal of time was consumed in discussion, and the Chair decided it was subject to a point of order, and it went out of the bill.

Mr. MONDELL. In other words, that there can be no appropriation made for bathing beaches.

Mr. SISSON. Not under the present rules of the House by an appropriation committee.

Mr. MANN. Mr. Chairman, will the gentleman from Wyoming yield?

Mr. MONDELL. Certainly.

Mr. MANN. Does the gentleman suppose that the Democratic Party would provide for bathing beaches if it could be avoided?

Mr. PAGE of North Carolina. Oh, we do not need them as much as other people do.

Mr. SISSON. I will say to the gentleman that the committee has provided them in the bill, but they have been stricken out on a point of order.

Mr. MANN. They think they do not need them, and hence they never make use of it.

Mr. MONDELL. Mr. Chairman, I have never thought the great unwashed, however much they may be entitled to that designation, would object to other people taking a bath if they had the disposition to do so. This proposition is to allow the youths of the District to take a bath occasionally and to learn to swim. The items that I have offered are clearly subject to a point of order, because they are new items. They provide for new construction, and I offer this item simply to emphasize this fact, that here is another project—I think the ninth or tenth that I have offered, and I have 8 or 10 more—all of very great importance to the people of the District of Columbia, that ought to be passed upon, that ought to be provided for. In the meantime the committee that has charge of these matters, to wit, the District Committee, seems to spend all of its time in endeavoring to put further burdens upon the District, and when not doing that complaining of criticisms aimed at them by the newspapers and the citizens of the District on account of their neglect to do constructive things and an everlasting insistence on doing destructive things. We can not provide for these bathing beaches, the Chair holds, and the District Committee refuses to do so. I want to remind my friend from North Carolina that he stated here the other day that the subcommittee had approved of this item.

Mr. PAGE of North Carolina. As individuals, yes; but not as a committee. I said the members of the subcommittee individually approved this item. We did not as a subcommittee. No judgment was expressed, because we did not consider it as a committee. My statement was that the individual members of that committee favored the establishment of these bathing beaches. I would like to be properly quoted.

Mr. MONDELL. The individual members approved it, and then Mr. Buttinsky, with a physician, with a large microscope, and a much larger imagination, came in with the discovery of bugs in the Potomac water, and that gave the individual members of the subcommittee an excuse for not doing that which their judgment approved.

Mr. PAGE of North Carolina. Will the gentleman pardon me? He tried to put that same word in my mouth the other day—a reason, not an excuse.

Mr. MONDELL. Really, does the gentleman mean to say that that was a reason?

Mr. PAGE of North Carolina. I do not hesitate to say that so far as this gentleman is concerned that was the reason.

Mr. MONDELL. Then there is another matter for the District Committee to consider. Will they consider it?

The CHAIRMAN. The time of the gentleman from Wyoming has expired. Does the gentleman from North Carolina make the point of order?

Mr. PAGE of North Carolina. Mr. Chairman, I make the point of order.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

For the purchase and installation of a new 25-ton railroad scale, to be immediately available, $1,200.

Mr. MONDELL. Mr. Chairman, a moment ago, on the motion of the chairman of the District Committee, the only item contained in this bill giving the young people of the District of Columbia an opportunity to bathe under proper supervision and regulation was stricken from the bill, and yet there are gentlemen who wonder why it is that the newspapers in the District of Columbia and some of the citizens of the District criticize Members of Congress because of their attitude toward the District of Columbia. I doubt if there is a city in the Union of any considerable size that has not more bathing pools and public bathing beaches than the District of Columbia, the capital of the Nation, this great and beautiful city; and yet a Member of the House, charged by appointment with the duty of giving consideration to the needs of the District, feels it is his duty to strike from this bill an appropriation of $4,800, the only appropriation made in the bill for the maintenance of these entirely inadequate facilities they now have. The committee having charge of these matters refuses, declines, or neglects to make any additional provision whatsoever whereby the youths of the District can learn to swim and can occasionally get a bath in the open under proper supervision; and the chairman of that committee is instrumental in striking from the bill the small sum now in it for maintenance of the bathing beach. And yet gentlemen wonder that the people of the District do not approve the kind of treatment they give them. For one, I am surprised at the moderation displayed by the people and papers of the District.

The Clerk read as follows:

For salaries: Clerk (stenographer and typewriter), $900; supervisor, $2,500; to be employed not exceeding 10 months—13 directors of playgrounds or recreation centers at $65 per month each, assistant director at $60 per month; to be employed not exceeding 7 months—2 assistant directors at $60 per month each, assistant director at $50 per month; to be employed not exceeding 3 months—assistant director at $60 per month, 13 assistants at $45 per month each; watchmen to be employed not exceeding 12 months—12 (including 1 for recreation grounds in Rock Creek Park) at $45 per month each; general utility man at $60 per month for 4 months; in all, $22,595.

In all, for playgrounds, $31,595, which sum shall be paid wholly out of the revenues of the District of Columbia.

Mr. PAGE of North Carolina. Mr. Chairman, I desire to offer an amendment to correct the totals.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

On page 28, line 15, strike out "$22,595" and insert in lieu thereof "$22,295"; and, on page 28, in line 16, strike out "$31,595" and insert in lieu thereof "$31,295."

The question was taken, and the amendment was agreed to.

Mr. SIMS. Mr. Chairman, will the gentleman yield for just a question?

Mr. PAGE of North Carolina. I yield.

Mr. SIMS. Does this playgrounds appropriation come wholly out of the revenues of the District?

Mr. PAGE of North Carolina. Yes; it is so stated in the text of the report.

Mr. SIMS. Does not the gentleman think he may be violating the act of 1878 by making any charge wholly on the people of the District of Columbia?

Mr. PAGE of North Carolina. The gentleman whom the gentleman from Tennessee is now addressing did not perpetrate this great outrage, but it was written in the law in the establishment of these playgrounds by the House of Representatives and we felt we should follow those directions.

Mr. SIMS. I knew the gentleman had a very high regard for not only the constitution of the District of Columbia, but for all constitutions, and I did not know whether he had done this insidiously or not.

Mr. PAGE of North Carolina. I assure the gentleman I did not.

Mr. SIMS. There was nothing insidious about it?

Mr. PAGE of North Carolina. No.

Mr. MANN. Mr. Chairman, I move to strike out the last word. I notice in the current law in reference to the absence of members of the staff of the playgrounds it authorizes some one to fill their places. Why is that left out of this bill?

Mr. PAGE of North Carolina. I did not quite catch what the gentleman said.

Mr. MANN. The current law provides that in case of any unauthorized absence or disability of any member of the playgrounds staff the salary during such absence or disability shall be available to pay substitute employees during such absence.

Mr. PAGE of North Carolina. I will say to the gentleman it is permanent law.

Mr. MANN. I will say to the gentleman it is not permanent law.

Mr. PAGE of North Carolina. Well, it was so considered by your committee.

Mr. MANN. I am very sorry they so considered it.

Mr. PAGE of North Carolina. The courts have very often held, if I am not mistaken, that the use of the word "hereafter" made it permanent. That language is in the last bill.

Mr. MANN. The word "hereafter" is not used here. The form used is the form that has always been used merely for current law.

Mr. PAGE of North Carolina. That is not a limitation, I will say to the gentleman, on the amount of money that is carried in this bill or in the last bill, and therefore our construction was that it was permanent law, and it is perfectly useless to carry it, as it effected no real purpose.

Mr. MANN. Well, the ruling of the comptroller for many years—I do not know what the new comptroller may rule—but the ruling of the comptroller for many years was that a provision of this sort inserted in an appropriation bill only applied to the fiscal year for which the appropriation was made. Now, in recent years we have been in the habit of inserting such provisions preceded by the word "hereafter," and when so inserted,

preceded by the word "hereafter," the ruling of the comptroller has been that that made it permanent law. Now, I grant you that it is a very fine-hair distinction, and yet it is a distinction made that comptrollers for years have followed, because Congress itself has made that distinction right along.

Mr. PAGE of North Carolina. Mr. Chairman, I confess to the gentleman that the point is so finely drawn that I fail to grasp it, and I have not that familiarity with the decision of the comptroller——

Mr. MANN. The gentleman will readily see that it is often desirable for Congress to put a provision in the law, maybe as a matter of experiment, which is only applicable for the fiscal year for which the appropriation is made, and nobody will object to it, whereas, if you put it in as a permanent law, a point of order would be made, and for years the House has followed that rule.

Mr. PAGE of North Carolina. I will ask the gentleman if that has not been true in those instances where a limitation was intended?

Mr. MANN. Oh, no; it is not confined to that at all.

Mr. FOSTER. May I ask my colleague a question?

Mr. PAGE of North Carolina. It is a matter about which I have personally no pride of opinion.

Mr. MANN. I understand.

Mr. PAGE of North Carolina. And it was a matter that was unanimously agreed to in committee; we may have been mistaken about it.

Mr. MANN. I say very frankly, if it should be the ruling that a provision like this would be permanent law, I would make a point of order, when nobody knows what it would be. We have made that a practice for years, the House being perfectly willing to let a provision go in when it was only for the fiscal year which it would not write as permanent law after a trial.

Mr. PAGE of North Carolina. If the gentleman will allow me, I find here that in case of the unauthorized absence or disability of any member of the playground staff the salary during such absence or disability shall be available to pay substitute employees during the fiscal year. That is the language that appeared in the last appropriation bill.

Mr. MANN. Yes; I just read the language.

Mr. PAGE of North Carolina. The view of your committee was that it became permanent law, that it was not necessary to write it into the paragraph every time this appropriation was made, and that it would not affect in the slightest degree the appropriations herein made by its omission.

Mr. MANN. Of course, if it is permanent law, it does not need to be ever written in again, but under the rulings of the comptroller it is not permanent law. It is a provision put in for the fiscal year in connection with the appropriation and was not intended as permanent law. The gentleman who had charge of the bill last year did not believe it was permanent law. If the gentleman wants to make it permanent law, if I was in his place, I would offer it again, with "hereafter" written in, in order to make it permanent law.

Mr. PAGE of North Carolina. I can not say that I do desire to make it permanent law. It is one of those matters that the committee could pass upon from time to time, if it cared to. But the decision of the comptroller, with which the gentleman is familiar, was not brought to the attention of this committee. The gentleman cites that decision, but I have not seen it, although, of course, I am ready to accept the statement made by the gentleman, as I have great confidence in his judgment.

Mr. MANN. I will not take the trouble to cite it, but the next time one of these items is offered in an appropriation bill I shall make the point of order, and let that side of the House produce the decision, on the ground that it is not permanent law. I have read the decision, and a number of them on that subject.

Mr. STAFFORD. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Wisconsin [Mr. STAFFORD] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Insert as a new paragraph, after line 17, page 28, the following:
"For music at Sunday sacred concerts at the public parks and squares, $10,000."

Mr. PAGE of North Carolina. Mr. Chairman, I make a point of order on that.

Mr. STAFFORD. I hope the gentleman will reserve it.

Mr. PAGE of North Carolina. How long does the gentleman want?

Mr. STAFFORD. Several minutes.

Mr. PAGE of North Carolina. I will reserve the point of order for five minutes.

Mr. STAFFORD. Mr. Chairman, several years ago, when the District bill was under consideration, I proposed a similar amendment to that which is presented here to-day. I had hoped in the intervening time that some action would have been taken by the committee at the suggestion of the District Commissioners, but up to the present time, after scanning the hearings as closely as one can, I can find no recommendation for providing music in the public parks for the denizens of this District who are obliged to spend the sultry summer months in the city of Washington. We have had recommendations from the new commissioners in favor of fish wharves, municipal bathing establishments, and municipal boarding houses, and all that character of municipal reform, but no word of recommendation providing music for the people of the District, which so many other cities of the size of Washington provide for their people.

Mr. MONDELL. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I will yield for a question.

Mr. MONDELL. What encouragement is there for the commissioners to ask for more when they can not get any of the things they do ask for?

Mr. STAFFORD. I should at least think that these commissioners, if they are acquainted with the practices of other cities of the size of Washington, would have incorporated in their program of reform some little item like this of $10,000 to provide music for the people of Washington on Sunday.

Mr. MONDELL. They should have done so.

Mr. STAFFORD. In all seriousness I appeal to the committee to allow the paltry sum of $10,000 to be provided.

We are regaled here on occasions once a week by the Marine Band with a discourse of about an hour or an hour and a half, only to find most of these same musicians hurrying away from the Capitol grounds in order to provide rag-time music out here in a suburban resort maintained for the benefit of a street railway company. But no provision whatsoever is made to develop the æsthetic sense of the people of the District, so far as music is concerned, on Sunday.

Those Members who come from the large cities will appreciate the benefit of such a provision as this. I see before me several Representatives from the city of Philadelphia, where in their Fairmount Park are provided concerts on Sunday, so as to give the working classes of Philadelphia the benefit of sacred and popular music. Why should not the people of Washington have the same privileges? In my own city within the last few years we have adopted the Sunday music program, and thousands of people flock to our public parks to enjoy themselves on Sunday afternoon. It takes them out of their homes and gives them a little diversion. But where are these prisoners working for the Government in the departments, who serve six days in the week, year in and year out, able to find any recreation except, perhaps, to take a car ride out to Great Falls or to the Zoo, with no opportunities to hear music except by paying a large fee at our theaters? Why should not provision be made so that our public-paid bands, such as the Marine Band and the battalion bands, could furnish a little entertainment in a popular way for the benefit of the clerks and other residents of the District?

I hope the chairman of the committee will not insist upon his point of order. If he does, then I hope that this suggestion that I have made will be sufficient to call the matter to the attention of the commissioners and also to the attention of the people of the District, so that next year when this bill comes up for consideration it will contain a provision for Sunday concerts, such as those given to the people of other cities, for the uplift, benefit, and recreation of the people.

Mr. SISSON. Mr. Chairman, I make a point of order against that.

The CHAIRMAN. The Chair sustains the point of order, and the Clerk will read.

Mr. MONDELL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wyoming offers an amendment, which the Clerk will report.

The Clerk read as follows:

On page 28, line 2, insert: "For the equipment of new playground in Tennallytown, on property owned by the District, $1,000."

Mr. FITZGERALD. Mr. Chairman, I make the point of order that that part of the bill has been passed.

The CHAIRMAN. The Clerk will conclude the reading of the amendment.

The Clerk read as follows:

For purchase of new site occupied by Mount Pleasant playground, $60,000.

Mr. FITZGERALD. Mr. Chairman, I make a point of order against that.

Mr. MONDELL. Will the gentleman reserve his point of order for just a minute?

Mr. FITZGERALD. Oh, yes.

Mr. MONDELL. Mr. Chairman, playgrounds are purchased and maintained in the District of Columbia entirely at the expense of the people of the District. Let us bear that in mind. Uncle Sam does not pay a cent. The much-talked-of half-and-half plan does not apply. The people of the District desire to buy a playground in the northwest, on Park Road, that is now being used as a playground by the sufferance of the owner. The children of that entire district are likely to be compelled to leave that playground any day because the owner wants to use the property.

If this bill becomes a law as it now stands, the people of the District of Columbia will have $1,500,000 left over and above paying one-half of all of the items carried in the bill.

Under the provisions of section 8 of this bill that money is to go into the Treasury, is to be confiscated, and the people of the District are not to be allowed to spend $61,000 of their own money for the purchase of playgrounds for their own children. It is not the fault of the Committee on Appropriations. The Committee on Appropriations has no authority to purchase new playgrounds. This is subject to a point of order. But there is a committee that has jurisdiction, the chairman of which committee made a motion just a few minutes ago to strike out the only appropriation contained in this bill for the maintenance of bathing beaches—a little, measly $4,500. That committee has jurisdiction to carry out the will of the people of the District, to provide playgrounds for their children, and it has not done so. This morning we heard some of the gentlemen complain and wax indignant because it is said that some people of the District have suggested—it is not clear whether they suggested it or not—that they might call to the attention of their constituents at home the attitude of these gentlemen toward the District. The people of the District of Columbia, whose town council we are, have the right to appeal to our constituents and say: "We do not think the men you have elected and sent here are treating the District of Columbia fairly. We do not think they are fair Representatives when they refuse to allow the erection or maintenance of bathing beaches, when they refuse to allow the people of the District of Columbia to spend their own money to buy grounds on which children can play. We do not think your Representative should refuse to allow the building of needed public-comfort stations."

For my part, I think gentlemen are overtender when they resent that kind of criticism. It is legitimate criticism, and in my district it would be effective criticism. It would be effective, in my opinion, in any part of the country. I do not believe any district in the country would justify its Representative in opposing appropriations for bathing beaches, opposing the establishment of more bathing beaches, opposing appropriations for needed public-comfort stations, opposing appropriations for playgrounds and the maintenance of playgrounds, to be paid for out of the funds belonging to the people of this District.

Mr. SISSON. I make a point of order.

The CHAIRMAN. The Chair sustains the point of order and the Clerk will read.

The Clerk read as follows:

ELECTRICAL DEPARTMENT.

Electrical engineer, $2,500; assistant electrical engineer, $2,000; 4 electrical inspectors, at $1,200 each; inspector, $1,000; electrician, $1,200; 2 draftsmen, at $1,000 each; 3 telegraph operators, at $1,000 each; 4 inspectors, at $900 each; expert repairman, $960; 3 repairmen, at $900 each; telephone operators—3 at $720 each, 4 at $540 each, 1 $450; electrical inspectors—1 $2,000, 1 $1,800, 1 $1,350; cable splicer, $1,200; assistant cable splicer, $620; clerks—1 $1,400, 1 $1,200, 2 at $1,125 each, 1 $1,050, 1 $750; assistant repairmen—1 $620, 2 at $540 each; laborers—1 $630, 2 at $540 each, 1 $460, 2 at $400 each; storekeeper, $875; in all, $47,695.

Mr. FOWLER. Mr. Chairman, I reserve a point of order against the paragraph.

The CHAIRMAN. The gentleman from Illinois reserves a point of order against the paragraph.

Mr. FOWLER. In line 5, on page 29, there is an increase of one electrical inspector—an increase from three to four.

Mr. SISSON. That was because of the increased number of moving-picture shows that have to be inspected and looked after, and for that reason the committee thought the increase in the employees was necessary.

Mr. FOWLER. Will that result in a diminution in these vulgar and ungainly scenes that are carried on here in the city in what are called the nickelodeons or movies?

Mr. SISSON. These inspectors look after the electrical appliances of the moving-picture shows. If those electrical appliances were not inspected, it might endanger the lives of the people who attend them. This has nothing to do with the censoring of moving pictures. They are here, and it is necessary that those electrical appliances be inspected.

Mr. FOWLER. Is the new man to look after the movies?

Mr. SISSON. To inspect the electrical appliances generally throughout the city; but owing to the great number of moving-picture shows an increase in the way of inspectors is necessary. As I recall the testimony, it was that the number of places needing inspection has about doubled within the last two years, so we gave them this one additional employee.

Mr. FOWLER. In line 8, on the same page, you have an additional inspector at $900.

Mr. SISSON. That is a mere change of designation.

Mr. FOWLER. Your bill carries four, whereas the current law carries only three.

Mr. SISSON. I have not referred to the hearings since the gentleman raised the question, but my recollection is that there is only one additional employee in this department.

Mr. FOWLER. According to your bill there are two increases, one at $1,200 and the other at $900.

Mr. SISSON. I think the gentleman is mistaken. It is a mere change of designation.

Mr. PAGE of North Carolina. The present law carries four repair men and this bill carries three. It is simply a change in the designation or title.

Mr. FOWLER. I know you carry only three, whereas last year there were four.

Mr. PAGE of North Carolina. There is only one increase, and that is the inspector.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent to return to line 20 on page 28. I had an amendment prepared, but my attention was distracted for the moment and I did not have the opportunity to offer it.

The CHAIRMAN. The gentleman asks unanimous consent to return to page 28, line 20. Is there objection?

Mr. FOSTER. I should like to know what the amendment is? Let the amendment be read first.

Mr. MONDELL. It is an amendment for two public convenience stations.

Mr. FOSTER. I should like to have the amendment read.

The CHAIRMAN. If there be no objection, the Clerk will report the amendment for information.

The Clerk read as follows:

On page 28, after line 20, insert:

"For public convenience station at Fifteenth and H Streets, including site, $11,000.

"For public convenience station on Wisconsin Avenue and M Street, including site, $20,000."

Mr. SISSON. Mr. Chairman, I object to the unanimous consent.

Mr. JOHNSON of Kentucky. Mr. Chairman, I make a point of order.

The CHAIRMAN. Objection is heard. The Clerk will read.

Mr. STAFFORD. I move to strike out the last word.

Mr. PAGE of North Carolina. The last word of the amendment of the gentleman from Wyoming?

Mr. STAFFORD. No; the last word of the paragraph just read.

The CHAIRMAN. The gentleman from Wisconsin moves to strike out the last word.

Mr. STAFFORD. I do not move to strike out something that is nonexistent.

I would like to inquire of the chairman of the committee concerning the convenience stations. I have noticed, on my walks from the hotel to the Capitol, that in Franklin Square and Judiciary Park there are in course of erection some shacks that look as if they were intended for comfort stations. Can the chairman inform the committee whether these beautiful parks are to be defiled and disfigured by these erections?

Mr. PAGE of North Carolina. I can inform the gentleman that neither the former District bill nor does this bill carry any appropriation for the construction of public-convenience stations. The District appropriation bill does not treat with those at all; it is another bill coming from the Appropriations Committee which makes these provisions.

Mr. STAFFORD. The sundry civil bill?

Mr. PAGE of North Carolina. There are three or four public-service stations in the course of erection, and we provide for the maintenance of a part of those.

Mr. MONDELL. Mr. Chairman, the amendment that I offered for the purchase of ground and the erection of two public-convenience stations is in line with the estimates made by the Commissioners of the District of Columbia. The commissioners very earnestly urged upon the committee the importance of these two stations. They called attention to the fact that they were proposed to be erected in sections of the city where a large number of people frequently congregated and there were no

public-convenience stations in the neighborhood. The chairman of the Committee on the District of Columbia made the point of order against the amendment, but the Chair did not rule because the committee refused to allow me to go back to the point where the amendment was germane to the bill. I now desire to ask the chairman of the Committee on the District of Columbia whether his committee, which has jurisdiction, intends to take up for consideration the important question as to whether the people of the District of Columbia shall have these public-convenience stations which he declines to allow to be provided for on this bill.

Mr. JOHNSON of Kentucky. Mr. Chairman, in answer to the gentleman, I will say that I do not know whether such a bill is before the committee or not; but if it is before the committee, or if it comes before the committee, I shall do as I always have done—bring it to the attention of the committee.

Mr. MONDELL. It is a good, long time since any bill was brought to the attention of Congress providing for any new construction in the District of Columbia, or providing for new facilities for the people. We had hoped, in the absence of action by the committee having jurisdiction in matters of legislation, that these items might be provided for on an appropriation bill. It seems, however, that the people who are threatened with confiscation of a million and a half dollars of their own money raised by taxation are to be refused the ordinary conveniences that any civilized community is entitled to and ought to have, and which decency requires they should have.

The Clerk read as follows:

Lighting: For purchase, installation, and maintenance of public lamps, lamp-posts, street designations, lanterns, and fixtures of all kinds on streets, avenues, roads, alleys, and public spaces, and for all necessary expenses in connection therewith, including rental of stables and storerooms, this sum to be expended in accordance with the provisions of sections 7 and 8 of the act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ended June 30, 1912, approved March 2, 1911, and with the provisions of the act for the same purpose for the fiscal year ending June 30, 1913, approved June 26, 1912, and other laws applicable thereto, livery and extra labor, $395,000.

Mr. CURRY. Mr. Chairman, I rise to put a question to the gentleman from North Carolina, in charge of the bill, for information. I would like to ask the chairman of the committee how he arrives at the item of $395,000 for lighting, and what are the rates charged in the District by the electrical, power, and gas companies for electric lights and gas lights?

Mr. PAGE of North Carolina. The rates for lights are established by law. It is a fixed charge and therefore it is a matter of computation based upon the number of lights that the commissioners are going to use and the rates fixed by law.

Mr. CURRY. I supposed that these rates were fixed by the commissioners. Does the gentleman know what those rates are?

Mr. PAGE of North Carolina. The rates are not uniform, because there are various kinds of lights used; there is a schedule of those lights, and as soon as it can be found I will give it to the gentleman.

Mr. CURRY. Mr. Chairman, that answers my question.

Mr. PAGE of North Carolina. I will put the schedule in the RECORD:

By the act of June 26, 1913, it is provided:

"SEC. 7. During the fiscal year 1913 no more than the following rates shall be paid for lighting avenues, streets, roads, alleys, and public spaces.

"For mantle gas lamps of 60 candlepower, $18.40 per lamp per annum.

"For mantle gas lamps of not less than 120 candlepower, $27 per lamp per annum.

"For street designation lamps, using flat-flame burners, consuming not more than 2½ cubic feet of gas per hour, or 8-candlepower incandescent electric lamps, with posts and lanterns furnished by the District of Columbia, $10 per lamp per annum.

"For 40-candlepower, 50-watt, incandescent electric lamps on overhead wires, $15 per lamp per annum.

"For 40-candlepower, 50-watt, incandescent electric lamps on underground wires, $19.50 per lamp per annum.

"For 60-candlepower, 75-watt, incandescent electric lamps on overhead wires, $17.50 per lamp per annum.

"For 60-candlepower, 75-watt, incandescent electric lamps on underground wires, $23 per lamp per annum.

"For 80-candlepower, 100-watt, incandescent electric lamps on underground wires, $26 per lamp per annum.

"For 100-candlepower, 125-watt, incandescent electric lamps on underground wires, $27.50 per lamp per annum.

"For 150-candlepower, 187-watt, incandescent electric lamps on underground wires, $36.50 per lamp per annum.

"For 200-candlepower, 250-watt, incandescent electric lamps on underground wires, $46.50 per lamp per annum.

"For 4-glower Nernst lamps on underground wires, $52.50 per lamp per annum.

"For 6.6-ampere, 528-watt, direct-current, series-inclosed arc lamps, $80 per lamp per annum.

"For 5-ampere, 550-watt, direct-current, multiple-inclosed arc lamps, $80 per lamp per annum.

"For 4-ampere, 320-watt magnetite, or other arc lamps of equal illuminating value acceptable to the Commissioners of the District of Columbia, on overhead wires, $59 per lamp per annum.

"For 4-ampere, 320-watt magnetite, or other arc lamps of equal illuminating value acceptable to the Commissioners of the District of Columbia, on underground wires, $72.50 per lamp per annum.

"For 6.6-ampere, 500-watt magnetite, or other arc lamps of equal illuminating value acceptable to the Commissioners of the District of Columbia, on overhead wires, $84 per lamp per annum.

"For 6.6-ampere, 500-watt magnetite, or other arc lamps of equal illuminating value acceptable to the Commissioners of the District of Columbia, on underground wires, $97.50 per lamp per annum.

"For flame arc lamps, 500-watt, General Electric type, or other arc lamps of equal illuminating value acceptable to the Commissioners of the District of Columbia, $150 per lamp per annum."

The Clerk read as follows:

For erection of a house for the assistant to the overseer at Great Falls, Md., including purchase of necessary materials not now on hand, the work to be done by the present force of men engaged on the Washington Aqueduct when their services can be spared from other work, $1,000.

Mr. MANN. Mr. Chairman, to that paragraph I reserve a point of order. Is it intended that this house that is to be erected for the assistant overseer shall be erected by carpenters or masons now in the employ of the Government, or by Tom, Dick, and Harry?

Mr. PAGE of North Carolina. The statement was made before the committee that the house would be built by a force now employed in that service.

Mr. MANN. What are they doing?

Mr. PAGE of North Carolina. I do not know that I can tell the gentleman just what they are doing. It is a force that they will use in a new employment for the erection of the house. The statement was made by the officer in charge that they had now not only a large part of the material, but that they could erect it by men already employed, provided this small appropriation was given for the purpose of assembling the material and buying a slight amount of other material for the construction of the house.

Mr. MANN. I suppose this is to be a frame house?

Mr. PAGE of North Carolina. Yes.

Mr. MANN. Do they have carpenters employed with nothing else to do, or is this house to be built without the aid of carpenters?

Mr. PAGE of North Carolina. They have carpenters, I think. There is a force at work, under a provision of law, building an extension of the Conduit Road to Great Falls. They have not only laborers, who are constructing the road, but they have carpenters, who are building bridges and doing various and sundry other things.

Mr. MANN. Mr. Chairman, I should suppose that the laborers would not be the proper people to build a house, and I am not sure that the bridge constructors would be. I do not see why the Government, if it is going to build a house, should not permit the employment of the regular carpenters.

Mr. PAGE of North Carolina. The language provided here was the suggestion of the man who wanted to build the house, that he wanted no additional employment, and the committee felt inclined to comply with his request. That is all I have to say about that. If the gentleman cares to put it out, very well. It is about the cheapest residence, I think, I have known to be estimated for.

Mr. MANN. I would rather pay more and have it constructed by proper union carpenter labor than to have it built by men engaged in paving a street.

Mr. PAGE of North Carolina. I will say, so far as I am concerned, that there is a responsible officer of the Army of the United States in charge of this work, and I think this committee will agree that they are not men who, as a rule, do things badly. They do things well usually, and I had all confidence, and I have yet, that, under the direction of this particular gentleman having charge, this house will be properly constructed.

Mr. MANN. And yet the gentleman knows that it is the duty of the Army officers, at least in their opinion, to get the work done just as cheaply as possible, regardless of who does it.

Mr. PAGE of North Carolina. So long as it is done well.

Mr. MANN. And in most cases we have insisted that the wages paid to men doing this kind of work should be commensurate with the ordinary wages paid in that particular locality for that kind of work, which, in the main, is the union scale of wages. The proposition here is to build a house which may be knocked together by some men engaged in repairing a street. If that is to be the rule of the Government all around, I will have to put up with it, but I do not believe in it. I make the point of order against the language in lines 16 and 17, page 32:

The work to be done by the present force of men engaged on the Washington Aqueduct, when their services can be spared from other work.

The CHAIRMAN. The gentleman from Illinois makes the point of order, and the point of order is sustained.

Mr. MONDELL. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 32, after line 18, insert as a new paragraph the following: "Great Falls water and power project: For continuing the work of increasing the water supply of the District and the development in connection therewith of water power from the Great Falls of the Potomac, $1,000,000."

Mr. SISSON. Mr. Chairman, on that I make the point of order.

Mr. MONDELL. Mr. Chairman, will the gentleman reserve the point of order?

Mr. SISSON. How long does the gentleman desire?

Mr. MONDELL. Five minutes.

Mr. SISSON. I will reserve the point of order for five minutes.

Mr. MONDELL. Mr. Chairman, this is the only amendment that I have offered or that I shall offer that was not estimated by the Commissioners of the District. The Engineer Commissioner of the District, in speaking of this Great Falls water-power project, said:

I was very sorry not to be able to include in the estimates that were submitted any estimate for the furtherance of the Great Falls power project, but after we got through with our estimates and added them up we found it would be impossible to include the item of $1,000,000 asked for as the District's share of the money required for the furtherance of that project.

At the time that statement was made the estimates before the committee amounted to the full amount of the anticipated revenues of the District, but the items as reported will leave a million and a half dollars of the revenues of the District over and above the amount required to meet one-half of the expenditures contemplated; so that it is entirely possible to appropriate this million dollars which the commissioners would have estimated and still have quite a sum remaining from the revenues of the District. Last year the District bill contained an item providing for a report on this water-power project at the Great Falls of the Potomac. That report has been made and was before the committee and was given some consideration. It contemplates a project that will cost in the neighborhood of $15,000,000, and it is suggested or was proposed in the preparation of the plans and estimates that the District should pay $2,000,000 or $2,500,000 as its share of the expenditure for an increased water supply.

Mr. Chairman, it is a curious commentary, on the lack of proper conservation in the East as compared with the West, that here, almost in sight of the Dome of the Capitol, is one of the greatest water powers in the country going to waste, going to waste in the center of a country with a great population, with two cities easily within reach of electric wires, with a combined population of nearly a million people.

We are burning in this Capital City hundreds of thousands of tons of anthracite coal every year, taking that much from the store of the anthracite of the Nation that could be saved if we would harness the Potomac at the Great Falls.

Mr. CURRY. Will the gentleman yield for a question?

Mr. MONDELL. I will be glad to do so.

Mr. CURRY. Does not the gentleman think that if that were done the cost of light and power of Washington and the surrounding country would be cut nearly in two?

Mr. MONDELL. I think that has been the experience of other communities, particularly communities in the State of the gentleman who has just spoken, California, where they have progressed in developments of this sort in a way that ought to shame the people of all this eastern country and Members of Congress, who are in the position, and have been for years, to provide for the development of this great power here at Great Falls and have neglected to do so. Why, gentlemen are much worried about our water power in the West; they are tremendously fearful that out there where we have declared that the water belongs to all the people and can not become private property——

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. May I have just one minute more, Mr. Chairman?

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent to proceed for one minute. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Many gentlemen are very fearful lest out West there shall be a monopoly in water, which in fact can not occur by reason of public ownership of water, a situation under which a monopoly is practically impossible. At the same time they entirely neglect to urge the development of one of the greatest water powers in the country right here within sight of the Capitol, in the midst of a densely populated and highly developed country. In the meantime we are depleting by hundreds of thousands of tons annually the limited store of anthracite coal in the country and leaving that great power to go to waste. I hope that the committee having charge of these matters, inasmuch as the Committee on Appropriations can not do it, will find time in the midst of its efforts to prevent the people of the District of Columbia from criticizing their attitude, in their efforts to smother criticism and prevent it being made, I hope that in the midst of these activities they will also find time for some constructive legislation relative to the utilization of the Great Falls of the Potomac.

Mr. SISSON. Mr. Chairman, I make the point of order.

The CHAIRMAN. The gentleman from Mississippi makes the point of order and the Chair sustains the point of order.

The Clerk read as follows:

Longevity pay: Longevity pay for director of intermediate instruction, supervising principals, supervisor of manual training, principals of normal, high, and manual training high schools, principals of grade manual training schools, heads of departments, director and assistant director of primary instruction, directors and assistant directors of drawing, physical culture, music, domestic science, domestic art, and kindergartens, teachers, clerks, librarians and clerks, and librarians to be paid in strict conformity with the provisions of the act entitled "An act to fix and regulate the salaries of teachers, school officers, and other employees of the board of education of the District of Columbia," approved June 20, 1906, as amended by the acts approved May 26, 1908, May 18, 1910, and June 26, 1912, $400,000.

Mr. SISSON. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

On page 35, after line 12, insert: "No teacher or other person employed in the public schools of the District of Columbia receiving a base pay of $1,190 or more per annum under the act approved May 26, 1908, shall receive or be entitled to any longevity pay under said act."

Mr. SISSON. The purpose of that amendment is this——

Mr. MONDELL. Mr. Chairman, if it is not too late, I desire to reserve the point of order.

Mr. SISSON. Mr. Chairman, I make the point of order the gentleman is too late with his point of order.

Mr. MONDELL. I desire to reserve the point of order, Mr. Chairman.

Mr. SISSON. I have no objection to the gentleman reserving the point of order, because I think it is clearly in order under the Holman rule. Now, Mr. Chairman, there is no question about this being in order and your committee thought that they were entirely reasonable in limiting the longevity pay to those teachers who were receiving less than $1,190. It was in the minds of the committee that we would fix it at $1,200, and it just happened in calculating the longevity pay on the basis of the law when they get above $1,190 they may be transferred to the next higher class; therefore, under the present longevity law a teacher receiving $1,190 would be transferred to the next higher class. It is unnecessary for me to state more than this, that your committee found that as best could be estimated last year $75,000 had been appropriated for longevity pay to cover that year, but a deficiency of thirty-odd thousand dollars was necessary, because, as it was stated by the chairman of this committee, it was utterly impossible for anyone to figure it until the year is over what the longevity pay will be. Some of these teachers under this present longevity pay receive as high as $1,600, $1,700, and on up to $1,800. Some teachers receiving $2,400 continue to receive longevity pay until they reach the sum of $3,000.

Now, the pay of teachers in the District of Columbia is vastly in excess of that, on the average, of any other city in the United States and, so far as we know, in the world. So your committee thought that when a teacher in any of the classes of teachers below $1,190 should receive the longevity pay up to that time, the District of Columbia and the United States Government were more than kind to the teachers in fixing salaries. In other words, in round numbers, for the work rendered it is something over, taking the school months, $125 and more.

Mr. MONDELL. Will the gentleman yield for a question?

Mr. SISSON. I will.

Mr. MONDELL. What is the law in regard to longevity?

Mr. SISSON. There is quite a good deal of it. The provision of law in reference to the matter is that teachers of class 1 and class 2 shall receive an annual increase of salary of $25 for four years. That is, each year for four years there shall be added to their salary $25 until the maximum is reached. The teachers of class 3 shall receive an annual increase of salary of $25 for 10 years, or until the maximum is reached. Beginning with a period of 10 years, they would receive $25 increase, the next $50, the next $75, and the next $100, and so forth, to the end of the next year. And at the end of the time the school board would have a right to reclassify the teachers. In class B, $30 for 10 years until the maximum was reached. The same rule would apply there as indicated in the class I have just mentioned. In class 5 an increase of salary

of $40 for 10 years until the maximum is reached. The teachers of any class shall receive an annual increase for eight years. Teachers in group A of class 6, after the probationary year, shall receive an annual increase of salary of $100 for eight years, in group B of $100 for three years.

Now, the school board, and everybody connected with the matter will tell you, it is an impossibility to tell exactly what the longevity pay will be during the current fiscal year, for this reason: A teacher may be transferred from one of the high salaries to a lower place, and a new teacher may be employed at a very low salary. So during the year various changes may be made affecting the longevity pay. But your committee thought when teachers received $1,190 they were receiving practically twice what teachers received throughout the States. For the average of a teacher is from $50 to $60 a month, and in some of the States a teacher in the grades gets about $70 a month.

Mr. BRYAN. Has the gentleman investigated the conditions out in the State of Washington, when he says the average pay is $50 a month?

Mr. SISSON. I will say to the gentleman that our inquiries were not extended to the country districts of that entire State, but as to the cities. I do not remember that any investigation was made in reference to a teacher in your State.

Mr. BRYAN. I am quite confident the gentleman is in error when he states the maximum of that kind is in force in the city of Seattle.

Mr. SISSON. What is the average?

Mr. BRYAN. I do not know. I have not figured it out.

Mr. SISSON. I do not understand, unless the gentleman has made an investigation, how he can controvert what I have said. But the gentleman will find that the teachers in the grades throughout the States do not receive $1,190. They do not receive it in the cities. Some of the principals and some of the teachers who have higher positions, such as advisory positions, receive, of course, larger salaries than that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. Mr. Chairman, I ask unanimous consent that the gentleman have five minutes more.

Mr. SISSON. I do not know that I will consume five minutes more.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the gentleman from Mississippi have five minutes more. Is there objection?

There was no objection.

Mr. SISSON. Now I will yield to the gentleman from Illinois.

Mr. MANN. I was going to ask the gentleman if he could tell what the usual salary is here for teachers in the primary grades and each intermediate grade to the higher grades?

Mr. SISSON. The great many classes of longevity pay get mixed up, but the basic salary——

Mr. MANN. I do not care anything about that.

Mr. SISSON. Now, the basic salary——

Mr. MANN. I do not care anything about that. That would not convey any information to my mind that a mathematical calculation could be based upon. Is the gentleman able to state what the average salary of these teachers is now, including the longevity pay?

Mr. SISSON. Well, this is in class 1, I will say to the gentleman. I can not answer any more accurately than this.

Mr. MANN. "Class 1" does not mean anything to me there.

Mr. SISSON. The first year it is $500, the next $525, the next year $550, and the next year $575. The next year, I believe, it is $600, and then they get an increase for 10 years of $25 a year.

Mr. MANN. If I should ask the gentleman what is the usual salary of a clerk in Washington, I am sure he would not say they enter the service at $600.

Mr. SISSON. There are difficulties in the matter.

Mr. MANN. I acknowledge there are difficulties. I did not know whether the gentleman could answer or not.

Mr. SISSON. It would be necessary to take an average, of course; it would be necessary to get the teachers in certain classes and average their pay; it would be necessary to add those classes up and divide the total by the number of classes. I did not do that on account of the large number of teachers here.

Mr. ROBERTS of Massachusetts. Mr. Chairman, will the gentleman yield to me for a question?

The CHAIRMAN. Does the gentleman yield?

Mr. SISSON. Certainly.

Mr. ROBERTS of Massachusetts. Can the gentleman tell the committee how many teachers would have their salaries reduced if his amendment were adopted?

Mr. SISSON. I do not know how many teachers' salaries would be reduced, but no teacher in the classes except those that are above $1,190. Those that are above $1,190 would cease, of course, to receive longevity pay. All those at $1,190 or under it would receive the longevity pay under the law.

Mr. ROBERTS of Massachusetts. What I want the gentleman to answer is this: Is it not a fact, if the gentleman's amendment were adopted, that those in the $1,190 grade would go back to the basic pay?

Mr. SISSON. No; they would go back to $1,190. It would not affect their status at all.

Mr. ROBERTS of Massachusetts. They would then lose compensation over what they are now getting?

Mr. SISSON. Suppose they were of a class that goes on increasing. Suppose they received $1,500. If that amendment is adopted, they not having reached the class of $1,500, they would, of course, drop back to $1,190.

Mr. ROBERTS of Massachusetts. Mr. Chairman, as I understood the gentleman to say in reading the longevity increases of the different classes, class 6 gets an increase of $40 a year for 10 years?

Mr. SISSON. Yes.

Mr. ROBERTS of Massachusetts. So that at the end of 10 years, assuming the basic pay to be $1,000, as set forth in the bill now under consideration, these teachers would get $1,400 after 10 years of service.

I want to ask the gentleman this: If his amendment is adopted, will it not automatically drop those teachers who are getting, say, $1,360 a year by reason of longevity pay back to $1,190?

Mr. SISSON. No, sir.

Mr. ROBERTS of Massachusetts. How could it be otherwise?

Mr. SISSON. This amendment would not make any change in any salary below $1,190.

Mr. ROBERTS of Massachusetts. Does the gentleman mean it would not change any basic salary or any actual salary received by reason of longevity pay? There is the crux of the whole thing.

Mr. SISSON. The pay would run up until they got $1,190, and if they had gone beyond $1,190 it would not cease, because under this amendment they would receive longevity pay up to $1,190. There is no question about that.

Mr. ROBERTS of Massachusetts. I am taking the case of a $1,000 teacher who starts at the basic pay of $1,000. In a little over two years' time that teacher under present conditions would be getting $1,120. But it would take practically six years for that teacher to exceed the $1,190 minimum that the gentleman proposes to establish.

Mr. SISSON. No; because in that class of $1,000 as basic pay—in class 6 they start at a thousand dollars—they would receive $40 extra a year for 10 years, so that in 5 years their salary would be $1,100.

Mr. ROBERTS of Massachusetts. It ought to be $1,200 in five years.

Mr. SISSON. Yes.

Mr. ROBERTS of Massachusetts. What I want to emphasize is this: That teacher has received this longevity pay for five years and is now getting $1,200?

Mr. SISSON. Yes.

Mr. ROBERTS of Massachusetts. Is not the whole purpose and purport of the gentleman's amendment to drop that teacher back to $1,190?

Mr. SISSON. Yes.

Mr. ROBERTS of Massachusetts. Now, if you are going to cut off this longevity pay entirely, do you not really drop that teacher back to $1,000?

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. SISSON. Oh, not at all. That does not affect the salary of a single teacher.

Mr. Chairman, I will ask for two minutes more in order to put in the six classes.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to proceed for two minutes more. Is there objection?

There was no objection.

Mr. WILLIS. Will the gentleman allow me to ask him a question?

Mr. SISSON. Certainly.

Mr. WILLIS. Did I understand that by the gentleman's amendment he proposes to limit longevity pay to those who receive less than $1,190 per year?

Mr. SISSON. That is the purpose of the committee.

Mr. WILLIS. Can the gentleman define this in terms of grade—that is, in what grades the teachers receive less than $1,190 per year? I do not know anything about the classes.

Mr. SISSON. Yes; it is fixed by law, and I will say to the gentleman that it is not fixed by grades that the teacher occupies in the schools. It is fixed by the length of service.

Mr. WILLIS. By length of service alone?

Mr. SISSON. For instance, supposing a teacher under this longevity pay received $2,000. Suppose that teacher went out of the service; suppose that teacher died. They would put in a teacher receiving $500 or $600 in the other teacher's place.

Mr. WILLIS. The grade has nothing to do with it?

Mr. SISSON. No; except the grade under the longevity-pay law. Under class 1 the basis of calculation is $500. In class 2 it is $600. In class 3 it is $650, and in class 4 it is $800. In class 5 it is $950, and in class 6 it is $1,000. In the first 10 years the teacher receives $1,800.

Mr. Chairman, I will ask that there be printed in the RECORD this entire schedule which I have marked, taken from the hearings, on page 228:

Class 1.	Class 2.	Class 3.	Class 4.	Class 5.	Class 6.	
$500	$600	$650	$800	$950	$1,000	
525	625	675	830	990	1,000	
550	650	700	860	1,030	1,100	
575	675	725	890	1,070	1,200	
600	700	750	920	1,110	1,300	Group A.
.....	.....	775	950	1,150	1,400	
.....	.....	800	980	1,190	1,500	
.....	.....	825	1,010	1,230	1,600	
.....	.....	850	1,040	1,270	1,700	
.....	.....	875	1,070	1,310	1,800	
.....	.....	900	1,100	1,350	.....	
.....	.....	.....	.....	.....	1,900	
.....	.....	.....	.....	.....	2,000	Group B.
.....	.....	.....	.....	.....	2,100	
.....	.....	.....	.....	.....	2,200	

Now, your committee finds that the great number of teachers in the District would fall in classes 1, 2, 3, 4, and 5, and, except those who have been in class 5 seven years, none of them would be affected by it. Therefore it does not affect those teachers who are receiving smaller salaries. It only affects those who are receiving these high salaries. Feeling this way about it, that if we did not put some limitation somewhere, there is no telling just exactly what the teachers' pay roll in the District of Columbia will be, and we have placed this limitation upon it.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. SISSON. The thing is going on now with geometrical progression. They are transferred from the lower classes to the higher classes, and the amount of longevity pay is rapidly increasing and is becoming a great burden; and I doubt whether Congress at the time it adopted the longevity-pay law realized exactly how it would add to the expenses of the schools during each fiscal year, and that is the reason your committee have offered this amendment.

Mr. MURRAY of Massachusetts. Mr. Chairman, I am not familiar with the peculiarities that may have crept into this longevity-pay system that has been established in the District of Columbia; but I am impelled to speak upon this subject because of some reflection that I have recently given on the subject of the relation of the public school and its teachers in our country to the business of the Government of this country.

I am very clear in my own mind, at least, that no action should be taken by this body nor by any governmental body the effect of which is to discourage the activity and zeal of public-school teachers in their daily work. [Applause.] We live in the days when the entire tendency of the times is to put the burden of the responsibility of government squarely on the people who are governed. We live in a time when direct nominations of President and Vice President are advocated. We live in a time when direct nominations and election of Senators of the United States have come to be the rule. We live in a time when the initiative and referendum are preached on every stump in every State in the Union, and I have wondered how these things will work out in the practical solution of the problem unless we have annually recruited to our electorate wise young men and wise young women who have been trained in the public schools of the country under leadership that is good and valuable and practical. [Applause.]

The proposition of the gentleman from Mississippi [Mr. SISSON] on behalf of his committee is to cut down the salaries of some of the teachers in the District of Columbia. He shakes his head, but the concrete illustrations that were put to him in the course of the interruptions led him to say in one breath that only a few teachers would be cut down, but in the next breath he said that the teachers who are now in grades below $1,190 will have no hope of arriving by longevity of service at these higher salaries of $1,800 a year.

Mr. SISSON. Will the gentleman permit an interruption?

Mr. MURRAY of Massachusetts. Certainly.

Mr. SISSON. If the gentleman will permit me to correct him, it simply means that no teacher who is paid more than $1,190 a year will receive longevity pay. If they are transferred to these positions which pay $1,500 or $1,800 a year, they will not get any longevity pay. It does not mean that anyone's salary is reduced, but it simply means that the salary will not automatically increase beyond $1,190 by operation of the longevity law.

Mr. MURRAY of Massachusetts. Is it not the purpose of the gentleman's amendment to save an amount estimated at $75,000 a year out of the salaries of school-teachers?

Mr. SISSON. No; it will not do that.

Mr. MURRAY of Massachusetts. What will it do?

Mr. SISSON. It is difficult to figure just what amount it will save, just as it is difficult to figure what the deficiency will be when we make the appropriation.

Mr. MURRAY of Massachusetts. How much do you estimate it will save?

Mr. SISSON. That is a very difficult matter to estimate.

Mr. MURRAY of Massachusetts. Of course it is difficult, and therefore I can not guess it. What is the gentleman's guess?

Mr. SISSON. It is difficult to state, for the simple reason that I can not tell you how many teachers will arrive by longevity at the point where this amendment will operate upon their salaries.

Mr. MURRAY of Massachusetts. Will it save anything?

Mr. SISSON. Unquestionably it will.

Mr. MURRAY of Massachusetts. About how much?

Mr. SISSON. I can not tell you how much.

Mr. MURRAY of Massachusetts. Then, Mr. Chairman, declining to yield further, I will say that I do not want——

Mr. SISSON. I do not want the gentleman to get a false impression that it reduces salaries.

Mr. MURRAY of Massachusetts. How are you going to save in any other way?

Mr. SISSON. It prevents teachers being advanced automatically beyond $1,190, irrespective of their merits, irrespective of whether they are rendering good service, irrespective of whether they are good teachers or not, simply for longevity service, if they are not discharged.

Mr. MURRAY of Massachusetts. Let us see what it will do. There is now a positive statute providing for longevity pay for the teachers in the District of Columbia, and declaring that they shall have automatic promotion year after year in some variable amount based on amount of salary and length of service.

That is fundamental, and it is true. Who are the District of Columbia teachers, Mr. Chairman, that they were powerful and able enough to get written into the statute law of the United States such a provision? Are they men and women bound together with the great vote of the populace behind them? Oh, no. Are they men and women possessed of tremendous influence with the gentleman from Mississippi and men like him that they could have a special privilege written into the laws? What is the history of this legislation? Who are the people for whose benefit it was written? They are people who have demonstrated by the character of the service that they have given, not by any tremendous influence they could bring to the support of this proposition, or any proposition, that they were entitled to have a longevity-pay system written into the law.

If it was a product of a long campaign carried on in every congressional district in the country, if it was the result of a systematic effort in the gentleman's district and the district that I represent, I might look at this proposition in a way very different from the kind of consideration that I give to it. But this longevity-pay legislation must by the very nature of the persons in whose interests it has been operating be solely because a good case was made out before Congress in favor of it.

Now, the gentleman says it will save some money, but he does not know how much. If there is going to be a saving it must come out of the salaries of the men and women who are teaching. It is not enough to say that the teachers are paid more than the teachers are paid in Boston or Winona, Miss. It may be that the salaries paid in Boston are much too low.

I believe that the amendment of the gentleman from Mississippi is unwise, because it will be a positive discouragement to those whom we should encourage.

We can not have good public schools without good public-school teachers; and we can neither attract nor retain good

public-school teachers by legislating along in lines of my colleague's amendment, to reduce teachers' salaries. [Applause.]

Mr. ROBERTS of Massachusetts. Mr. Chairman, as I gather from this bill by a hasty perusal there will be something like 200 or 300 teachers affected by the proposed amendment of the gentleman from Mississippi. How much they will suffer in reduction I am not able to state, and the gentleman does not seem to be able to tell us.

But I want to say in connection with this effort to reduce the salaries of the teachers in the District that I have some knowledge and familiarity with the school system, and I have given it some thought and investigation. I find from personal inspection and knowledge that we have teachers in certain grades in this District who are splendid teachers for that grade. They should be continued in that grade as long as they have the ability to serve as teachers. In other words, some men and women are temperamentally better fitted to teach kindergarten classes than advanced grades in school. They get along better with the little children and are able to bring out what is in them better than in children of advanced years.

Now, under this system of longevity pay the whole effort of the teachers of this District is directed to getting an advance in the class, getting into the higher grades. Why? Because they get more compensation. It is not a question of whether the teacher is fitted for the first or the sixth grade work, it is a question of getting in an advanced grade and getting higher pay, and so their efforts are all bent to being promoted, instead of having the salaries so arranged that they will be getting an increased salary by length of service in the line of work which they are best fitted to perform.

The gentleman from Mississippi advances as one of his arguments that it only affects the higher-paid teachers; that it does not affect those that get less than $1,190 a year.

I want to ask the gentleman if he does not think that a man or a woman drawing a higher salary, many married with families to support, are feeling the high cost of living as much as the teachers in the lower grades, as much as all of us? Why should not these teachers receive a fair compensation based on the length of their service? We want to keep our teachers. When we have a good teacher, we want that teacher to remain. The gentleman may recall that because of an inadequate salary paid in the District of Columbia we have lost our superintendent of schools. Mr. Davidson, considered the best man in his line in the whole United States. Is it any benefit to the school system of the District of Columbia to lose such a valuable man as that because we can not pay an adequate salary, and is it not a fair presumption that we have—and I know we have—many teachers in the District drawing over $1,190 who are most valuable teachers; is it not a fair presumption that if they lose the increase of salary by longevity that they will go elsewhere? I say to the gentlemen of the House that the school system of this District can not afford to lose the services of the splendid, excellent, effective teachers such as we now have.

Mr. SISSON. Will the gentleman yield?

Mr. ROBERTS of Massachusetts. I will.

Mr. SISSON. I want to say to the gentleman that the superintendent of schools and the principals are not affected at all. Their salaries are fixed by law at a specific sum. Your committee did not have that in mind at all.

Mr. ROBERTS of Massachusetts. I brought in the superintendent's salary to show that, as compared with some of the cities of this country, we are paying an inadequate salary to the superintendent; and if we are paying an inadequate salary to the superintendent, is it not fair to presume that the teachers, some of them at least, are underpaid?

Now, I have in mind a case of a teacher in the District whose health has broken from the tremendous strain under which she has been working by reason of her duties.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. SHARP rose.

Mr. PAGE of North Carolina. Mr. Chairman, before the gentleman from Ohio [Mr. SHARP] proceeds, I ask unanimous consent that debate on the pending paragraph and the amendment be closed at half past 4.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that debate on the pending amendment be closed at 4.30 o'clock. Is there objection?

Mr. MANN. Mr. Chairman, reserving the right to object, the gentleman from Ohio [Mr. SHARP] desires five minutes, the gentleman from Washington [Mr. BRYAN] desires five minutes, and I want five minutes. Of course we are all friends of the teachers.

Mr. PAGE of North Carolina. Mr. Chairman, I ask unanimous consent that debate may close in 30 minutes.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that debate on the pending paragraph and amendment thereto close in 30 minutes. Is there objection?

Mr. MANN. With the understanding that out of that the gentleman from Ohio [Mr. SHARP] gets five minutes, the gentleman from Washington [Mr. BRYAN] five minutes, the gentleman from Ohio five minutes.

Mr. PAGE of North Carolina. That disposes of how many minutes on the gentleman's side?

Mr. MANN. Twenty minutes, including myself and the gentleman from Ohio [Mr. SHARP].

Mr. PAGE of North Carolina. And 10 minutes remaining here.

Mr. MANN. Yes.

Mr. PAGE of North Carolina. Is there objection?

There was no objection.

Mr. SHARP. Mr. Chairman, the gentleman from Massachusetts [Mr. MURRAY] a few moments ago stated that the situation was such that evidently whatever raise in salary had been granted to the school-teachers of the District in the past must have come from genuine merit, without any pull on their part. It was not my intention to say anything upon this amendment or on this bill as it applies to teachers, but to merely ask him a question. Unfortunately his time elapsed before I could do that, so that I did not get the opportunity to put this thought before the House. He touched upon a point that has been very suggestive in my study of the subject of salaries paid to school-teachers, and it is this: We have in this country a well-organized labor force, a great labor organization, whose claims I have from time to time supported by my vote and voice, because I have recognized the inherent principle of justice and right in that organization to combine, within reasonable limits, to get better recognition and better pay. The result has been—and I think they are willing to agree to that fact—that they have been enabled thereby to considerably increase the rate of wages paid to their membership since the organization was effected. I have no complaint to make of that, because, as I have said, I think it is just, and certainly, with the increased cost of living, absolutely necessary. But when you come to consider our teachers—those poorly paid semipublic servants—and see how utterly impossible and ineffectual it is for that great body of useful citizens, men and women, to organize for such a purpose, then you commence to realize the helplessness of their position. This condition, in answer to the question of the gentleman from Massachusetts, is largely responsible for the poorly paid teachers whom we have to-day.

In scanning the provisions of this bill I find that whereas it provides for the payment of something like 1,750 teachers in the District, more than two out of three get not to exceed $800 a year, and many of them are paid less than $700 a year. This seems to me to be a very good illustration of the unfair and ungenerous treatment of this most important class of workers, to whom we intrust for their care and training our most valued of earthly possessions—our own children. It means that whereas we paid an average-grade teacher 8 or 10 years ago what we thought to be a fair sum in consideration of his or her services, placing it at, we will say, $800, we are to-day, if not literally and actually, at least figuratively, and to all intents and purposes, paying those teachers at the present time not 800 American dollars of their former value, but 800 Mexican dollars—60-cent dollars, if you please—in so far as their purchasing power is concerned. We too often confound the worth of a big, round silver piece with its denominational value as stamped on its face by the Government or our paper bill with a similar value. These are only mediums of exchange; they have little or no intrinsic value. If we should suddenly be cast upon some desert or uninhabited island we could not eat that silver or that paper money; they would, indeed, be of very little service to us. It is the amount of food, clothing, and rent that the dollar, whether silver or paper, stands for that possesses a real significance. If of these necessaries of life our dollar of to-day will buy but two-thirds as much as it formerly did, is not that fact worthy of thought when these salaries are to be considered? That is an additional reason why we ought at this time, instead of planning deliberately a proposition that looks to saving money by reducing the appropriations for teachers' pay provided for in this bill, to rather increase them. I say boldly that if I could have it in my power I would increase horizontally the salaries not only of every well-tried and faithful teacher in this District, but of all such teachers throughout the broad lands of the United States, by a very considerable amount. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WILLIS. Mr. Chairman, I do not know that I shall occupy all the time to which I am entitled. I simply want to say it seems to me, after having heard the rather technical explanation given by the gentleman from Mississippi [Mr. SISSON], that clearing that explanation of all its verbiage it simply amounts to this: That this is a proposition covered up to a greater or less extent, made to operate in a way which we can not very well understand, but which nevertheless, in effect, is simply this, that we are proposing to undertake to save a few dollars here, as the gentleman from Mississippi says, not by reducing the salaries of the teachers—oh, no; perish the thought—not by reducing salaries, he says, but he has worked out a method whereby it will not be possible to increase salaries. Now, the effect of that is just the same as it would be if we in cold blood adopted a proposition to reduce the salaries of teachers in the District of Columbia. Now, Mr. Chairman, I do not think that the finances of the Government at this time—we can not tell how they will be later on when the new Democratic tariff law gets further into operation—but I do not think at this time that the finances of this Government are in such desperate straits that it is necessary to undertake to economize by cutting off the income of the poorest paid public servants that we have now upon the pay roll. [Applause.] Now, the gentleman from Mississippi says this does not affect the teachers who receive low salaries; that this applies only to those who are richly paid. He says it applies only to those who get the princely sum of $1,190 a year. Why, think of what a magnificent salary that is for a man to get to live in the great city of Washington with its high prices, who proposes to own his home and raise his family—$1,190 a year! Why, gentlemen, they are veritable Croesuses who get any such income as that.

Mr. SISSON. Will the gentleman yield?

Mr. WILLIS. I yield to the gentleman for a question.

Mr. SISSON. I want to read to the gentleman——

Mr. WILLIS. I hope the gentleman will not take up my time to read.

Mr. SISSON. I only desire to call his attention to one thing. When asked about how this law operated, and its incongruities, Commissioner Siddons said that in many instances a teacher would get under longevity pay more pay than the principal of the high school.

Mr. WILLIS. Well, Mr. Chairman, I do not object to that. That does not prove at all the salary of the teacher who does the actual work ought to be cut down. If the gentleman is not satisfied with the law governing the system of longevity pay, then he ought to use his great influence to have a general overhauling of that system, and not come in here during the consideration of an appropriation bill with a proposition which in effect cuts down the salary of the teachers.

Mr. SISSON. It might be a better method to vertically raise teachers who are receiving $500, $600, $700, and $800 rather than have the longevity pay to go to those teachers who are getting $2,200, $2,300, $2,400, and $2,500.

Mr. WILLIS. Possibly; but will the gentleman bring in a bill to accomplish that purpose?

Mr. SISSON. If I were on the legislative committee I most assuredly would, but we have to write the amendment this way to come within the Holman rule and to come on this bill.

Mr. WILLIS. The gentleman evidently used all of his power on this committee to do exactly the reverse of the thing which he says he would do if on another committee. Here is the fact, shorn of all the gentleman's eloquent explanation. The fact is that the result of this amendment will be to reduce very materially the pay going to these school-teachers.

Mr. SISSON. Only to the teacher who receives more than $1,190.

Mr. WILLIS. I have the gentleman's explanation, and his explanation of it does not explain.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BRYAN. Mr. Chairman, it has just been stated that the teachers are underpaid. The proposition of the gentleman from Mississippi [Mr. SISSON], representing the committee that has charge of this bill, is to save money for the Government. This billion-dollar Government is to be made to spend a little less than a billion dollars by taking a few hundred dollars out of the pockets of the underpaid but overworked teachers of the city of Washington. I believe that the responsibility that the teachers of the country bear certainly is as heavy, the work they do is as important, and the returns that they are expected to render are as great as any department of public work or private enterprise in this city or any other city. I do not believe this Congress ought for one moment to put this limitation on the teachers' salaries. The sum of $100 a month is considered to be such a munificent sum that the person who receives it ought not to participate in this longevity-pay arrangement by which his salary may be raised.

The intention is to save this money by taking it out of the salaries of the teachers. Its purpose is to reduce the salaries, notwithstanding the ingenious argument of the gentleman from Mississippi [Mr. SISSON]. It can have no other purpose, because you can not save money from salaries of teachers without reducing the pay of those teachers. It makes the amount they receive each month just so much less.

The public-school system of our country is a system that not only involves the expenditure of money, the keeping up of school buildings, but it involves the education, refinement, and, to a great extent, the health of all the children of the country. We come here to Washington and bring our children, and we enter them into the schools. I have three children in school here, and I find they are being well cared for, and I do not think it is right for Congress to figure on reducing the pay of the teachers. We need the very best talent for teachers.

I remember that I taught school for one year down in the State of Louisiana and received $45 a month for it. While that may have been more than I was entitled to, Mr. Chairman, for the services rendered, I submit it was not a sufficient amount to live upon. When the suggestion is made here that men and women of this country receive an average salary of about $50 a month, and that amount ought to be taken as a fair pay, I submit that there is too little appreciation placed upon the school system.

In Washington the schools ought to be considered the most important part of the public work. There ought to be no thought of a false economy along that line. Now, take, for instance, the salaries of our secretaries. There is not a man here who has any kind of reason within him that does not know that $125 a month for one of our secretaries is not sufficient to enable him to properly support himself and family here in Washington, if he has a family, and that it is very hard for them to live on any such sum as that. But these teachers have to support their families; they have to figure on laying up something for a rainy day and they have to look ahead. Their efficiency as teachers as well as their plans for the future are largely dependent on the amount of salary they receive.

Mr. SHARP. Will the gentleman yield for a question?

Mr. BRYAN. Yes; I will yield.

Mr. SHARP. Is not the gentleman aware of the fact that even with $1,500 per year paid to your secretary, it represents twice the amount paid to at least 900 teachers under this bill?

Mr. BRYAN. Yes; that represents nearly twice the amount paid to the average teacher. It may be suggested that this amendment of the gentleman from Mississippi will not affect those who receive that low pay; but it will in the end affect them, because when talented persons enter into service as teachers they have a right to look ahead to emoluments in that office in the years to come, and they have a right to think, if they enter at low pay, that in years to come they will be entitled to advances, and longevity pay is one of the means of advancing their position.

The CHAIRMAN. The time of the gentleman from Washington [Mr. BRYAN] has expired.

Mr. BRYAN. Mr. Chairman, I ask unanimous consent to extend my remarks, in order to cover some of the figures I mentioned a while ago.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MANN. Mr. Chairman, as I understand, the gentleman's amendment only cuts off longevity pay where what is called the basic salary, not including longevity, itself amounts to over $1,190. I find that in this bill there are 1,769 teachers appropriated for, of which 49 only receive a base pay of more than $1,190. Those are all supervisory teachers. The intermediate, the lower grades, and the grammar-school teachers are not affected by the amendment at all. There are 14 normal, high, and manual-training teachers who would be affected by the proposition. There are 12 heads of departments in the high and manual-training schools who would be affected. There are 6 assistant directors of music, drawing, physical culture, and so forth, who would be affected. There is 1 assistant director of primary instruction and 6 assistant directors of music, drawing, physical culture, and so forth, who would be affected.

Now, I ask the gentleman, for information, if those are not the only ones that would be affected?

Mr. SISSON. I will state to the gentleman that if I caught his enumeration I think he has covered practically all who would be affected by this amendment.

Mr. MANN. I did not quite enumerate all of them, but there are 49 in the higher grades.

Mr. ROBERTS of Massachusetts. Will the gentleman pardon me a moment?

Mr. MANN. Yes, sir.

Mr. ROBERTS of Massachusetts. On page 34 there are mentioned 283 in group A of class 6, with a minimum salary of $1,000 each. Under the law, if these teachers remain in the school 10 years, their salary can get up to $1,400. So every one of these teachers may be affected by this amendment——

Mr. MANN. I did not yield for a speech.

Mr. ROBERTS of Massachusetts. I am pointing out instances to the gentleman where they would be affected.

Mr. MANN. The gentleman is making a speech. These teachers are appropriated for on a basic salary of $1,000 a year.

Mr. ROBERTS of Massachusetts. But the law gives them a longevity pay for 10 years.

Mr. MANN. The gentleman does not understand what the amendment is. That is the difficulty.

Mr. ROBERTS of Massachusetts. I think I understand the amendment.

Mr. MANN. Very well. Let me go on. The gentleman had his own time. The amendment affects only the pay where the base salary is over $1,190.

Mr. ROBERTS of Massachusetts. It was not so stated in the amendment.

Mr. MANN. The gentleman has not read the amendment. That is the difficulty with so many Members on the floor of this House who discuss things without knowing anything about them. I have read the amendment. The gentleman from Massachusetts ought to do it, and then he would know that that is the proposition. I do not favor it, although it does not affect the ordinary teachers, but affects only 49 out of 1,769. It affects only the high-school teachers and the principals.

I do not see any reason why we could not pay the high-school teachers and the principals reasonable salaries. I do not believe in longevity as a proposition of itself, but I should hesitate about cutting off these salaries.

Mr. SISSON. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Illinois yield?

Mr. MANN. I have not the time. I should hesitate to cut off these salaries now, when there is no proper fixing of salaries. In addition to that, I suppose if it applied only to this appropriation they would have a claim. But here are principals who are now receiving $2,000. In the case of the director of primary instruction, with $1,800 base salary, with longevity pay, that would amount probably to several hundred dollars a year. I doubt the propriety of Congress attempting to cut those salaries down without giving the board of education the power to pay commensurate salaries to those teachers.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. PAGE of North Carolina. Mr. Chairman, it seems to me that a great deal of what has been said in this debate is based upon a misapprehension as to what the amendment offered by the gentleman from Mississippi [Mr. SISSON], for the committee, really is. It is certain that the gentleman from Massachusetts [Mr. ROBERTS] made his speech and based his whole argument upon a false assumption of what the amendment is. The gentleman from Illinois [Mr. MANN] has properly stated what the amendment is and who would be affected by the adoption of it.

The amendment provides that—

No teacher or other person employed in the public schools of the District of Columbia receiving a base pay of $1,190 or more per annum under the act approved May 26, 1908, shall receive or be entitled to any longevity pay under said act.

It would affect only the salaries, so far as the longevity pay is concerned, of teachers employed at a basic pay greater than $1,190 per annum.

Mr. MURRAY of Massachusetts. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. PAGE of North Carolina. I yield.

Mr. MURRAY of Massachusetts. Has not every teacher, even those teachers who are not in that grade, constantly before him or her the hope of getting into that grade?

Mr. PAGE of North Carolina. Certainly; and they are not affected when they get into it. There is no basic pay, except as to about 20 or 30, that are above $1,190 now.

Mr. MURRAY of Massachusetts. That is true; but has not every teacher, even the newest teacher in the District, the hope of getting into that class which, though small in number, is to be actually affected by this legislation? Will not every teacher be affected by being excluded from the possibility of getting into that class?

Mr. PAGE of North Carolina. Oh, I do not know that I can answer the gentleman exactly, because I do not know the aspirations of the teachers in the classes.

Mr. MURRAY of Massachusetts. It is reasonable to suppose that the aspiration of all of them is to get the most pay.

Mr. PAGE of North Carolina. In reply to the gentleman from Massachusetts [Mr. MURRAY], and diverting a little from what I was going to say, I will state that the gentleman from Massachusetts awhile ago made the remark that this law was enacted and placed on the statute books without any great influence or influential body being brought to bear upon Members of Congress in its behalf; that here were a few hundred school-teachers in the District of Columbia without influence, and still this law has been placed upon the statute books. I want to ask the gentleman from Massachusetts if he seriously supposes that about 1,800 school-teachers in the city of Washington, a large proportion of them ladies, have no influence upon the membership of this body?

Mr. MURRAY of Massachusetts. They surely have no voting influence, and I restricted it to voting influence. Not one of them has a vote.

Mr. PAGE of North Carolina. No; but sometimes there is influence that is very much greater than voting influence. [Applause.]

Mr. MURRAY of Massachusetts. There was only one time in my life when I met that influence.

Mr. PAGE of North Carolina. Certainly every man has met it at least once, if he has gone very far along the journey of life.

Mr. Chairman, it appears in the hearings and in the estimates for this longevity pay, and all the estimates submitted for the conduct of the public schools in the city of Washington, that those estimates as made up by the school board came to the Committee on Appropriations without the crossing of a "t" or the dotting of an "i" by the Commissioners of the District of Columbia.

In other words, the Commissioners of the District of Columbia did not exercise in the slightest degree their supervisory powers over these estimates. There was enough influence to reach even these gentlemen, and there is enough influence to reach gentlemen in Congress.

I am not here to advocate any injury to the schools of the city of Washington, and I can say truthfully that the largest increase in appropriations made in the bill presented at this time is for the conduct of the public schools in the city of Washington. Your committee are not antagonistic to the school system. They are not antagonistic to the teachers who are employed in these schools; but they believe that the appropriation made here for longevity pay should be used for the teachers in the lower grades, who are receiving less than $1,200 a year.

Mr. SHARP. Will the gentleman yield for information?

Mr. PAGE of North Carolina. Certainly.

Mr. SHARP. The gentleman refers to the largest increase in the bill as being for public schools. Is that increase for buildings or for pay?

Mr. PAGE of North Carolina. It is for both; for no increase in the pay of any one teacher, but for the increase under the longevity law and in the aggregate. For instance, the increase in this appropriation for longevity pay is very considerable, and there is an increase in the appropriation for the construction of new buildings and for the extension of school grounds; and it is the largest increase of any one item in the bill.

Mr. WILLIS. I understand that the gentleman believes in the principle of longevity pay. Now, what is the reason for drawing the line at the point indicated by this amendment? I have heard no reason given by anyone.

Mr. PAGE of North Carolina. If the gentleman wants my personal opinion about longevity pay, I stated it here a few days ago on the floor of the House. So far as I am personally concerned I do not believe in the principle of longevity pay.

Mr. WILLIS. The committee does.

Mr. PAGE of North Carolina. The committee has followed the law in regard to longevity pay. I do not know the individual opinions of the members of the committee on the subject.

Mr. WILLIS. That is really not material to the question I want to ask the gentleman, which is, Why did the committee draw the line at this particular point? If it is a good principle, why apply it at one place and not at another?

Mr. PAGE of North Carolina. The law did that; we did not do it.

Mr. WILLIS. No; but there is a limit of $1,190.

Mr. PAGE of North Carolina. They drew it at that amount because most of the teachers are below that sum and are not affected in the slightest degree. The committee believe that for these higher places the salaries ought to be fixed by law, at what they are now or more, as the case may be.

Mr. Chairman, I do not care to prolong this discussion. I presume every member of this committee has his mind thor-

oughly made up now as to how he is going to vote. Nothing that I could say would change it; and unless some other gentleman on this side of the House desires the remaining time, I ask for a vote.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Mississippi.

The affirmative vote was taken.

Mr. BRYAN. Mr. Chairman, a point of order. The point of order was reserved on this amendment. It seems to me this is exactly what is intended to be prohibited by the rule. It certainly is substantive legislation that is offered here to annul the existing law. Now, if in making this appropriation we can repeal the existing law as to longevity pay by inserting a provision that puts that law out of business, then we are certainly able to open up a wide range of legislation, and I submit that the amendment is out of order.

Mr. PAGE of North Carolina. In reply to the gentleman from Washington, I desire to say that the amendment is clearly in order under what is known as the Holman rule. It will unquestionably reduce expenses and reduce the amount of the bill.

Mr. ROBERTS of Massachusetts. You can not tell how much.

Mr. MANN. The Chairman of the Committee of the Whole House on the state of the Union [Mr. HULL] made a ruling the other day which, it seems to me, is conclusive upon this proposition. In ruling upon the amendment offered by the gentleman from Missouri [Mr. BORLAND] the other day, the Chair ruled that, while the committee, or a member of the committee by authorization of the committee, might offer an amendment to reduce expenditures or retrench expenses, a Member from the floor could not offer such an amendment unless it went further than that.

The Chair sustained the point of order, which I made, on the Borland amendment, on the ground that it was offered by an individual Member on the floor, as this is, without authority of the committee which has jurisdiction of the subject matter. Laying aside the question of the right of the District Committee to offer the amendment, the amendment must provide that it shall retrench expenditures by number and salary of the officers of the United States. These teachers are not officers of the United States. "By reduction of compensation of any person paid out of the Treasury of the United States." I do not think that they come within that view. Or "by reduction of the amount of money covered by the bill." Of course, it does not purport to reduce the amount of money covered by the bill.

Mr. SISSON. Mr. Chairman, if the Chair will examine the Holman rule, he will find that one provision is that it "reduces the salary of any person paid out of the Treasury of the United States." One-half of these salaries being paid out of the Treasury of the United States, therefore this is in order, not under the proviso but under the other portion of the Holman rule, under the rule itself. This is clearly within that rule. The estimates last year under the longevity pay were three hundred and some-odd thousand dollars. They were given $375,000, and there was a deficit of $37,000. This year's estimate of longevity pay is that it will take $462,035.

So your committee know that it does reduce the amount of money paid to persons drawing a salary out of the Treasury of the United States, and for that they were warranted in reporting this amendment, because these teachers receive one-half of their pay out of the Treasury of the United States, and the effect of the amendment would be that it would reduce the amount of money paid out of the Treasury to these teachers received under longevity pay where the amount they now receive is over $1,190. The effect is a direct and immediate reduction of the amount of money paid out of the Treasury.

Mr. STAFFORD. Mr. Chairman, in a lengthy decision delivered by the present occupant of the chair on the Borland amendment he pointed out that the amendment did not come within the three provisions of the first part of the Holman rule. I wish to take issue with the distinguished gentleman from Illinois [Mr. MANN] that the second provision of the first part which says "if it relates to the reduction of the compensation of any person paid out of the Treasury of the United States," does not bring these school-teachers within that provision. Certainly a part of the compensation of these school-teachers is paid out of the Treasury of the United States, half from the District and half from the Treasury; and, further, this amendment would come within the third class of the first provision by a reduction of the amount of money covered by the bill. The effect of this amendment will be to reduce the expenditures of the District as covered by the bill. I do not think there can be any question under the precedents of the House that this is clearly within the provision of the Holman rule.

Mr. BRYAN. Mr. Chairman, if this amendment provided some requirement as to the ages of the teachers, it might be said that it reduced expenditures, but nevertheless it would be substantive legislation and would be outside of the purview of this bill. It would be repealing a statute already fixing these matters.

The CHAIRMAN. The Chair is ready to rule. The point of order is made against the amendment on the ground that it does not meet the requirements of clause 2, Rule XXI. A number of authorities are cited, both pro and con. Among others was a decision rendered during the early consideration of this bill relative to an amendment proposing to enact a system of taxation in this District against certain kinds of local benefits. That point of order was disposed of upon the theory that the amendment would establish by a comprehensive provision of law a system of assessments to be levied upon the owners of property abutting on streets that were improved by either of a number of different methods which the amendment prescribed.

In view of the permanent character and comprehensive provisions of that amendment the Chair did hold that it in its very nature constituted a separate, substantive, permanent law. The pending amendment, the Chair thinks, is germane to the subject matter of the bill, or rather to the paragraph to which it is offered. He is also of the opinion that it complies with at least one of the requirements of clause 2, Rule XXI. Upon its face it proposes to eliminate from the longevity-pay law a certain class of those who otherwise would be beneficiaries of appropriations made by its authority, and thereby to reduce expenditures. The Chair thinks it does not come within the class of separate, substantive, permanent provisions of law, such as was involved in the amendment ruled on last Saturday, and fell under the proviso of clause 2, and therefore the point of order is overruled, and the question is on agreeing to the amendment.

Mr. BRYAN. Mr. Chairman, I move to amend the amendment by the following, which I send to the Clerk's desk and ask to have read.

The Clerk read as follows:

Amend the pending amendment by striking out "$1,190" and inserting "$1,500."

The CHAIRMAN. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. SISSON) there were—ayes 28, noes 72.

Mr. PAGE of North Carolina. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from North Carolina demands tellers. As many as are in favor of ordering tellers will rise and stand until counted. [After counting.] Eighteen Members have risen, not a sufficient number, and tellers are refused. The Clerk will read.

The Clerk read as follows:

Central High School and annex: Janitor, $900; laborers—1, $420; 3 at $360 each; in all, $2,400.

Mr. DYER. Mr. Chairman, I move to strike out the last word. Do I understand that the pay provided for these people of $420 and $360 is for all of their time to be devoted to this work, or for only a portion of it?

Mr. PAGE of North Carolina. The hearings before the committee show that these people give only a few hours a day to this work.

Mr. DYER. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

Medical inspectors: Thirteen medical inspectors of public schools, one of whom shall be a woman, two shall be dentists, and four shall be of the colored race, at $500 each; in all, $6,500: *Provided*, That said inspectors shall be appointed by the commissioners only after competitive examination, and shall have had at least three years' experience in the practice of medicine or dentistry in the District of Columbia, and shall perform their duties under the direction of the health officer and according to rules formulated from time to time by him, which shall be subject to the approval of the board of education and the commissioners.

Mr. MANN. Mr. Chairman, I reserve the point of order on the paragraph. I ask the gentleman what is the object of the proviso in this bill, it already being in the current law?

Mr. PAGE of North Carolina. Because it refers to these particular inspectors, and it is the limitation upon them and on this particular paragraph.

Mr. MANN. I withdraw the point of order, although it is subject to a point of order. It is not a limitation.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

A detailed statement of the expenditure of the appropriation made for purposes expressed in the foregoing paragraph shall be submitted to Congress in the Book of Estimates for the fiscal year 1916, and annually thereafter.

Mr. MANN. Mr. Chairman, I reserve the point of order on the paragraph. What does the gentleman expect to get by the expression "detailed statements of the expenditures"?

Mr. PAGE of North Carolina. Mr. Chairman, heretofore in these appropriations for contingent and miscellaneous expenses and in the estimates, in addition to the appropriation made in a lump sum for the expense of repairs for the school buildings in the District of Columbia, there has come to be a large number of special items of special repairs in almost every bill. Your committee, in framing this bill, decided that it was a very much better practice to have the appropriations for these expenses made in one item, and they therefore disallowed the special items that were asked for, but increased this item by several thousand dollars above the estimate submitted to them by the commissioners. In reply to the gentleman's question I will say that I think the language of the proviso answers itself. A detailed statement would include the expenditure of money on each separate building that was repaired, the amount of money expended, and the nature of those repairs, in the aggregate, and explain how the entire appropriation of $115,000 was expended.

Mr. MANN. The gentleman is aware that in recent years we have put in a great many provisions of this kind calling for detailed statements of expenditures. For instance, we require a statement of traveling expenditures. One department will make a report that will give the dates of persons traveling, another department leaves out the dates, and one department will put in what they were traveling for, while another leaves that out entirely.

It is true that all of them in some way get at the items, though they do not take the trouble to give the details. In some of these detailed statements which we require in the Indian Service, what is called a detailed statement will contain nothing but the different Indian reservations, with practically no further information and that runs all through them until we have a mass of that stuff, or those of us who examine the reports, that in the main gives no information, and you have to look through them to find out that you can not find out anything about them.

Mr. PAGE of North Carolina. Let me ask the gentleman this: In spite of the justice in some degree of the criticism that he is making, and of the manner in which these statements are made, in compliance with provisions of this sort, does he not think that a distinct benefit comes from a provision of this kind, and from the statements made, even though they may be, from his point of view, imperfect statements?

Mr. MANN. I do think this, that where a department is required to make a detailed statement, the fear that some one will criticize what has been expended has a slight tendency at least to prevent undue and improper expenditures.

Mr. PAGE of North Carolina. I agree with the gentleman.

Mr. MANN. That may be the case here. I wish, however, that some one in the administration with authority, or by legislation, would provide a more uniform system of making these detailed statements.

Mr. PAGE of North Carolina. Well, I agree with the gentleman.

Mr. MANN. So they would cover somewhat the same ground and be comparable one with the other.

Mr. PAGE of North Carolina. I agree with the gentleman there is need for some system being evolved by which there may be uniform detailed statements.

Mr. MANN. What the gentleman wants is to get out of this practically a statement of schools——

Mr. PAGE of North Carolina. Yes, sir; of school buildings.

Mr. MANN. But the gentleman does not want a detailed statement of all the items?

Mr. PAGE of North Carolina. No; not necessarily. I do not imagine we will get that, because we do not enter upon too great detail; but we will get the exact expenditure on each school building.

Mr. MANN. I withdraw the point of order.

Mr. PAGE of North Carolina. Mr. Chairman, in order that it may appear in the RECORD, not so much for the Committee of the Whole as for the persons who have charge of the expenditures of this lump-sum appropriation for the repair of school buildings in the District of Columbia, I desire to make a statement which, in my judgment, shows that there is some necessity for having a report made to the Congress as to the expenditures made from this lump-sum appropriation and from all other lump-sum appropriations.

In the estimates submitted to the committee or to the Congress there was one for thirty-odd thousand dollars for a building and the approaches to a school building that had been authorized, appropriated for, and constructed under a former bill. The evidence came out in the hearings that this particular school building had been constructed under a provision of the appropriation—I believe on Georgia Avenue—on a terrace 40 feet above the street level, and that the original appropriation was intended to complete the building entirely, and the approaches as well as the building. As a matter of fact, a condition exists by which the appropriation was all expended, and the building is 40 feet above the street level, with no provision made for getting to it except to climb up this embankment.

A little inquiry developed the fact that the original plan prepared by the municipal architect provided for the construction of the building as well as the approaches and the entire completion within the appropriation. The style of architecture did not meet the approval of that recently created board of censors, the Fine Arts Commission, and they changed the style of that architecture from the doric to the colonial. The result was that this change of architecture—as appears from the testimony in the hearings before this committee given by the municipal architect and others—did not improve in the slightest degree the school building; in fact, the direct testimony is that the style of architect under the direction of the Fine Arts Commission is vastly less desirable for a school building than the one originally planned, giving less light. Now, because of the interference or judgment of this Fine Arts Commission they find themselves $32,000 short of completing the building for the proper use of the children of the District. We increased this sum for the purpose of allowing some sort of approach to be made to that building, in the hope that in the future the expenditure of money for the construction of public-school buildings, particularly when the amount asked for in the estimates is granted, that those in authority may get their contracts and construct the buildings so that they may be completed within the amount appropriated.

The Clerk read as follows:

For purchase and repair of tools, machinery, material, and books, and apparatus to be used in connection with instruction in manual training, and incidental expenses connected therewith, $25,000.

Mr. BRYAN. Mr. Chairman, I move to strike out the last word. Now, we have here an $85,000 appropriation for fuel, gas, electric light, and power, representing 4 per cent on over $2,000,000. Mr. Chairman, it seems to me that this committee, which no doubt has been carefully considering questions involving the District of Columbia, its development, and its industrial welfare, ought to have considered up to this time something more on this subject of improving and obtaining some development of power out of the Great Falls, of which we have talked. It seems to me that this committee ought to feel censured every time it looks at an electric light until they do something toward the development of water power here in the District of Columbia.

Mr. PAGE of North Carolina. Will the gentleman yield?

Mr. BRYAN. Certainly.

Mr. PAGE of North Carolina. Does the gentleman know this committee reporting this bill has no power to legislate? Which is the gentleman lecturing, the present committee or some other?

Mr. BRYAN. If this committee has no power to consider this proposition, and I understand they have a right to consider some of these constructive enterprises, as well as some of the appropriations for schools——

Mr. PAGE of North Carolina. I do not know where the gentleman got his understanding.

Mr. BRYAN. Then the proper committtee of this House ought to feel censured every time they look at the electric light, and this committee ought to become very active when it comes to an appropriation here for $85,000 for these things, in view of the fact that these falls out here are unimproved and the immense power that is there ready to be generated, and realizing the fact that Congress is absolutely ignoring and paying no attention to it. Here in the District of Columbia we are compelled to pay——

Mr. SISSON. How many times has the gentleman been before the proper committee of this House urging this important matter?

Mr. BRYAN. I may have been delaying it somewhat, but I am getting busy now.

Mr. SISSON. Does not the gentleman think that he ought to adopt the rule that was adopted in Jerusalem, which was said to be the cleanest city in the world because every man swept before his own door?

Mr. BRYAN. I am sweeping in front of my door now. Here we are paying every kind of price for electric current, and the complaint is made that there are no manufactories here, when we could just as easily afford effective power by a little development and a little expenditure of money, and I think the committee of this House which has that matter in charge ought to feel humiliated and ought to feel censured because such a matter as this is neglected.

Mr. MANN. Mr. Chairman, I would like to oppose the motion. I do not think this is the time for serious consideration of an appropriation bill, anyhow, because of the temper the House is in now.

The gentleman from Washington [Mr. BRYAN] calls attention to the possibilities of water power at Great Falls, but his complaint is not as well founded as he thinks it is. I do not know whether the gentleman has ever visited the Great Falls or not. I would advise him to go there himself and look at the place. It is not a very simple proposition, by any means. It is a grave question in my mind whether you can construct a water power there at all under any circumstances; but whether you can or not, with the development of water power or the electrical power through water power, as it has been growing in the last few years, several years ago Congress undertook to investigate the subject at Great Falls. I do not think we have been derelict on that subject.

The use of electric power and water power had come to that point in the country where it attracted the attention of the bill to the Great Falls. A commission was appointed of engineers instructed—I have forgotten which—at some considerable expense, to investigate and make a report. I dare say the gentleman from Washington has not yet read the report.

Mr. BRYAN. Yes; I have.

Mr. MANN. I am glad the gentleman from Washington has read it. If he has, he knows that report does not settle the matter—that it is not yet determined whether it will be possible to erect a dam at Great Falls or whether it is a practical proposition. Now, that report has not been before Congress. The committee of the House which ought to deal with it up to date has had no opportunity of passing upon the question; and the Committee on Appropriations, which ordinarily steals the jurisdiction of such matters, did not attempt to do it this year, and I suppose, for two reasons: First, they did not desire to enter into a controversy; second, they had not yet made up their minds as to whether it was a feasible proposition.

Mr. BRYAN. Will the gentleman yield?

Mr. MANN. Certainly.

Mr. BRYAN. Is it not a fact that a million dollars, or some such an amount asked for, has been cut off of the necessary appropriation in order to cut expenditures?

Mr. MANN. It is possible the million dollars ought to be appropriated. I do not know. The commissioners, I believe, made an estimate, or threatened to make one, for $1,000,000 to try this. And yet I do not believe that any business man who would have to expend his own money would endeavor to put it into this proposition until he had better reports than Congress has up to date. It may be there will be great power there, but since I have read the report of one of the doctors in the Public Health Service, an expert in his profession, that the water just below Great Falls, which is the clearest water in this part of the country, is so foul that a dirty boy dare not bathe in it, I am not so ready to accept expert opinions offhand without further knowledge. Undoubtedly, if it is possible we will develop water power at Great Falls, and then we will have light enough to go around—in this Hall perhaps. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

For utensils, material, and labor, for establishment and maintenance of school gardens, $1,200.

Mr. WILLIS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Ohio [Mr. WILLIS] moves to strike out the last word.

Mr. WILLIS. The gentleman from North Carolina [Mr. PAGE] will remember that when we had this item up for discussion last year and the year before we had something of a heated controversy about it. I am not disposed to renew that controversy, but I want to ask the gentleman whether there were any representations made to the committee in the hearings concerning this item? I have looked over the hearings carefully and can not find anything about it. Was any statement made by the superintendent concerning this item?

Mr. PAGE of North Carolina. The item just read?

Mr. WILLIS. Yes; the item just read. I can not find anything concerning it. It is at the top of page 43, for school gardens. I could not find anything in the hearings on the subject.

Mr. PAGE of North Carolina. I think there is nothing in the hearings touching that item.

Mr. WILLIS. This is the same as it was last year?

Mr. PAGE of North Carolina. Yes; this is the same as it was last year, and the same amount that was estimated for as being necessary to carry on the work already established. No change was asked of the committee, and we appropriated the same amount on the representation that that amount was sufficient.

Mr. MANN. Mr. Chairman, may I ask the gentleman from Ohio a question?

Mr. WILLIS. Yes.

Mr. MANN. If I recollect aright, last year my friend from Ohio said that unless this item was increased the work on the gardens would have to stop, and even the schools would have to be closed. [Laughter.] Was that the reason for the action of the House in not making the increase?

Mr. WILLIS. The memory of the gentleman is at fault with respect to that. I did not say that the work would cease or that the schools would be closed. I did say that the work could not be increased as much as I wanted it to be increased.

Mr. MANN. Well, I remember the gentleman moved me to tears last year by what he said about it. [Laughter.]

Mr. WILLIS. I feel very highly complimented by the suggestion that I was able to do such a thing as that. I withdraw the amendment, Mr. Chairman.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

It shall not be lawful for any person employed under or in connection with the public schools of the District of Columbia to solicit or receive, or permit to be solicited or received, on any public-school premises, any subscription or donation of money or other thing of value from pupils enrolled in such public schools for presentation of testmonials or for any other purposes.

Mr. WILLIS. Mr. Chairman, I reserve a point of order on this paragraph just read.

The CHAIRMAN. The gentleman from Ohio [Mr. WILLIS] reserves a point of order on the paragraph.

Mr. WILLIS. I am willing that the gentleman from North Carolina may make a statement.

Mr. PAGE of North Carolina. Does the gentleman reserve it?

Mr. WILLIS. I reserve the point of order.

Mr. PAGE of North Carolina. And the purpose of the gentleman's reservation is that the chairman may make an explanation?

Mr. WILLIS. Decidedly, unless the gentleman wants me to make the point of order.

Mr. PAGE of North Carolina. Mr. Chairman, your committee placed this paragraph in the appropriation bill because of evidence adduced in the hearings in relation to the solicitation of funds for various and sundry purposes from the children in the public schools of the city of Washington. We found that we had reached a place where it had become almost a nuisance. Solicitations were made for all sorts of charitable purposes, and there were constant collections and subscriptions among the school children, even of the grammar grades, for this purpose or that purpose or the other purpose, until there was very great complaint, not only on the part of some of the children themselves, but also on the part of the parents. It had become so much of a nuisance that your committee felt that the charitable institutions or the Board of Charities of the city of Washington should take care of the cases of charity, and not poor children in the public schools.

Mr. COX. I see that the provision carries no penalty. How do you propose to enforce it?

Mr. PAGE of North Carolina. There are many provisions of law that carry no penalty.

Mr. COX. How do you hope to enforce it?

Mr. PAGE of North Carolina. We hope that the expression of disapproval here will result in the discontinuance of this practice in the schools.

Mr. WILLIS. Mr. Chairman, I have listened to the gentleman's explanation and am in sympathy with the gentleman's purpose that he expresses as having been arrived at in the committee; but it seems that this amendment includes some things that the committee would not wish to include. I referred a moment ago to the school gardens. As the gentleman knows, a great deal of that work is carried on entirely outside of the appropriation that we make here. It is carried on largely by the children themselves.

Mr. PAGE of North Carolina. By contributions made to it?

Mr. WILLIS. Yes. The children themselves make contributions. Now, as I read this language in this paragraph, no

teacher could receive contributions, as they have been receiving them heretofore, for the purpose of buying fertilizer or seeds, and so forth, to be used in these school gardens.

Mr. PAGE of North Carolina. They could not receive them if they were solicited or contributed upon the school grounds. That is true.

Mr. WILLIS. Does the gentleman think that is a wise provision—to make it necessary for the teachers to get the pupils off into an alley somewhere to solicit these contributions?

Mr. PAGE of North Carolina. No; and if the gentleman will permit, I think they ought not to get them off into an alley or elsewhere to solicit subscriptions, either in public or private, for any purpose. If the children in the school want to make a contribution, that is another matter, and that can be arranged.

Mr. WILLIS. But the language of this paragraph will absolutely prohibit that, because it reads:

To solicit or receive.

So if a pupil should come to a teacher desiring to make a contribution for the school garden work, it could not be received, probably.

Mr. PAGE of North Carolina. Let me suggest to the gentleman from Ohio that if we do not close the gap entirely we can not write this paragraph so as to close it at all; and if you permit certain of these activities under the language you write, you will permit all of them, and the abuses in the schools in this regard will go on unabated.

Mr. WILLIS. Does not the gentleman think it would be perfectly safe to leave the regulation of a matter of this kind in the hands of the school board? Has not the school board already adopted regulations to prevent the taking up of subscriptions for the giving of testimonals to teachers? I am informed that that is the fact.

Mr. PAGE of North Carolina. This power is now vested in the school board.

Mr. WILLIS. Does not the gentleman think it is sufficient to let the school board act in the premises?

Mr. PAGE of North Carolina. In the light of some things that have taken place and of the abuses that have gone on in the schools in this matter I think not. I believe some other restriction ought to be placed upon them.

Mr. WILLIS. I have the greatest respect for the gentleman's opinion, but I think this amendment is too broad, and unless I get some further light on the subject I am disposed to make the point of order.

Mr. PAGE of North Carolina. If the gentleman intends to do that, I wish he would do it at this point.

Mr. WILLIS. I will reserve it.

Mr. MANN. Will the gentleman yield for a question?

Mr. PAGE of North Carolina. Certainly.

Mr. MANN. Does the gentleman think this provision without a penalty clause attached to it would be at all effective?

Mr. PAGE of North Carolina. I think it would be to a certain degree; yes.

Mr. MANN. The gentleman knows that there is a provision of law now forbidding the raising of subscriptions in the departments.

Mr. PAGE of North Carolina. Yes.

Mr. MANN. And the gentleman knows that constantly the departments are engaged in raising subscriptions to give something to some retiring officer. I think the law provides that the person doing this shall be dismissed from the service, but I am sure no one has ever heard of anyone being dismissed from the service for that reason, and I am sure I never heard of anyone being discharged. One of the notable cases was that of the auditor of this District at one time.

Mr. PAGE of North Carolina. This committee had no desire to be so drastic about this matter as to write a penalty into the law, but we merely intended to give warning to these people, believing that they would heed the action of Congress in the matter, and that this practice that has grown up to a very great extent in the schools would be discontinued.

Mr. MANN. If you are going to write a law that is not needed for people of ordinary ethical principles, you ought to write it so that it will have to be observed by those who do not have the finer sense.

Mr. PAGE of North Carolina. As a general principle, I agree with the gentleman, but in this particular item we thought it ought not to be so drastic.

Mr. WILLIS. I make the point of order.

The CHAIRMAN. The point of order is sustained.

Mr. PAGE of North Carolina. I offer the following amendment——

Mr. MANN. Oh, let us rise.

Mr. PAGE of North Carolina. Let us have this amendment read, and then I will move to rise.

The Clerk read as follows:

On page 44, after line 17, insert:

"No part of any money appropriated by this act shall be paid to any person employed under or in connection with the public schools of the District of Columbia who shall solicit or receive, or permit to be solicited or received on any public-school premises, any subscription or donation of money or other thing of value from pupils enrolled in such public schools for presentation of testimonials, or for any other purposes other than for the promotion of school athletics and commencement exercises of high schools."

Mr. WILLIS. I reserve a point of order on the amendment.

Mr. PAGE of North Carolina. Mr. Chairman, I ask for a ruling. This is a limitation on the expenditure of the money, and, to my mind, is clearly in order. It fixes the penalty, about which the gentleman from Illinois was concerned.

Mr. MANN. I understand the amendment the gentleman now offers excludes from the prohibition from raising money for the school athletics and commencement exercises for high school.

Mr. PAGE of North Carolina. Yes; and fixes the penalty that no part of the money shall be paid to anyone who violates the law.

Mr. WILLIS. Would not the gentleman include in the exceptions the school gardens? That is what I am seeking to protect.

Mr. PAGE of North Carolina. Yes; I will except that.

Mr. Chairman, I ask unanimous consent to modify the amendment by including in the exceptions "school gardens."

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent to modify his objection by including in the exceptions school gardens. Is there objection?

There was no objection.

Mr. BRYAN. Will the gentleman yield for a question?

Mr. WILLIS. Mr. Chairman, I withdraw the point of order.

Mr. McCOY. Mr. Chairman, I ask that this paragraph in the bill may be passed over until we can consider the amendment. It seems to me rather drastic that a school-teacher should be cut out of a month's salary because she permitted the boys to violate a law.

Mr. PAGE of North Carolina. Why, Mr. Chairman, complaint comes from one gentleman that there is no penalty attached to it, and now from another that the penalty is drastic.

Mr. MANN. It seems we do not all agree.

Mr. PAGE of North Carolina. I think before the committee rises I would like to dispose of this amendment.

Mr. McCOY. Well, Mr. Chairman, I ask that it be passed over.

Mr. PAGE of North Carolina. The point of order has been withdrawn.

Mr. McCOY. I make the point of order.

Mr. PAGE of North Carolina. It is too late; there has been discussion of it.

Mr. McCOY. The point of order was reserved by the gentleman from Ohio [Mr. WILLIS].

Mr. PAGE of North Carolina. The point of order was made.

Mr. WILLIS. I did not make it; the gentleman from New Jersey was also reserving the point of order.

Mr. McCOY. The gentleman from Ohio reserved the point of order, and during that reservation the discussion took place. Now, if the gentleman from Ohio does not want to make the point of order, I do make it.

The CHAIRMAN. The Chair is under the impression that this is a limitation within the meaning of the rule, a limitation on the appropriation.

Mr. McCOY. It is in the nature of creating a criminal offense and fixing a penalty. If that can be a limitation on the expenditure, it seems to me to be going a good ways.

The CHAIRMAN. The point of order is overruled.

Mr. BRYAN. Mr. Chairman——

The CHAIRMAN. Debate is exhausted on the amendment.

Mr. LINTHICUM. Mr. Chairman, I demand the regular order.

Mr. MANN. Mr. Chairman, the amendment has just been held in order, and therefore debate can not be exhausted on it. Before that debate was proceeding by unanimous consent.

The CHAIRMAN. The point of order was reserved, and yet the merits of the question were discussed by gentlemen on the floor. The Chair will recognize the gentleman from Washington [Mr. BRYAN].

Mr. PAGE of North Carolina. Mr. Chairman, I ask that debate on this amendment may close in five minutes.

Mr. McCOY. Oh, make it 10 minutes.

Mr. PAGE of North Carolina. I move, Mr. Chairman, that the committee do now rise.

Mr. BRYAN. But I have the floor, Mr. Chairman.

The CHAIRMAN. The Chair has recognized the gentleman from Washington [Mr. BRYAN].

Mr. BRYAN. I am going to make this statement if it can be made.

Mr. MANN. The gentleman can get a chance when we go back into committee.

Mr. BRYAN. Mr. Chairman, the penalty provided here is extraordinary and——

Mr. HEFLIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HEFLIN. Under the order of the House, the committee was to rise when the conference report on the currency bill was ready.

The CHAIRMAN. The gentleman from Washington has the floor, and the gentleman from Alabama can not interrupt him.

Mr. UNDERWOOD. Mr. Chairman, will the gentleman from Washington yield?

Mr. BRYAN. Yes; certainly.

Mr. UNDERWOOD. If the gentleman from Washington will allow me to make a suggestion, as soon as the gentleman from North Carolina has an opportunity he intends to move that the committee rise, so that the conference report on the currency bill can be perfected. I presume that the gentleman from Washington will prefer to make his remarks when the House goes back into the committee.

Mr. BRYAN. Very well, Mr. Chairman; I will yield the floor with that understanding.

Mr. PAGE of North Carolina. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to; accordingly the committee determined to rise, and the Speaker having resumed the chair, Mr. HULL, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10523, the District of Columbia appropriation bill, and had come to no resolution thereon.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Tulley, one of its clerks, announced that the Senate had passed bills of the Senate of the following titles, in which the concurrence of the House of Representatives was requested:

S. 3192. An act waiving the age limit for appointment as cadet engineer in the Revenue-Cutter Service of the United States in the case of John S. McKinney;

S. 1346. An act to authorize the Eastern Maine Railroad to construct, maintain, and operate a bridge without a draw across the Penobscot River between the cities of Bangor and Brewer, in the State of Maine; and

S. 1784. An act restoring to the public domain certain lands heretofore reserved for reservoir purposes at the headwaters of the Mississippi River and tributaries.

The message also announced that the Senate had passed with amendments bills of the following titles, in which the concurrence of the House of Representatives was requested:

H. R. 1967. An act regulating the manufacture of smoking opium within the United States, and for other purposes; and

H. R. 1966. An act to amend an act entitled "An act to prohibit the importation and use of opium for other than medicinal purposes," approved February 9, 1909.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 3192. An act waiving the age limit for appointment as cadet engineer in the Revenue-Cutter Service of the United States in the case of John S. McKinney; to the Committee on Interstate and Foreign Commerce.

S. 1346. An act to authorize the Eastern Maine Railroad to construct, maintain, and operate a bridge without a draw across the Penobscot River between the cities of Bangor and Brewer, in the State of Maine; to the Committee on Interstate and Foreign Commerce.

S. 1784. An act restoring to the public domain lands heretofore reserved for reservoir purposes at the headwaters of the Mississippi River and tributaries; to the Committee on the Public Lands.

THE CURRENCY.

Mr. GLASS. Mr. Speaker, I present the conference report (H. Rept. 163) on the bill H. R. 7837, the currency bill, and, under the order of the House, I ask for its immediate consideration.

Mr. MURRAY of Oklahoma. Mr. Speaker, I desire to make a point of order against the report.

The SPEAKER. What is the point of order?

Mr. MURRAY of Oklahoma. Upon the ground that the report is not in obedience to the instructions given by the House.

The SPEAKER. The Chair can not pass upon that until he has read or heard read the conference report.

Mr. MURRAY of Oklahoma. I am making it, and desire to have the point of order pending.

Mr. UNDERWOOD. In what particular do the conferees fail to follow the instructions of the House?

Mr. MURRAY of Oklahoma. The point of order I make is that the conferees did not obey the instructions of the House in one particular, and that is in respect to loans on farm credits.

Mr. MANN. Mr. Speaker, I submit that is a matter that might affect the acceptance or rejection of the report and not a point of order.

The SPEAKER. The Chair thinks that is correct. Of course when the conference report is read, and when it comes up for consideration, the gentleman from Oklahoma will have his rights. The Chair does not know what is in the report, and does not think that anyone else does except the conferees.

The Clerk will read the report.

The Clerk read as follows:

CONFERENCE REPORT (H. REPT. NO. 163).

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the amendment proposed by the Senate insert the following:

Be it enacted, etc., That the short title of this act shall be the "Federal reserve act."

Wherever the word "bank" is used in this act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this act. The term "board" shall be held to mean Federal reserve board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

FEDERAL RESERVE DISTRICTS.

SEC. 2. As soon as practicable the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "the reserve bank organization committee," shall designate not less than 8 nor more than 12 cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal reserve board when organized: *Provided*, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal reserve board, not to exceed 12 in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia, is hereby authorized to signify in writing, within 60 days after the passage of this act, its acceptance of the terms and provisions hereof. When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within 30 days after notice from the

organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to 6 per cent of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal reserve board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal reserve board, said payments to be in gold or gold certificates.

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this act.

Any national bank failing to signify its acceptance of the terms of this act within the 60 days aforesaid, shall cease to act as a reserve agent, upon 30 days' notice, to be given within the discretion of the said organization committee or of the Federal reserve board.

Should any national banking association in the United States now organized fail within one year after the passage of this act to become a member bank or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act, or under the provisions of this act, shall be thereby forfeited. Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal reserve board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than $25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

Stock not held by member banks shall not be entitled to voting power.

The Federal reserve board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

No Federal reserve bank shall commence business with a subscribed capital less than $4,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this act changes the amount of reserves that may be carried with approved reserve agents located therein. The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

BRANCH OFFICES.

SEC. 3. Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal reserve board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal reserve board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal reserve board. The reserve bank shall designate one of the directors as manager.

FEDERAL RESERVE BANKS.

SEC. 4. When the organization committee shall have established Federal reserve districts as provided in section 2 of this act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this act.

When the minimum amount of capital stock prescribed by this act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for a period of 20 years from its organization unless it is sooner dissolved by an act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, such officers and employees as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

Sixth. To prescribe by its board of directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this act.

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit.

Class C shall consist of three members who shall be designated by the Federal reserve board. When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Federal reserve board shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

No Senator or Representative in Congress shall be a member of the Federal reserve board or an officer or a director of a Federal reserve bank.

No director of class B shall be an officer, director, or employee of any bank.

No director of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner:

The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

Each member bank shall be permitted to nominate to the chairman one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within 15 days after its completion, be furnished by the chairman to each elector.

Every elector shall, within 15 days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of class A and class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

Class C directors shall be appointed by the Federal reserve board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank he shall be required to maintain under regulations to be established by the Federal reserve board a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal reserve board, and shall act as its official representative for the performance of the functions conferred upon it by this act. He shall receive an annual compensation to be fixed by the Federal reserve board and paid monthly by the Federal reserve bank to which he is designated. One of the directors of class C, who shall be a person of tested banking experience, shall be appointed by the Federal reserve board as deputy chairman and deputy Federal reserve agent to exercise the powers of the chairman of the board and Federal reserve agent in case of absence or disability of his principal.

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Federal reserve board.

The reserve bank organization committee may, in organizing Federal reserve banks, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank, it shall be the duty of the directors of classes A, B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the 1st of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.

SEC. 5. The capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members. Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated. When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to 6 per cent of the said increase, one-half of said subscription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of the Federal reserve board. A bank applying for stock in a Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital

stock of the Federal reserve bank equal to 6 per cent of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of 1 per cent a month from the period of the last dividend. When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal reserve board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of 1 per cent a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

SEC. 6. If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of 1 per cent per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

DIVISION OF EARNINGS.

SEC. 7. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to 40 per cent of the paid-in capital stock of such bank.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

SEC. 8. Section 5154, United States Revised Statutes, is hereby amended to read as follows:

Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than 51 per cent of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency: *Provided, however*, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of 51 per cent of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national asssociation. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the comptroller has given to such bank or banking association a certificate that the provisions of this act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal reserve act and by the national banking act for associations originally organized as national banking associations.

STATE BANKS AS MEMBERS.

SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal reserve board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located. The organization committee or the Federal reserve board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located. Whenever the organization committee or the Federal reserve board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district, stock shall be issued and paid for under the rules and regulations in this act provided for national banks which become stockholders in Federal reserve banks.

The organization committee or the Federal reserve board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal reserve board. No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking act.

Any bank becoming a member of a Federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal reserve board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections 5198, 5200, 5201, and 5208, and 5209 of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections 5211 and 5212 of the Revised Statutes, and shall be subject to the penalties prescribed by section 5213 for the failure to make such report.

If at any time it shall appear to the Federal reserve board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal reserve board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal reserve bank; upon such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of 1 per cent per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability not previously called, which shall be canceled, and said Federal reserve bank shall, upon notice from the Federal reserve board, be required to suspend said bank from further privileges of membership, and shall within 30 days of such notice cancel and retire its stock and make payment therefore in the manner herein provided. The Federal reserve board may restore membership upon due proof of compliance with the conditions imposed by this section.

FEDERAL RESERVE BOARD.

SEC. 10. A Federal reserve board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be

members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the Federal reserve board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The five members of the Federal reserve board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal reserve board and shall each receive an annual salary of $12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal reserve board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of $7,000 annually for his services as a member of said board.

The members of said board, the Secretary of the Treasury, the Assistant Secretaries of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for 2 years thereafter to hold any office, position, or employment in any member bank. Of the five members thus appointed by the President at least two shall be persons experienced in banking or finance. One shall be designated by the President to serve for 2, one for 4, one for 6, one for 8, and one for 10 years, and thereafter each member so appointed shall serve for a term of 10 years unless sooner removed for cause by the President. Of the five persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal reserve board. The governor of the Federal reserve board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal reserve board. Each member of the Federal reserve board shall within 15 days after notice of appointment make and subscribe to the oath of office.

The Federal reserve board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The first meeting of the Federal reserve board shall be held in Washington, D. C., as soon as may be after the passage of this act, at a date to be fixed by the reserve bank organization committee. The Secretary of the Treasury shall be ex officio chairman of the Federal reserve board. No member of the Federal reserve board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal reserve board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the five members of the Federal reserve board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal reserve board during the recess of the Senate, by granting commissions which shall expire 30 days after the next session of the Senate convenes.

Nothing in this act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this act in the Federal reserve board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal reserve board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section 324 of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds, and, under the general supevision of the Federal reserve board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

SEC. 11. The Federal reserve board shall be authorized and empowered:

(a) To examine at its discretion the accounts, books and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve and the amount, nature and maturities of the paper and other investments owned or held by Federal reserve banks.

(b) To permit, or, on the affirmative vote of at least five members of the reserve board to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal reserve board.

(c) To suspend for a period not exceeding 30 days, and from time to time to renew such suspension for periods not exceeding 15 days, any reserve requirement specified in this act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level hereinafter specified: *And provided further*, That when the gold reserve held against Federal reserve notes falls below 40 per cent, the Federal reserve board shall establish a graduated tax of not more than 1 per cent per annum upon such deficiency until the reserves fall to 32½ per cent, and when said reserve falls below 32½ per cent, a tax at the rate increasingly of not less than 1½ per cent per annum upon each 2½ per cent or fraction thereof that such reserve falls below 32½ per cent. The tax shall be paid by the reserve bank, but the reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Federal reserve board.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the comptroller to the Federal reserve agents applying therefor.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section 20 of this act; or to reclassify existing reserve and central reserve cities or to terminate their designation as such.

(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal reserve board to the removed officer or director and to said bank.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend, for the violation of any of the provisions of this act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

(i) To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this act, and make all rules and regulations necessary to enable said board effectively to perform the same.

(j) To exercise general supervision over said Federal reserve banks.

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

(l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the act of January 16, 1883 (vol. 22, U. S. Stat. L., p. 403), and amendments thereto, or any rule or regulation made in pursuance thereof: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service.

FEDERAL ADVISORY COUNCIL.

SEC. 12. There is hereby created a Federal advisory council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of

directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal reserve board. The meetings of said advisory council shall be held at Washington, D. C., at least four times each year, and oftener if called by the Federal reserve board. The council may in addition to the meetings above provided for hold such other meetings in Washington, D. C., or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies shall serve for the unexpired term.

The Federal advisory council shall have power, by itself or through its officers, (1) to confer directly with the Federal reserve board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

POWERS OF FEDERAL RESERVE BANKS.

SEC. 13. Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent member banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal reserve board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this act. Nothing in this act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than 90 days: *Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal reserve board.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months sight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

Section 5202 of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal reserve act.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal reserve board.

OPEN-MARKET OPERATIONS.

SEC. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal reserve board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount, with or without the indorsement of a member bank.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal reserve board;

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

(d) To establish from time to time, subject to review and determination of the Federal reserve board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business;

(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent of the Federal reserve board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, bills of exchange arising out of actual commercial transactions which have not more than 90 days to run and which bear the signature of two or more responsible parties.

GOVERNMENT DEPOSITS.

SEC. 15. The moneys held in the general fund of the Treasury, except the 5 per cent fund for the redemption of outstanding national-bank notes and the funds provided in this act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this act: *Provided, however*, That nothing in this act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

NOTE ISSUES.

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal reserve board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on

demand at the Treasury Department of the United States, in the city of Washington, D. C., or in gold or lawful money at any Federal reserve bank.

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills, accepted for rediscount under the provisions of section 13 of this act, and the Federal reserve agent shall each day notify the Federal reserve board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal reserve board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than 35 per cent against its deposits and reserves in gold of not less than 40 per cent against its Federal reserve notes in actual circulation, and not offset by gold or lawful money deposited with the Federal reserve agent. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal reserve board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank though which they were originally issued. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of 10 per cent upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal reserve notes have been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve bank shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasury, otherwise than for redemption, may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

The Federal reserve board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than 5 per cent; but such deposit of gold shall be counted and included as part of the 40 per cent reserve hereinbefore required. The board shall have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal reserve board shall, through its local Federal reserve agent, supply Federal reserve notes to the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal reserve board, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section 18 of this act upon security of United States 2 per cent Government bonds, become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing, with the Federal reserve agent, its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal reserve board shall require the Federal reserve agent to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal reserve board.

In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this act.

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal reserve board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

The examination of plates, dies, bed pieces, etc., and regulations relating to such examination of plates, dies, etc., of national-bank notes provided for in section 5174 Revised Statutes, is hereby extended to include notes herein provided for.

Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the act of May 30, 1908, and any distinctive paper that may be on hand at the time of the passage of this act may be used in the discretion of the Secretary for the purposes of this act, and should the appropriations heretofore made be insufficient to meet the requirements of this act in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: *Provided, however*, That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal reserve board shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

The Federal reserve board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

SEC. 17. So much of the provisions of section 5159 of the Revised Statutes of the United States and section 4 of the act of June 20, 1874, and section 8 of the act of July 12, 1882, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to com-

mence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds is hereby repealed.

REFUNDING BONDS.

SEC. 18. After two years from the passage of this act, and at any time during a period of 20 years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal reserve board with a list of such applications, and the Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal reserve board may direct the purchase to be made: *Provided*, That Federal reserve banks shall not be permitted to purchase an amount to exceed $25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section 4 of this act by the Federal reserve bank: *Provided further*, That the Federal reserve board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Upon the deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section 4 of this act, any Federal reserve bank making such deposit in the manner provided by existing law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national-bank notes except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

Upon application of any Federal reserve bank, approved by the Federal reserve board, the Secretary of the Treasury may issue, in exchange for United States 2 per cent gold bonds bearing the circulation privilege, but against which no circulation is outstanding, 1-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the 2 per cent bonds so tendered for exchange, and 30-year 3 per cent gold bonds without the circulation privilege for the remainder of the 2 per cent bonds so tendered: *Provided*, That at the time of such exchange the Federal reserve bank obtaining such 1-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such 1-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of 1-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of 1-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the 2 per cent United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed 30 years.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of $100, or any multiple thereof, bearing interest at the rate of 3 per cent per annum, payable quarterly, such Treasury notes to be payable not more than 1 year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing 3 per cent interest payable 30 years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States 3 per cent bonds without the circulation privilege now issued and outstanding.

Upon application of any Federal reserve bank, approved by the Federal reserve board, the Secretary may issue at par such 3 per cent bonds in exchange for the 1-year gold notes herein provided for.

BANK RESERVES.

SEC. 19. Demand deposits within the meaning of this act shall comprise all deposits payable within 30 days, and time deposits shall comprise all deposits payable after 30 days, and all savings accounts and certificates of deposit which are subject to not less than 30 days' notice before payment.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to 12 per cent of the aggregate amount of its demand deposits and 5 per cent of its time deposits, as follows:

In its vaults for a period of 36 months after said date five-twelfths thereof and permanently thereafter four-twelfths.

In the Federal reserve bank of its district, for a period of 12 months after said date, two-twelfths, and for each succeeding 6 months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

For a period of 36 months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said 36 months' period said reserves, other than those hereinbefore required to be held in the vaults of the member bank and in the Federal reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at the option of the member bank.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to 15 per cent of the aggregate amount of its demand deposits and 5 per cent of its time deposits, as follows:

In its vaults for a period of 36 months after said date six-fifteenths thereof, and permanently thereafter five-fifteenths.

In the Federal reserve bank of its district for a period of 12 months after the date aforesaid at least three-fifteenths, and for each succeeding 6 months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

For a period of 36 months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said 36 months' period all of said reserves, except those hereinbefore required to be held permanently in the vaults of the member bank and in the Federal reserve bank, shall be held in its vaults or in the Federal reserve bank, or in both, at the option of the member bank.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to 18 per cent of the aggregate amount of its demand deposits and 5 per cent of its time deposits, as follows:

In its vaults six-eighteenths thereof.

In the Federal reserve bank seven-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank, at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section 14 properly indorsed and acceptable to the said reserve bank.

If a State bank or trust company is required by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of 10 per cent of its own paid-up capital and surplus. No mem-

ber bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this act except by permission of the Federal reserve board.

The reserve carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal reserve board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however*, That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

In estimating the reserves required by this act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which reserves shall be determined. Balances in reserve banks due to member banks shall, to the extent herein provided, be counted as reserves.

National banks located in Alaska or outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the reserve board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this act.

SEC. 20. So much of sections 2 and 3 of the act of June 20, 1874, entitled "An act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the act aforesaid, is hereby repealed. And from and after the passage of this act such fund of 5 per cent shall in no case be counted by any national banking association as a part of its lawful reserve.

BANK EXAMINATIONS.

SEC. 21. Section 5240, United States Revised Statutes, is amended to read as follows:

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank at least twice in each calendar year and oftener if considered necessary: *Provided, however*, That the Federal reserve board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

The Federal reserve board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal reserve board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal reserve board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

The Federal reserve board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of 10 member banks the Federal reserve board shall order a special examination and report of the condition of any Federal reserve bank.

SEC. 22. No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized. Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding one year, or both.

Except as provided in existing laws, this provision shall not take effect until 60 days after the passage of this act.

SEC. 23. The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within 60 days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

LOANS ON FARM LANDS.

SEC. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding 50 per cent of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to 25 per cent of its capital and surplus or to one-third of its time deposits; and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal reserve board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

FOREIGN BRANCHES.

SEC. 25. Any national banking association possessing a capital and surplus of $1,000,000 or more may file application with the Federal reserve board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal reserve board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal reserve board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

SEC. 26. All provisions of law inconsistent with or superseded by any of the provisions of this act are to that extent and to that extent only hereby repealed: *Provided*, Nothing in this act contained shall be construed to repeal the parity provision or provisions contained in an act approved March 14, 1900, entitled "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section 2 of the act last referred to or for one-year gold notes bearing interest at a rate of not to exceed 3 per cent per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

SEC. 27. The provisions of the act of May 30, 1908, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such act on the 30th day of June, 1914, are hereby extended to June 30, 1915, and sections 5153, 5172, 5191, and 5214 of the Revised Statutes of the United States, which were amended by the act of May 30, 1908, are hereby reenacted to read as such sections read prior to May 30, 1908, subject to such amendments or modifications as are prescribed in this act: *Provided, however*, That section 9 of the act first referred to in this section is hereby amended so as to change the tax rates fixed in said act by making the portion applicable thereto read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of 3 per cent per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of 1 per cent per annum for each month until a tax of 6 per cent per annum is reached, and thereafter such tax of 6 per cent per annum upon the average amount of such notes.

SEC. 28. Section 5143 of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal reserve board, or by the organization committee pending the organization of the Federal reserve board.

SEC. 29. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 30. The right to amend, alter, or repeal this act is hereby expressly reserved.

CARTER GLASS,
CHARLES A. KORBLY,
Managers on the part of the House.

ROBT. L. OWEN,
J. A. O'GORMAN,
JAS. A. REED,
ATLEE POMERENE,
J. F. SHAFROTH,
HENRY F. HOLLIS,
Managers on the part of the Senate.

The statement is as follows:

STATEMENT.

The managers on the part of the House at the conference on the disagreeing vote of the two Houses on the amendment of the Senate to the bill H. R. 7837, entitled "An act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," submit the following statement:

The House receded from its disagreement to the amendment of the Senate to the House bill with certain amendments, which are more specifically shown in Senate Document No. 335, Sixty-third Congress, second session, a copy of which is attached hereto and which shows the House bill as it passed the House of Representatives, as amended by the Senate, and as agreed to in conference. The column in this document containing the bill as agreed to in conference shows by brackets and bold-face type that portion of the Senate amendment which was stricken out and the parts inserted by the House managers, respectively.

CARTER GLASS,
CHARLES A. KORBLY,
Managers on the part of the House.

The SPEAKER. The gentleman from Virginia is recognized for an hour.

Mr. HAYES. Mr. Speaker, I would like, if we can, to have some unanimous-consent agreement about the time for debate.

Mr. GLASS. Mr. Speaker, I was not present on the floor of the House, but I understood there was a unanimous-consent agreement.

The SPEAKER. The unanimous agreement was that debate was to be for two hours.

Mr. MANN. Not less than two hours.

The SPEAKER. At least two hours, one-half the time to be controlled by the gentleman from Virginia——

Mr. MANN. Mr. Speaker, there was no formal agreement; it was a gentleman's agreement.

Mr. HAYES. I would suggest to the gentleman from Virginia we have 2 hours and 20 minutes' debate.

Mr. GLASS. An hour and ten minutes on each side?

Mr. HAYES. I would suggest the gentleman from Virginia control 1 hour and have 1 hour to be controlled by myself and 20 minutes by the gentleman from Minnesota.

Mr. GARRETT of Tennessee. Mr. Speaker, that can not be——

Mr. HAYES. I merely suggest it.

Mr. MANN. Make it an hour and twenty minutes on a side.

Mr. GLASS. Mr. Speaker, I would like to have it understood that the Senate is in session to-night waiting for this bill, and it is very important to get it over there.

Mr. MANN. I take it it would be impossible to pass this bill in the House before 10 o'clock or after 10 o'clock.

Mr. HAYES. Two hours and twenty minutes would let us come to a vote about 9 o'clock——

Mr. MANN. It would be after 10 o'clock to pass it, and I think the Senate will not wait to dispose of it to-night.

Mr. GLASS. An hour and twenty minutes to a side.

Mr. MANN. That would be an hour to Mr. HAYES, 20 minutes to Mr. LINDBERGH, and an hour and twenty minutes to the gentleman from Virginia, to be divided as he may wish.

Mr. GLASS. That is satisfactory to me.

Mr. HAYES. All right.

Mr. GLASS. Then, Mr. Speaker, I ask unanimous consent that debate be limited to 2 hours and 40 minutes, 1 hour and 20 minutes to be controlled by the chairman of the Banking and Currency Committee and 1 hour by the senior Republican of the committee and 20 minutes by the gentleman from Minnesota.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] asks unanimous consent that this debate shall be limited to 2 hours and 40 minutes, an hour and twenty minutes to be controlled by him, 1 hour by the gentleman from California [Mr. HAYES], and 20 minutes by the gentleman from Minnesota [Mr. LINDBERGH]. Is there objection?

Mr. FOWLER. Mr. Speaker, reserving the right to object, I desire to inquire what arrangement will be made for extending remarks in the RECORD?

Mr. MANN. It has been granted to everybody.

Mr. RAGSDALE. Five days in which leave is granted to extend remarks.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read the statement.

Mr. MANN. Does not that include that at the end of that time the previous question is ordered?

Mr. GLASS. And at the end of which time the previous question be considered as ordered.

The SPEAKER. Part of the gentleman's request is that at the end of this time the previous question shall be considered as ordered. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER. Mr. Speaker, I would like to ask the gentleman a question. Does the report as read by the Clerk contain correction of errors in this conference report as printed?

Mr. GLASS. Yes; the report read by the Clerk is the report of the committee corrected.

Mr. COOPER. There are some errors, more or less. I find several.

Mr. GLASS. There are some immaterial errors in the printed report in the print that some Members seem to have obtained, I do not know where.

Mr. COOPER. Well, there are some, possibly not very material; but there are some errors, more or less. For instance——

Mr. GLASS. I do not know what print the gentleman from Wisconsin has, but the report as read at the desk is the correct conference report.

Mr. COOPER. Well, for instance, I will call the gentleman's attention to this, page 15, class C:

> Directors shall be appointed by the Federal reserve board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board—

And so forth. That is not at all correct that way.

Mr. GLASS. From this point of vantage I rather imagine the print the gentleman from Wisconsin [Mr. COOPER] has is not an authentic bill as reported by the conference committee.

Mr. COOPER. And on page 12 it says:

> Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office "or" three years, and divided into three "lasses."

The last word must mean "classes."

Mr. GLASS. The gentleman evidently has a misprint of the bill.

Mr. NORTON. The gentleman from Wisconsin apparently is reading from Senate Document No. 335.

Mr. GARRETT of Tennessee. Mr. Speaker, I demand the regular order.

Mr. MORGAN of Oklahoma. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MORGAN of Oklahoma. I would like to know if the unanimous consent, as suggested by the Speaker, includes that after the debate the previous question shall be considered as ordered? I did not understand that as a part of the proposition.

The SPEAKER. The Chair wishes that the gentleman would speak a little louder.

Mr. MORGAN of Oklahoma. I desire to know if after the expiration of this general debate the previous question will be considered as ordered?

The SPEAKER. Yes, sir.

Mr. MORGAN of Oklahoma. I did not so understand that.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] left that out at first, and then the gentleman from Illinois [Mr. MANN], I think it was, jogged his memory, and he stated that as a supplementary part of his request. The Chair put the question, and stated that the gentleman from Virginia had inadvertently left it out of the original proposition.

Mr. MORGAN of Oklahoma. Mr. Speaker, at that time I did not have any opportunity to object.

The SPEAKER. Why not?

Mr. MORGAN of Oklahoma. Because I did not understand that the Speaker put it again after he made that second suggestion.

The SPEAKER. The Chair undoubtedly did.

Mr. MORGAN of Oklahoma. Mr. Speaker, I desire to ask if, after the previous question is considered as ordered, there will be any opportunity or it will be in order to make a motion to recommit?

Mr. MANN. That is in order.

The SPEAKER. Undoubtedly it would. The same rule applies to a conference report in that regard as applies to a bill. The Clerk will read the statement.

Mr. MANN. Mr. Speaker, the rules do not require the statement to be read. The report has been read and the statement can only be read in somebody's time.

Mr. GLASS. Mr. Speaker, I ask unanimous consent that the report be not read.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] is recognized for 1 hour and 20 minutes [applause], and the House will be in order.

Mr. MANN. Mr. Speaker, I wish the gentleman from Virginia would ask that the statement be printed in the RECORD.

Mr. GLASS. Mr. Speaker, I ask that the statement be printed in the RECORD.

The SPEAKER. The gentleman wishes both the statement and the report in the RECORD?

Mr. GLASS. Yes.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] asks that both the report and the statement be printed in the RECORD. Is there objection. [After a pause.] The Chair hears none.

[Mr. GLASS addressed the House. See Appendix.]

Mr. MANN. The gentleman has that right already.

Mr. GLASS. Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The gentleman from California [Mr. HAYES] is recognized for one hour.

Mr. HAYES. Mr. Speaker, in the short time which I can consume in justice to my colleagues who desire to speak, it would be impossible for me to discuss in any adequate way this great and important measure now before us.

When the bill was first before the House I discussed at some length certain features of it to which I objected, and I shall not now undertake to cover the same ground that I then covered. I first desire to call the attention of the House to the fact that the Senate has not seen fit, and the conferees since have not seen fit, to remove from this bill the provision which makes the Government of the United States primarily liable upon the notes that it is proposed to issue through the regional reserve banks.

Probably all of the people of the United States who have not studied this measure carefully, suppose these notes are to be bank notes, something similar to the national-bank currency we now have. When they come to understand that these notes are not primarily bank notes at all, but the notes of the Government of the United States, I want to say to my friends on the other side of the aisle that the people of the United States will hold them to account for creating such a currency. This feature will rise to plague them for many years to come, just as the free-silver proposition for which they stood in times gone by, has risen to plague them. Having loaned the credit of the Government of the United States to the bankers of the country for their purposes, and incidentally for the purposes of the public, how are my Democratic friends to resist the appeal of the cotton growers and the farmers to the Government to lend them its credit in order to enable them to grow, harvest, and market the products of the soil?

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. HAYES. Certainly.

Mr. WINGO. The gentleman, as I understand, condemns these notes, which he calls Government notes, and as I recall in his argument before, he did not want to put this strain upon the credit of the United States.

Mr. HAYES. Yes. That was one of the reasons.

Mr. WINGO. That being true, how does the gentleman reconcile the provisions which he and his party associates are responsible for being in the bill, as now reported in the conference report, which puts the burden of gold redemption on the Government and yet permits these banks to redeem in chips and whipstocks?

Mr. HAYES. I deny that I and my party associates on the committee or in this House are responsible for that provision. If it had been left to me, I would make the burden of maintaining these notes and of redeeming them solely and entirely the duty of the banks.

Mr. WINGO. As the bill left the House it required both the Government and the banks to redeem in gold or lawful money.

Mr. HAYES. Yes.

Mr. WINGO. Has the gentleman ever heard of any banker or of any Member of the other branch of this Congress debating this bill, or has he read of any man wanting or demanding the redemption features the gentleman is now reporting and standing for in this conference report? If so, will the gentleman give his name?

Mr. HAYES. I will say, in reply, that when the bill was up before I thought I made myself perfectly clear, that it was my opinion that it was not sound to require the Government to redeem these notes; that the burden of redemption should be placed entirely upon the banks; and that the credit of the Government should not under any circumstances be involved.

Mr. WINGO. I beg the gentleman's pardon. I understood that he had approved that.

Mr. HAYES. No; I never did, and I do not now. Mr. Speaker, I started out to ask my Democratic brethren how they are to resist the demand of the cotton grower and the agriculturist of the country for permission to borrow the credit of the United States in order to help them out as the Government is now about to help out the banking interests of the country? They can not resist it. If the credit of the Government is to be loaned for the benefit of one interest in the country, then why not for the benefit of other interests in the country? And of all the unsound and wild-eyed ideas or propositions for inflating the currency, the idea of loaning the credit of the Government in the form of notes for the purpose of growing, harvesting, and marketing the products of the soil is the most unsound and the most wild eyed, according to my judgment.

Mr. PLATT. Mr. Speaker, will the gentleman yield for a question?

Mr. HAYES. Certainly.

Mr. PLATT. From what I understood the gentleman to say a moment ago in answer to a question from the gentleman from Arkansas, I inferred the gentleman meant to imply that the Republican conferees had not been admitted to the conference.

Mr. HAYES. Mr. Speaker, the facts in regard to that are these, and I think the House is entitled to them: The gentlemen representing the majority of the House on the conference committee invited the representative of the minority into the conference upon this bill from the beginning, and we were in conference until the conferees met with the Senate conferees. Since that time the minority members of the conference committee on the part of the House and on the part of the Senate have not taken part in the conference at all until the final act, when it was moved to report the bill. I desire to relieve the conferees on the part of the House representing the majority from any narrowness or partisanship in this regard. The responsibility rests solely with the Senate.

Mr. MURDOCK rose.

The SPEAKER. Does the gentleman from California yield to the gentleman from Kansas?

Mr. HAYES. I do for a question.

Mr. MURDOCK. Does the gentleman mean to say that in the conference which lasted through the night, or until 3 o'clock in the morning, he was excluded?

Mr. HAYES. I do.

Mr. MURDOCK. May I ask the gentleman how long the conference at which he was present lasted?

Mr. HAYES. Probably 15 or 20 minutes——

Mr. KORBLY. That is wrong.

Mr. HAYES. I am talking about the conference with the Senate.

Mr. GLASS. I will answer that.

The SPEAKER. To whom does the gentleman yield?

Mr. HAYES. I do not yield at all.

Mr. GLASS. Mr. Speaker, if I may be permitted to answer the gentleman——

The SPEAKER. The gentleman declines to yield.

Mr. HAYES. I will yield to the gentleman to make a statement.

Mr. GLASS. I do not want to make a statement, except I want to answer the inquiry. It lasted for some time after the minority conferees left the committee room of their own volition.

Mr. MURDOCK. I wish the gentleman would confine that charge to the Republican minority. The Progressives had no representation upon that conference, and they would have stayed, I will say to the gentleman.

Mr. HAYES. I want to state, Mr. Speaker, the fact is that the representatives of the minority remained in the conference until a motion had been made and carried to report the conference report which we now have before us.

Mr. KORBLY. Oh, Mr. Speaker——

The SPEAKER. Does the gentleman from California yield?

Mr. HAYES. I will not yield further, I can not yield to permit this controversy and consume my time. The fact is as I have stated it.

Mr. GLASS. Mr. Speaker——

The SPEAKER. Does the gentleman yield to the gentleman from Virginia?

Mr. HAYES. I yield to my colleague, of course.

Mr. GLASS. My colleague does not want a misstatement of facts to go into the RECORD and thereby be attributed to him, I am sure?

Mr. HAYES. I certainly do not.

Mr. GLASS. I want to be fair, and say to the House that the majority conferees invited the minority conferees repeatedly and almost appealingly to offer any suggestion or any amendment that they might have in mind [laughter on the Republican side], and they declined to do it.

Mr. HAYES. It would be according to fact to say that the minority were asked to make any suggestion they chose to make, yes; but, to use a very homely expression, the members of the minority felt as though they had not only been spit upon but had had it rubbed in after the majority had made up their minds and come to their agreement upon all points and had their conference report printed in the form in which it has been now presented to us here. Why, it would have been a farce for us to go there to make any suggestion or offer any amendment. [Applause on the Republican side.] We had more important business to attend to.

Mr. BUTLER. The gentleman says it was printed?

Mr. HAYES. Certainly; it was printed before we were called in.

The SPEAKER. The Chair will suggest to Members that they should not from their seats inject remarks into a speech a gentleman is making. It is a bad habit. [Applause.]

Mr. HAYES. I regret to inject this matter into the RECORD. I want to say, further, in regard to this bill that this bill is defective, seriously and fundamentally defective, by reason of the way in which it treats extension of credit upon farm loans. Of course, the provision that is now incorporated in the bill is only a gold brick to the farmer. Only a small percentage of the capital stock of the smaller banks in the country can be loaned to farmers, and this is only permissive; it is not mandatory, of course. No banker in control of a commercial bank would be fit for his position if he loaned any amount out of his assets on farm mortgages on five years' time. No commercial bank of any kind will do this, so it will prove to be nothing but a gold brick thrown for political reasons to the agriculturists of the United States to make them think that there is something in this bill that will take care of their interests.

Now, when the House passed the bill it had a provision in it which, if it had remained, would have been of vast benefit to the agricultural interests of the country by providing that any national bank in the United States could establish a savings department under the rules and regulations by which well-conducted savings banks in the United States are run. If that measure had been incorporated in the bill, hundreds of millions of dollars would have been available to the farmers of the United States that might safely and properly be loaned to them upon long-time mortgages. [Applause on the Republican side.] But as it is, no such provision has been incorporated in the bill. Section 27 of the House bill, which provided for such a department, has been stricken from it.

I have here a telegram, which is typical of hundreds of telegrams and letters which I have received from bankers and business men all over the State of California. It is as follows:

> I hope you will do all possible to give national banks the right to have savings accounts upon obtaining the permission of the Comptroller of the Currency. The farm-loan features of the new act will be absolutely useless here unless the above is incorporated, as national banks are now prohibited the use of the word "savings." Would like to see the act complete, so the national banks in smaller places can transact all kinds of proper banking business.
>
> ALDEN ANDERSON,
> *President Capital National Bank, Sacramento, Cal.*

Now, that is the attitude, so far as I know, of all the business men of California. I doubt not it would be the attitude of all business men of the United States, or nearly all of them, if they could be consulted.

But I must not consume too much time. I can merely suggest things that I think are defective in this bill.

Another thing in this bill which I think is a great mistake is a new provision that has been incorporated in it by the conferees, and that is the provision throwing upon the regional reserve banks the sole burden of redeeming, or, rather, refunding the 2 per cent bonds. I supposed that the chief purpose of the establishment of these regional reserve banks was to make liquid, to consolidate, and keep for the use of the commercial interests of the country the reserves from all the banks in the United States, and yet here is a provision incorporated by the conferees that permits the Federal reserve board to require the Federal reserve banks, in proportion to their capital stock, to take over and purchase with their assets $25,000,000 of 2 per cent bonds a year for 20 years. Thus $500,000,000 of what are supposed to be quick assets in the regional reserve banks may be swallowed up by purchasing low interest bearing bonds of the United States. This will greatly weaken this system and prevent it from performing the functions which it ought to perform and which this law, as it passed the House, intended it should perform.

Mr. WINGO. Will the gentleman yield?

The SPEAKER. Will the gentleman from California yield to the gentleman from Arkansas?

Mr. WINGO. I want to ask a question for information.

Mr. HAYES. All right.

Mr. WINGO. In view of your statement as to reserve banks, I will ask if this provision does not go in the bill according to the conference report print:

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Mr. HAYES. I will come to that in a minute. In order to relieve these Federal reserve banks of the burden, the proposition incorporated in the bill is that they can use the bonds for circulation just as the national banks now use them, which means that the circulating privilege by that much will be taken from the national banks and transferred to the Federal reserve banks.

One of the avowed purposes of this measure is to do away with national-bank circulation, because it is secured by United States bonds, and therefore inflexible and inelastic; and yet this bill as it comes before us not only continues, so far as it can, all the national-bank circulation, but it makes it possible to increase it. This bill in its present form, so far from retiring the national-bank currency, only adds to our circulation a new kind of note. But I can not spend time on that, as the time which I reserved for myself has already expired. I only desire to call the attention of the House to one or two other things.

Mr. WINGO. Will the gentleman yield further?

The SPEAKER. Does the gentleman from California yield to the gentleman from Arkansas?

Mr. HAYES. I must decline. I would be glad to do so, but I can not. Among other things I regard as fundamental is the provision, stricken out of the House bill, which provided that not more than two of the members of the reserve board should belong to any one political party, making that board a nonpartisan one. That provision was stricken out by the Senate, and the conferees have agreed that it should remain out; so that now it is left to the discretion of the President of the United States to appoint all of the members of this board of his own political faith if he so wills. I should be glad to see that provision remain in the bill, because it would make this board nonpartisan like the Interstate Commerce Commission, and as such it would command vastly more confidence and respect from the people of the United States than any partisan body could, and could therefore accomplish its purpose much more effectively and certainly.

Now, in conclusion, the fundamental defects of this bill to which I have adverted, and others to which I could refer if I had time, are all there, I have no doubt, because of the fact that this measure has been framed and considered in a partisan way. Practically all measures in this House except tariff bills are not considered in committee nor in the House on partisan lines. After exhaustive discussion by both minority and majority, the measures are settled and all questions relating thereto upon their merits. In the preparation and consideration of this bill political considerations and political arguments have had in some instances, I am satisfied, much more weight than the arguments that went to the merits of the various propositions. I regret that this great measure is to go forth from the Congress of the United States with these unsound and dangerous provisions in it, when, if there had been this nonpartisan consideration in its preparation and in its passage through the House and the Senate, most or all of them would have been eliminated from the bill. [Applause on the Republican side.]

The SPEAKER. The gentleman from California used 22 minutes and reserves the balance of his time.

Mr. HAYES. Yes. I reserve the balance of my time. I now yield five minutes to my colleague, the gentleman from Maine [Mr. GUERNSEY].

The SPEAKER. The gentleman from Maine [Mr. GUERNSEY] is recognized for five minutes.

Mr. GUERNSEY. Mr. Speaker and gentlemen of the House, I shall not take all of the time that has been allotted to me. As I have already stated at length in the remarks which I addressed to the House on a former occasion some of my objections to the measure as it was then reported to the House. One of my chief objections has been eliminated from the bill. Other objections that I raised on that occasion still continue in the measure, although I think as a whole the measure has been greatly improved by the work of the Senate and the conferees.

I am opposed to the principle of Government issue of the currency provided in this legislation. That objectionable feature is still retained in the bill. I believed it is unwise as well as unnecessary, if these bills are to be amply secured, as it is contended that they are, by gold and other assets, they should be bank notes as well as bank issued, which this measure provides for.

Another objection that I had was to the fact that the Federal board, to whom the Government is to delegate more power than was ever before delegated to any board created by the Federal Government, will be a board that may be composed wholly of members of one political party and will have the appearance of being a political board. That objectionable feature is retained in the bill. I believe it to be an important objection, since this board, if this bill goes into effect and accomplishes what it is expected to accomplish, will exercise control over a majority of the banking of the United States; otherwise the bill will be an utter failure. If the bill does succeed, and the board does exercise control over a majority of the banking of the United States, it should certainly be above any suspicion of political bias or action.

Further, I believe this to be an inflation measure, the only question being the extent of the inflation. Therefore, for the reasons I have stated, I shall now vote against the adoption of the conference report and this measure, as I formerly voted against the bill in the House last September. [Applause on the Republican side.]

The SPEAKER. The gentleman has used four minutes and yields back one.

Mr. HAYES. Mr. Speaker, I now yield five minutes to the gentleman from Wisconsin [Mr. LENROOT].

The SPEAKER. The gentleman from Wisconsin [Mr. LENROOT] is recognized for five minutes.

Mr. LENROOT. Mr. Speaker, I believe that it is admitted by all that the bill now before us is an improvement over the House bill, and I believe it to be an improvement over the Senate bill. I shall vote for the adoption of this conference report. [Applause on the Democratic side.]

I shall do so, Mr. Speaker, because the bill as agreed upon establishes the policy of public control over the finances of this country by a Federal board similar to the control that is now exercised over the interstate commerce of the country through the Interstate Commerce Commission. [Applause on the Democratic side.]

Additional reasons, Mr. Speaker, why I shall vote for the conference report are because the bill takes the reserves of the banks of the country that are now piled up in the city of New York and used to aid stock speculation upon the New York Stock Exchange and distributes those reserves back to the different parts of the country from whence they came [applause on the Democratic side]; because those reserves under this bill can no longer be used to aid in stock and bond transactions, but must be used for commercial purposes to meet the commercial needs of the country.

In addition to that, the bill provides for an elasticity of currency that, in my opinion, will meet the needs of different parts of the country during the seasons of the year when crops are moved.

Another reason is that, notwithstanding what the gentleman from California [Mr. HAYES] has said, it does provide substantial assistance to the farmers of this country in the making of farm loans.

And, last of all, Mr. Speaker, I will vote for it because when this bill is put into operation, in my judgment, it will insure against purely financial panics in this country, such as occurred in 1907. [Applause.] It will not, in my judgment, prevent industrial panics, such as may be confronting us as a result of the tariff legislation enacted by the Democratic majority, but, so far as pure manipulation of finance is concerned, it will, in my judgment, be an absolute preventive.

Now, Mr. Speaker, it is feared in some quarters that the financial interests which now control the banking interests of this country will continue to control these Federal reserve banks. But, Mr. Speaker, that is not possible, unless we assume that those financial interests will control the Federal reserve board, because under this bill that board has the right to remove every director and every official of every Federal reserve bank. And unless we can trust the President of the United States to appoint and the Senate of the United States to confirm men who are above and beyond the influence and control of special interests—if we can not trust them to do that—then legislation upon this or any other subject relating to great industrial and economic problems is absolutely futile. [Applause.] The Congress of the United States may enact legislation as perfect as human wisdom can devise, and yet, after all, the efficacy of that legislation must depend upon how it is administered by the administrative side of the Government. I believe we can trust the President of the United States to appoint a Federal reserve board that shall be absolutely free from the control of special interests.

So, upon the whole, Mr. Speaker, though there are many defects in this bill, its benefits so far outweigh those defects that I shall gladly cast my vote for it.

So far as the admittedly beneficial features of the bill are concerned, it has the support of Republicans and Progressives as well as Democrats. Had it not been for the partisan means by which this bill was put through this House and the Senate many of its defects would have been removed. So far as the good features of this bill are concerned, you on the other side are not able to assume the entire credit for the bill; but so far as its defects are concerned, which could have been remedied, and would have been remedied had it been treated in a nonpartisan way, you on the Democratic side must assume the responsibility for those defects. [Applause on the Republican side.]

Mr. GLASS. Mr. Speaker, I yield five minutes to my colleague from South Carolina, Mr. RAGSDALE.

Mr. RAGSDALE. Mr. Speaker, a few short months ago I was asked to take my place with those who were writing this currency bill. Many of the provisions that we find in the bill at this time were met with strong disapproval at the time they were offered by me in the committee. Then I was denounced as a rebel and insurgent. When we went into the caucus we found there limited approval of loans secured by farm products and improved lands, and now, to-day, it seems to me that we have before us a currency bill that we can all safely hand to the people of the United States and say the power of the Money Trust is broken and that the people have come into their own. [Applause on the Democratic side.] I have been one of those who fought against some features of this bill, but, as a gentleman who has preceded me has well said, the benefits to be derived from the bill far exceed the evils, and the people of the Southland, whom the gentleman from California [Mr. HAYES] has so unnecessarily criticized for the benefits we receive, look upon it as a very godsend to us that at last the cotton growers of America are recognized in this currency system. [Applause on the Democratic side.]

Why should the cotton growers be barred from the benefits? Why should the agriculturists be barred from the benefits of a financial system? Do we not produce that which feeds and clothes the world? Do not the products that we grow help to sustain the balance of trade with other countries? Why then should our products be outlawed and the right of credit be denied to us? Ah, Mr. Speaker, the Republican Party have grown so accustomed to denying any rights to the agricultural people on everything and heaping unjust burdens on us in tariff laws that they welcome this last opportunity to hurl another stone at them. [Applause on the Democratic side.]

Mr. Speaker, the gentleman from California [Mr. HAYES] says there is no system here by which money may be loaned on lands. If he will turn to section 24 of the bill, it is provided there that any money received on time and on which interest is paid may be loaned for five years directly on land, the loans based either on capital and surplus or time deposits. What is a savings bank? Is it not a bank that receives time deposits and pays interest on them? Does not this bill specifically provide for their entrance into the system? Does it not provide that that money may be loaned under the system? Why then is the gentleman from California [Mr. HAYES] so disturbed? Why is it that he never offered anything by way of relief along this line, but merely contents himself with trying now to muddy the water?

Mr. HAYES. Mr. Speaker——

Mr. RAGSDALE. I have but five minutes. The gentleman has plenty of time to answer.

Mr. Speaker, the time has come, and it has been written into this statute for the first time in this country, that farm lands are a basis for credit in America, and that the owners of them who produce the wealth of this country shall share in that financial system which everything in this country goes to support and sustain. The time is here when farm products are a basis of credit and subject to rediscount in the national reserve banks of America, and the men on whose shoulders rest the feeding of the masses now have some recognition at the hands of the Nation through the Democratic Party. [Applause.]

I want to congratulate the chairman of this committee [Mr. GLASS] that, with the Senate and the Democrats of this committee, we have been enabled to hand to this country a bill of which we can go home and say to our people, "At last we have given you a system by which you shall control and take charge of the financial system of this country." [Applause.]

The SPEAKER. The gentleman has used four minutes and yields back one minute.

Mr. GLASS. I yield five minutes to the gentleman from Pennsylvania [Mr. PALMER].

Mr. PALMER. Mr. Speaker, this banking and currency bill as it passed the House was a good bill. As it passed the Senate it was in many respects a better bill, and as it comes from the committee of conference it is the best currency measure which has been written upon the statute books since this Government began. [Applause.] It is not only a great credit and honor to the House of Representatives, in which it originated, but also to the Committee on Banking and Currency of this House, to whose arduous labors is due in chief part the satisfactory form in which it is now presented.

But it is also a most striking evidence of the high patriotic purpose and unswerving fidelity to party pledges upon the part of the leader of the party in power, the President of the United States. [Applause on the Democratic side.] Before he was nominated he pointed out the evils which this bill will correct. When he became the candidate of the party he promised this boon to the American people, and he has now the high and great satisfaction of knowing that his party has followed him loyally in the redemption of that pledge. And I am particularly happy to believe that it is the last and absolutely final refutation of the time-worn slander that the Democratic Party is a party of criticism and negation without constructive ability. [Applause on the Democratic side.]

I can not hope, in the short time at my disposal, to discuss this measure in any detail, but I want to say to my friend the gentleman from Wisconsin that I take issue with him upon one vital feature of his remarks. I believe that this bill when it becomes a law will do much to prevent the return of industrial panics in this country, as well as financial panics. I am content to know that when this bill shall become a law it will mean that every business man who has an asset of value to hypothecate in order to receive credit for the advance and promotion of his business will be able to secure that credit in a competitive market. I am glad to believe that under this law competition will not be all in front of the bank counter, but that we will have competition behind the bank counter amongst the banks as well.

I base that upon one feature of this bill, which, to my mind, will prove most beneficial to the country—a reduction in the amount of reserve required to be kept by the member banks throughout the country. For the credit which the bank can extend is measured by the amount of demand liabilities, and the amount of demand liabilities in any system where a percentage of liabilities is required by law to be kept as reserve is irrevocably bound by the reserve it must keep. By the reduction of that required amount in this bill the amount of new credit which may be extended to business will be so very considerable that we will have almost a guarantee of times of prosperity, of promotion and advancement of production in all lines of business endeavor in this country. [Applause.]

Mr. HAYES. Mr. Speaker, I wish the gentleman from Minnesota would use some of his time.

Mr. LINDBERGH. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. MURDOCK].

Mr. MURDOCK. Mr. Speaker, I voted for this bill when it passed the House and I shall vote for the conference report. [Applause.] I support this measure because I believe that it jostles out of a deep rut the present antiquated currency system. [Applause.]

But I do not blind myself to the fact that this measure will not be effectual as a remedy for a great national evil—the concentrated control of credit. I believe that the conservatism with which this measure was drawn and the haste which has latterly characterized its consideration is more significant than the measure itself, for the method of its consideration indicates plainly the fear that has seized the minds of the Democratic leaders and which from the start has weakened this legislation.

In the last eight months I have seen the mental attitude of the Democratic leaders here change from a seemingly bold attitude of desiring to serve the people into a mental attitude of trying to divert national disaster.

Mr. FITZGERALD. What is the answer?

Mr. MURDOCK. The answer is this. There is——

Mr. MURRAY of Massachusetts. Will the gentleman yield?

The SPEAKER. Will the gentleman from Kansas yield to the gentleman from Massachusetts?

Mr. MURDOCK. I will not. The answer is this: There is no panic in this country—not yet. [Applause on the Democratic side.] There are no hard times—not yet. When the tariff bill passed the House the gentleman from Alabama [Mr. UNDERWOOD] issued an uncompromising warning to the manufacturers of this country that if they, to discredit the new revision of the tariff, should lower the wages of their workmen they would be taken in hand by a subordinate bureau in one of the departments of this Government. The manufacturers of this country have not reduced the wages of the workingmen, but they are discharging workingmen all over the land. Why?

The Democratic revision of the tariff seen this night in perspective is not as drastic as it seemed to many on the day it passed. In many respects it was not a drastic revision, but it was a foolish revision in the manner of it.

One year ago and a little over the Democratic leadership, in the day of probation before the country, revised the tariff one schedule at a time, which would have applied a revision gradually and safely. This year, in their arrogance, they slammed down on the business of this country in an omnibus bill 4,000 readjustments, and what followed? There was disorder in business; there was disquietude. What immediately followed the disorder and disquietude in business? The special interests in this land, the mention of whom you men laugh at mockingly to-night, seized the opportunity. They are no mean enemy. They fight all the time. And when the disorder in business followed the omnibus revision of the tariff, Wall Street was watching and Wall Street acted.

In July the interests began to restrict credits in this Nation. Do you doubt it? Then ask your Secretary of the Treasury. By September Wall Street had begun to manipulate the price of Government 2 percents. Do you doubt it? Then ask your Secretary of the Treasury.

For the last six months the special interests have been taking away from the markets their support. Do you doubt it? Ask any man who studies the stock market. All over this country the word went out to the minions of the special interests to spread the poison of pessimism; they have been trying to talk business to death, and every man within the sound of my voice knows it. Is it true? You know it is true, on this side of the House, and you have a lively suspicion of it on the other side. They have saturated the air with distrust. They have been dictating the very terms that the Democratic leadership is thinking and acting in, and there has gone up within the last four months everywhere one grand chorus of calamity on the part of the men that the special interests control. [Applause.] And there has been put out over the country, and I say it with regret, for it has found its echo here, a certain senseless, Godless, merciless partisan habit of thought upon the part of the Republican leadership, which has led them to show hope of party prosperity coming through national disaster. [Applause on the Democratic side.]

Mr. Speaker, I want to say to this House, and the next year's events will bear me out, that the Money Trust has not passed. The Democratic leadership in the hour when it should have fought, faltered. In a situation controlled by special privilege, confidence is always an essential to prosperity, and special privilege, unchallenged in this country and undestroyed, can destroy confidence; and special privilege has been busy in the last six months. Your Democratic Pujo committee brought in specific remedy after remedy which, if adopted, would have met fairly and squarely, face to face, the great enemy of this Nation, the Money Trust. But you rejected the specific remedies of the Pujo committee, chief among them the prohibition of interlocking directorates. You Democrats voted that provision down in caucus, you voted it down in the Committee of the Whole, you defeated it upon record vote in the House, and it was defeated in the Senate.

I say to you as one American talking to others, you can not afford to palter with this enemy. He is yours, as well as he is mine. He will not cease fighting at some gentle love-tap, at some timid compromise, at some half-way measure, at some half-baked enactment. "Be slow of entrance to a quarrel, but being in bear it so the opposed may beware of you." In this bill you rejected specific remedies. You allowed the special interests by pretended dissatisfaction with the measure to bring about a sham battle, and the sham battle was for the purpose of diverting you people from the real remedy, and they diverted you. The Wall Street bluff has worked. You struck a weak half blow, and time will show that you have lost. You could have struck a full blow and you would have won. [Applause.]

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. GLASS. Mr. Speaker, I yield to my colleague, the gentleman from Kansas [Mr. NEELEY].

Mr. NEELEY of Kansas. Mr. Speaker, I have had occasion to indorse some of the splendid sentiments of the gentleman who just left the floor; but he, like some of the balance of us, gets overenthusiastic at times and hypercritical at others, so that he loses the balance and the poise he might otherwise have. He says this bill was framed in haste, forgetting that for over seven months it has received the earnest and careful consideration of the Banking and Currency Committee of this House and for nearly six months the consideration of the same committee in the Senate. True it is that it has not taken the Democrats as long to revise the currency as it did the Republicans to revise the tariff; but we have now all but completed the job and here present in seven months the sum total of our endeavors, so perfect in the whole that the gentleman from Kansas [Mr. MURDOCK], representing as he does the leadership of an opposition party, pledges his support to the work that has been achieved. [Applause on the Democratic side.]

While we are passing it might be well to call attention to the fact that when the Aldrich-Vreeland bill, which this substitutes, was presented to the entire Banking and Currency Committee, where it was then pending, the Democratic membership of that committee were denied the privilege of having a copy of the bill, and the party to which the gentleman then belonged reported the bill without the Democratic membership of the committee ever having seen or read it. When the bill was reported to the House for passage a rule was brought in from the Committee on Rules limiting debate to four hours on a bill that none but the Republican members of the Banking and Currency Committee had ever read, and it was an objection by the now chairman of the Banking and Currency Committee that brought a printed copy of that bill before the House for the first time. It came fresh from the printer, green and wet, and was rushed through under the rule, practically without consideration and without amendment.

I know this bill is not perfect, and I hope that before the end of this Congress it will be amended by placing in it an adequate bank-guaranty law. It ought to have been in this bill. When we made our fight in the committee the four gentlemen who were denominated insurgents, Filipinos, obstructionists, recalcitrants, fought for a decent bank-guaranty law. We opposed then, as we did in the caucus, the consolidation of banks and the granting of the savings-bank privilege to institutions already too powerful. We contended then, as we did in the caucus, for a provision prohibiting the interlocking of directors, so broad in its scope as to force competition between groups now allied for their own selfish purposes. We contended with all the power at our command for six-months agricultural paper; we contended for the extension of the privilege of making farm loans by national banks from nine months to five years; and we fought to lay the foundation for a comprehensive farm-loan plan. Had the things we contended for then been accepted upon the part of the Banking and Currency Committee or by this House there would have been but one change made in this bill as it now comes from the conference committee, and that the guaranty of bank deposits. Then, instead of the Senate taking the credit for presenting a bill favoring the recognition of agricultural credits, this House would have received the whole and entire credit for the first recognition of the agriculturist in currency legislation since this Government was established. The gentleman is mistaken, however, when he says that the interlocking-directorate proposition is dead and that the Pujo committee recommendations are buried. A motion was made in the Democratic caucus to send my interlocking-directorate amendment to the Judiciary Committee, and it was sent there with specific instructions and directions to report a bill preventing interlocking directors, not only between banking institutions, but between all industrial corporations; and when this has been done the Pujo committee and the Stanley committee may well join in singing the doxology, for they have not been in vain. [Applause.]

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. HAYES. Mr. Speaker, I yield five minutes to the gentleman from Pennsylvania [Mr. MOORE]. [Applause.]

Mr. MOORE. Mr. Speaker, Andrew Jackson, a Democrat, destroyed the second Bank of the United States, which was located in my district in Philadelphia, because it was a central bank presumed to be under the control of one man. Andrew Jackson wanted to decentralize the banks and succeeded in doing so, to the great distress of the country. The modern Andrew Jacksons who have brought in this bill would make the original Andrew Jackson turn in his grave. Why? Because in the name of "popular rule" they have built up a banking system more firmly centralized under the authority of one man than the United States Bank was under Nicholas Biddle. The President of the United States now becomes the absolute dictator of the finances of the country. He appoints a controlling board of seven men, all of whom may belong to his political party, although it is in the minority. His Secretary of the Treasury, under his direction, is to rule supreme whenever differences of opinion arise between himself and the Federal reserve board. And only one member of that board is to pass out of office while the President is in office.

Could the authority of one man be made more absolute than that? And by what "popular rule" is this brought about?

The Democratic caucus considers a bill in secret session for several months. The Representatives of a majority of the people have no voice in its preparation. It is brought into the House and passed in a day. The Senate receives the bill, and the Democratic Representatives ponder over it for months. It is forced through the Senate and returns to the House so changed in form that even the Democratic committee chairman of the House declares that if passed it will result in a veritable "saturnalia of inflation." In 40 minutes, less time than it takes to read the bill, the House is allowed to consider it. Then it goes to conference. And the people whose money is at stake are "in the saddle" and "popular rule" is supreme. Let us see.

The Senate appoints nine conferees to meet three conferees of the House and adjust the differences between the two bodies. When they get into action, the nine "popular-rule" Senate conferees are boiled down to six Democrats. The three "popular-rule" conferees of the House are reduced to two Democrats. All Republicans are excluded from the conference. "Popular rule" now rests with the six Senators and the two little giants of the House—the gentleman from Virginia [Mr. GLASS] and the gentleman from Indiana [Mr. KORBLY].

Mr. GLASS. We confess.

Mr. MOORE. You are entitled to do so.

The bill is now brought back to the House in a 58-page document in triple columns and a 30-page closely printed report, which the House is to accept after two hours' discussion in order that the President and the Members may go off on their holiday vacations. And what is the principal change we are to vote upon after the two hours' discussion? On page 24 of the comparative print we find that "popular rule" in the steel-bound Democratic conference has restored to the President, as one of his Federal reserve board, the Comptroller of the Currency, whom he was in danger of losing under the Senate bill. Only one of the seven members of the Federal reserve board will go out of office during the President's term. Will the six others stand by the President and his Secretary of the Treasury against any order given by the President? If he plays politics to perpetuate his power, will they resist him?

Therefore the popular rule which Andrew Jackson strove for against the rule of Nicholas Biddle, of the United States Bank, is overthrown by the Democratic Party and the President becomes the absolute dictator of the public and private resources of the country which find their way into the national banks under the new system. Such tremendous power for good or ill was never granted to any President, nor has so great an inducement to perpetuate the power of any party been vouchsafed to any man in the history of this country.

This bill, apart from its many danger points and imperfections, is a travesty upon Democracy's so-called "popular rule." It is a confession of dictation and absolutism the like of which has no parallel in American annals.

Mr. HAYES. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. PLATT].

Mr. PLATT. Mr. Speaker, it has been well said by the gentleman from Virginia [Mr. GLASS] and by others that this is a great measure—one of the greatest measures that has passed this House of Representatives and the Congress of the United States for a long time. I want to congratulate my Democratic friends for the large measure of success they have attained in making the measure largely a good measure, but at the same time I want to point out to them that they are enacting this great measure with some very serious defects, and with a certain amount of fear and trembling, under the party lash and under threat from the President that there would be no Christmas dinners unless it was passed at once. And yet what have you done, gentlemen? You are passing a great measure which the Democratic Party is going to take credit for and on the end of it you are extending a Republican measure which you have condemned in most unmeasured terms on the floor of this House. There is nothing you have condemned more roundly and vehemently than the Vreeland-Aldrich law. It has been cursed from one end of this Hall to the other by gentlemen on the other side of the House, and yet this bill extends it for one year because our Democratic friends are afraid this bill may not be panic proof.

Mr. GLASS. May I interrupt my colleague?

Mr. PLATT. Certainly.

Mr. GLASS. Is it not fair to state that while we are extending the Vreeland-Aldrich Act we are amending it so as to make it available to the people of the country? We reduce the tax, so the people may get the currency should they need it. [Applause on the Democratic side.]

Mr. PLATT. Oh, I admit you are making it more available, but at the same time it is a Republican measure which you have very much condemned, but you found it necessary to put it into this bill.

Mr. GLASS. As a Republican measure it was not operative; as a Democratic measure it may be operative. [Applause on the Democratic side.]

Mr. PLATT. Well, I hope it will not be needed, but there is a good deal in this bill based on the Vreeland-Aldrich bill besides, and that is one trouble with it. [Laughter.] The currency feature of this bill is a scheme whereby the United States issues notes for the banks. It provides for a currency made to loan to the banks at a low rate of interest, and that appears as a tremendous special privilege given to privately controlled banking institutions. Other organizations of the country, like the farmers and workingmen, will ask why, if the United States can issue its Treasury notes to loan to banks at one-half of 1 per cent interest, it can not issue notes to loan to them at 2 per cent. And it is a perfectly logical conclusion that is going to give you a whole lot of trouble. I agree with everything that my colleague the gentleman from California [Mr. HAYES] has said—that the notes issued under this bill ought to be bank notes. The banks are to keep the reserves and can redeem them, but for some reason unknown, or perhaps not entirely unknown, you have characterized these notes as Government notes when really they are practically bank notes and——

Mr. GLASS. I will ask the gentleman if, under the national-bank act, a distinctly Republican measure, you have not been loaning currency to the banks for 50 years on their collateral, while not loaning to farmers? [Applause on the Democratic side.]

Mr. PLATT. No; we have not. We have been depositing money and taking security for it. You can call that a loan if you want to, but it is a deposit. Under this bill the Government lends its notes to the banks at a low rate of interest and the banks loan the same notes to the people at a high rate of interest, and this is a special privilege.

Mr. KORBLY. Is it not a fact that the banks put up 140 per cent of security to get these borrowed notes you speak of?

Mr. PLATT. I think they are secured sufficiently. I agree with the gentleman from Virginia and the gentleman from Indiana, in that the notes are probably secure, but you have got to explain from now on what business they have to read as Government notes when they ought to be bank notes standing on the security of good banking and a sufficient reserve. [Applause.]

The SPEAKER. The time of the gentleman from New York has expired.

The gentleman from Minnesota [Mr. LINDBERGH] is recognized.

Mr. LINDBERGH. Mr. Speaker, I am mindful of a picture in life. It is that of the school children of to-day, throughout all parts of this country, being taught the principles of conservation—told that it is not their generation alone to conserve for, but that they must build for all the future as well; told to conserve the forests, the minerals, the waters, the soils, and all the things required for the use of humanity. This is being taught in all the schools and the homes. For example:

Nevis is a small village located in one of nature's beautiful parks in northern Minnesota. In the early summer I accepted an invitation to address the people at a fair which was held at Nevis last October. You Democrats issued one of your caucus decrees to put the House out of work just previous, therefore I was able to comply with my promise. I went straight from Washington to Nevis.

Soon after my arrival at Nevis Prof. R. M. Washburn, of the State university, who was at Nevis to lecture in the interest of farming, seized me by the arm. The professor was aglow with enthusiasm and requested me to follow him. I could understand that some grand object lesson was in store. Sure enough, he led me to a hall and had me stand where I could overlook an exhibit of agricultural and horticultural products, and also various kinds of needlework, drawings, and other industrial products of the people there. "This," he said, "is one of many fairs that I have attended. Behold this exhibit."

It was, indeed, a beautiful sight to anyone who would associate all that he saw there, in all its relations to the world as well as to the people there. "See," said Mr. Washburn, "the school children's exhibit. What does that suggest to you along the conservation line?" Mr. Washburn looked like a mountain of comprehension, and it was plain that he expected me to rise to the importance of the suggestion. He was not a mere enthusiast. He knew that there was more than appeared on the surface. He knew the difference between the rearing of children in the country and rearing them in the great cities. He suggested some of these differences—all favorable to the children on the farms and in the villages. They will have the best

of it in the coming struggle for the settlement of the great social problems.

The village folks, joined by their neighbor farmers, had collected together the evidences of the intelligence and thrift of the exhibitors and the productivity and adaptability of the climate and soils for certain agricultural and horticultural products. It was, of course, not the first such exhibit that I had seen, but just then, direct from the Nation's Capital and the doings of Congress, the importance of what had been suggested to me and my own observations along the lines of human industry everywhere, linked in their relations directly and indirectly with the acts of Congress, made an extraordinary and vivid impression on my mind.

Is all this to make humanity more prosperous and happy? If it were so, it would be well, for above all things it is important to conserve to men and women the products that result from their intelligence and industry. That is the hope of the world. But that kind of conservation has been almost wholly neglected. Congress appropriates more to protect the hogs, cattle, and dumb animals than it does to preserve satisfactory conditions among the people.

The things that are taking place at Nevis in a way are taking place in the agricultural districts everywhere. It is being supplemented in the factories, in the mines, on the railways, and in the various industries where people are working to produce the necessaries of life. To conserve these people and their children in health, prosperity, and happiness is the real conservation problem—to conserve the products of their own energy for their own use, and not for the purpose of giving it to pay interest on credit supported by themselves, but paid to bankers and others. That is the real problem that is before Congress in the consideration of the currency bill, but the currency bill fails in this respect. It simply gives the bankers the privilege of extending credits to charge the people interest on, while the Government is to support it.

I doubt that any Member would intentionally wrong the people, but it is known that the Money Trust is adroit in its plans to defeat those who dare to oppose it. Members who oppose it are subject to all kinds of attempts to injure their reputation back in their districts. The trusts control some of the newspapers and have them and other agents at work. These libel, slander, and hatch up all sorts of schemes in the hopes to start the people themselves to making unfavorable comments about Members whom the trusts wish to remove from Congress. But the people have discovered this and are not often fooled by them. So now the Money Trust has supplementary schemes, and try them out with some success in molding legislation. This scheme has been to make the people believe that the trusts are opposed to the very thing that the trusts favor. It is assumed that the people will favor what the trusts openly claim to be against. Smoothly the Money Trust has played a game of fake opposition to allay the suspicions of the public while it put through Congress its plan to shape this new bill. Members have voted for it who never would have done so if they did not believe the people wanted it. One of the shrewdest things that has occurred in connection with this bill was a speech made within the walls of this Capitol by a very distinguished person in opposition to the bill. I believe that speech to have been made for the very purpose of giving it a better chance to pass.

The new law will create inflation whenever the trusts want inflation. It may not do so immediately, but the trusts want a period of inflation, because all the stocks they hold have gone down, because the people got suspicious of them in the investigations and refused to buy. They have been dropping for a long time. Now, if the trusts can get another period of inflation, they figure they can unload the stocks on the people at high prices during the excitement and then bring on a panic and buy them back at low prices. Formerly they worked the stocks up and down several times a year to fleece the people, but the people have been keeping out of stocks for a while. Excitement, it is hoped by the trusts, will bring them back.

Several in both House and Senate voted against this bill because their votes were not necessary to carry it. But if it stood in danger of losing, like the 23 Democrats who a few sessions since came to the rescue of the standpat Republicans to save as much of the gag rules as possible, here too, I repeat, if it were necessary to save from defeat this Money Trust bill, there would be a sacred and trusted "23," so to term it, on hand to help pass the bill.

This act establishes the most gigantic trust on earth, such as the Sherman Antitrust Act would dissolve if Congress did not by this act expressly create what by that act it prohibited. When the President signs this act the invisible government by the money power, proven to exist by the Money Trust investigation, will be legalized.

The bill establishes regional banks to be owned by the other banks. The United States Treasury collects taxes from the people. These it will deposit in the regional banks, but will get no interest or at least very little. These banks will be controlled by nine directors—three of them selected by the Federal Reserve Board and six by the banks. That will give the banks full control, with the privilege of the three other directors to look on and see how slick they will do it. It will work out in about this way: All the taxes collected from the people by the United States officers will be deposited in the regional banks. Those of the people who have any money will deposit it in the local banks. The people who are compelled to borrow will go to the local banks and borrow that money. It will be the same money that their neighbors and their beloved Government, the United States, deposited in the banks. They will give their notes for these loans to the local banks. The local banks will send the notes to the regional banks which they own. The regional banks will take them to the people's Government, the United States, and have some more money printed. This the local banks will get. This may be loaned to manufacturers, merchants, etc., and their notes taken, and these notes again may be sent to the regional banks to go through the same process to get some more money from the United States—and so on the endless chain will continue. That is the financial end of it. Then comes the domestic. Of course we all know, and I shall explain the process later, that all this interest is added to the price of the things we buy, or if we are the original producer, subtracted from the things we sell, or in case we are wageworkers it is subtracted from our wages or made up by extra hours of work. The consequence is that the farmer's wife, the wageworker's wife, and others' wives who are not supported by the usury system, are compelled to work long, long days in their domestic toil, and their daughters are sent to be the servants of the usurers, and their husbands are kept in the field, at the bench, or other place of toil, all to pay the usury that has been supported by the old system and enlarged on by this new fraud. When I hear politicians talk about a progressive administration, and then review this bill, which is to be a Christmas gift to the Money Trust, I pity the innocent children all over this land—defenseless they are, but the burden created by this act in lieu of a promise for liberation from the false old system that has made 94,000,000 people industrial slaves, is a shame that should make the administration seek its own oblivion.

The trusts may have temporary prosperity by reason of this act. They control the banking interests. This is a great grant to the banks, immensely more than they had a right to expect even from a subservient Congress. But their triumph is the loss of the people. The people may not know it immediately, but the day of reckoning is only a few years removed. The trusts will soon realize that they have gone too far even for their own good. This act places the jackscrew and the vise completely within their hands, and the squeezing process which they will apply to force the last bit of energy from the toilers to enrich the wealthy will go to the point of maddening the people.

Since there is no hope to stop this Congress from passing this bill, I shall discuss a few of the principles involved and the ways and means for the people to make a declaration of independence to relieve themselves from the money power. This they will be able to do by taking control of Congress.

The bill is of such far-reaching injustice that I feel it my duty, preliminary to considering some fundamental principles involved, to make some observations on the system that has made it possible to prevent Members of Congress from preparing a good bill and forcing a vote upon it.

The Money Trust caused the 1907 panic, and thereby forced Congress to create a National Monetary Commission, which drew a bill in the interests of the Money Trust, but Congress did not dare to pass the bill as coming from that Commission. The main features of that bill, however, were copied into this bill. In 1912 I made a speech predicting that that would be done, and, further, that the Money Trust would cause a money stringency in order to force its bill through Congress. All this has now taken place. This bill is passed by Congress as a Christmas present to the Money Trust.

The political cowardice existing in this Capitol will prevent adequate reform until the people themselves realize more fully the burden that is placed on them by the interest, dividends, rents, and profits allowed by law, and collected by banks and others who control centralized wealth.

The money power overawes the legislative and executive forces of the Nation and of the States. I have seen these forces exerted during the different stages of this bill. It has convinced me that the people can secure no help from Congress until public sentiment is directed to a specific bill in the people's interests. There has been a strong sentiment for reform, but it has not been directed to a specific remedy, and, therefore, the Money Trust has taken advantage of the sentiment, and under disguise has put forward its own bill—the bill that is about to become a law. Had the people presented a bill and demanded Congress to pass it, Congress would not dare to pass this bill as a Christmas present to the Money Trust.

Even the House bill was a vicious bill, and I so stated it before, but it could hardly be worse than the old law. It might be better, but the Senate amendments have completely legalized a gigantic trust and reenacted the old Aldrich-Vreeland emergency currency act of 1908. It shows how persistent the trusts are to control those in power. The Democrats here then, and many of them are still in Congress, all voted against that bill, and now when in power all of the Democratic Senators and all but two of the Democratic Representatives in the House vote for it.

The grandiloquent attempt is being made to make the people believe that the control of the money system is being taken out of the banks and placed in the Government. There never was a more deceptive attempt than this. The people are principally interested in how to get money when they need it and what it will cost them. This bill empowers the banks to get more money on the credit of the people so as to collect more interest.

Those who tell you that the Federal reserve board has like powers with reference to finances that the Interstate Commerce Commission has with reference to railway transportation either try to deceive or are ignorant on that point. There is this vital, and it is a vital, difference: The Interstate Commerce Commission can regulate rates to be charged shippers, but the Federal reserve board have no power whatever to regulate the rates of interest that bankers may charge borrowers of money.

This is the Aldrich bill in disguise, the difference being that by this bill the Government issues the money, whereas by the Aldrich bill the issue was to be controlled by the banks. No one should be deceived by that change, however, for by this bill the Government can let no one but the banks have the money. It is optional with them whether they will take it or not. If they do, they will control it without limit. Wall Street will control the money as easily through this bill as they have heretofore. It makes no difference that the money can not be secured from the Government on stocks and paper based on stock gambling, for the Wall Street banks have enough commercial and other discountable paper to borrow on, and when they get the money they can and will loan it direct to the stock gamblers, to be used to exploit the people. I do not believe that any intelligent person is simple enough to not know that what I state is the exact truth. You will be surprised to see how quickly the special interests will accept this bill. There will be no delay about that. They may not pretend it, but it will be done just the same. This is merely one of several installments of bills that are to be used as promises to the people to fool them. They will be told that the next one will cure defects. And when the next one comes, then it will be the next after that, and so it will continue till the people look into the matter themselves. It is all a pretense for the purpose of making the people believe that good things are coming, and in the meantime the millionaires will have gotten more millions at the people's expense.

In view of the conditions that I have in part described and shall further discuss, I am convinced that the greatest prospects for reform is for the people themselves to frame concrete measures and present them to Congress and demand their adoption. If it is left to Congress to draft bills, they will be drafted in the interest of the Money Trust as the present bill has been. The people have much more to gain from their own work than they generally realize. They are paying for all the things that are being done, and they have the opportunity, if they will avail themselves of it, to so organize that they may secure the fruits of their own industry, instead of letting the parasites enjoy it. Men and women should not drudge as they do. All that is necessary for them to avoid it is to so govern that they enjoy the results from their own energy.

BORROWERS FORCED TO APPLY TO THE MONEY TRUST.

I challenge any Member to show how any person can get money under this bill without going to a bank for it, and I also challenge any Member to show me one syllable in the bill that will regulate the bank in the least in the amount of interest that it will charge. The power of the banks has been increased to expand credits and collect interest from the people for their stockholders on the credit of the Government. But inasmuch as there is no way to make Members who are subservient to the bosses remedy a fraud on the people, I shall first observe the system of politics that has made it possible to perpetrate the plan. I do this with the hope of interesting the people to arise in their own behalf.

Barnum, the great showman and entertainer of children, small as well as those grown up, is said to have said something like this:

The American people love to be humbugged.

Plainly, intelligent observers can see that Congressmen know that if Barnum said that, he erred. Senators and Representatives know that the American people hate to be humbugged. That may be inferred, because they take infinite pains to conceal the fact that Congress is the greatest of humbugs. We hear much about Wall Street fleecing the lambs, but that is not a "patchin" in comparison with what the Senators and Representatives humbug the voters. The people have spotted Wall Street and do not trust it. We expect Wall Street to cheat. Wall Streeters have not taken an oath to serve the people, but Senators and Representatives have. Wall Streeters could not cheat us if Senators and Representatives did not make a humbug of Congress.

THE FARCE OF PARTY CONTROL IN CONGRESS.

The division of Congress into political parties is a crime. No intelligent person who has been here long doubts that the present main object of the bosses in the political parties is to get office and to grant special favors at the people's expense.

The party of Abraham Lincoln was created because there was a division of opinion as to whether this country should be slave or not. That could be settled only by a strong party. When it was settled there was no further occasion for a division among the people. All the political problems now existing are economic and should be settled on the basis of business judgment.

It is contrary to the plain interests of the people and of government itself to have the bosses fence the people into various political pastures to oppose each other. There are now no conflicting interests except those fostered by a division of the people into political parties.

The people, individually and collectively, should use every means possible to destroy the existing boss system. Individually and collectively they may have to work within one party to destroy government by other parties as well as to prevent government by the party within which they work. If the existing machinery is bad and is the only thing left that we can use, and it is required to destroy the false structure, it should be used.

Congress was not originally a humbug, but it developed into one by reason of its division into political parties. The Republican Party was not originally a humbug, but political bosses got control after the slavery problem was settled and its administration became a humbug, and for that reason it met defeat. The Democratic Party was not originally a humbug, but in that, too, the bosses got control and its administration developed into a humbug and is one now, and for that reason should be defeated. The Progressive Party did not start as a humbug, but if it should obtain power and undertake as a party to govern the Nation its administration would develop into a humbug, the same as the other parties while in power did.

My colleague from Iowa [Mr. WOOD], chairman of the national Republican congressional committee, is one of the best Members in this House and is independent and progressive. The December Reflector publishes an article by Mr. WOOD, disclosing that he (using his language)—

Believes that the American people, when they register their will at the polls, are actuated by a desire either to continue existing conditions or remedy unsatisfactory ones—

And that—

when their judgment is adverse to the Republican administration, it behooves our party—

Meaning the Republican—

to determine the underlying reasons for the change and apply the necessary correctives.

Mr. WOOD's statement is additional evidence of what I claim as a reason why no party should control Congress. What he points out as the reason for the people registering their disapproval is continually happening because of party government in Congress and in legislatures.

The people can not by that system register their wants. They can only vote to negative what has been, if they think that a different vote will not get still worse results, and sometimes they are willing to take a long chance. They vote to eliminate the worst of the existing evils. That is what party

government amounts to. That is not affirmative government by the people, but it is negative. It will take the people very much longer to get their rights that way than by a more direct control—that is, government by Congress itself. Each district should be responsible for its own Member and hold him responsible to the district instead of letting him be bound and gagged by a political party boss.

This is inherently a National Government, and that is why party government is unsuccessful in dealing with the economic problems. We have changed from one party to the other, and the uncertainty that is created makes harder times. If we had a people's Congress, there would be stability. We could then solve the economic problems in the interest of all the people. There would be continuous improvement.

In most cases political parties have had their origin for good cause. I hold no brief against any party operating in its proper place. In fact, parties may be of great service. But I hold a brief from my constituency to register the strongest protest and opposition that I can against any party usurping the powers of Congress.

I have watched the operations of false government by party that make Senators and Representatives who subordinate themselves to party rule practice perjury and treason galore. In some cases their wrongful acts are hidden and screened by rules and practices adopted in order to enable them to do that. But in other cases they believe, if done in the party name, it will be forgiven—even approved by a partisan constituency—and in those cases Members proceed boldly, as if to do a thing in the name of a party is justified, however much it conflicts with the people's rights.

CAUCUS IN CONGRESS IS CONSPIRACY.

The caucus crime is one of the methods used. The people are told that the caucus is justified when it begets better legislation. The bosses are very careful not to explain that the caucus is resorted to principally to prevent legislation most favorable to the people. Of course the bosses know that some improvement will be forced, and they resort to the caucus to keep it as little as they think the people will accept without giving the bosses trouble. The caucus keeps it at the least.

The correct name for a caucus is "conspiracy." The conspiracy here is to usurp the powers of Congress and do as little for the people as it is thought the people will accept. I have been fighting the caucus system and the secret meetings of committees ever since I came to Congress. When I began the stand-pat press poked fun and ridicule at me for doing that. The whole country is now fighting to kill "king caucus." Even Collier's Weekly, which ordinarily supports the Democrats, mildly criticizes them by publishing in a 1913 number the following:

> The caucus system, even in the form in which the Democratic Party is now using it, is doomed and will not last beyond the present session. It is against the present spirit, and it is not consistent with present-day ethics and politics.

It is not enough to destroy the caucus conspiracy, however. Party government is practically the same thing as caucus government. I fought party government from my first entry into Congress. I believe I am the pioneer in the fight. Among others, Collier's Weekly again said in September, 1913:

> With the beginning of the coming session the power of the caucus will be a thing of the past. As soon as this happens there may very well come a break-up in the parties, which is the necessary preliminary to a new line-up in the United States—a normal division between men whose minds and interests are conservative and those whose minds and interests are liberal.

Collier's Weekly, however, did not correctly estimate the Democratic bosses in Congress, for the Democratic Senators in this now regular session held caucuses to regulate the currency bill that should pass the Senate.

SECRET MEETINGS TO DECEIVE PUBLIC.

I introduced a resolution myself in the House Banking and Currency Committee to have all its meetings open to the public, so that the public would know what was being done by the committee. The liberal press supported it, the stand-pat press opposed it; but it got publicity both ways, and the majority of the committee did not dare to make a record against the public demand. So my resolution passed. But note what was done to evade it. The Democratic members, who were in the majority, called no more meetings of the Banking and Currency Committee until they had held numerous secret meetings and fixed up a bill, and then they called a meeting of the Banking and Currency Committee, which was simply to report it to the House. Minor amendments were allowed. Four that I offered were accepted, and I think an equal number offered by my colleague, Mr. SMITH, of my own State, and three or four others. But all the amendments of vital importance were voted down on the express statement made by more than one member of the committee that he could not vote for an amendment not consistent with the Democratic caucus.

That is the way these secret meetings and secret caucuses work to defraud the people by preventing the best kind of legislation.

POLITICAL PATRONAGE.

The political bosses maintain their position by patronage. The Democratic and Republican Party bosses have been equally guilty in using patronage as a means to bribe. It costs the bosses nothing, as the people pay the salary of all appointees, and the bosses use them to carry on their campaigns to fool the voters.

Any new party that is actually progressive and any old party becoming actually progressive will advocate that public appointive offices be distributed in the proportion of the respective numerical strength of the parties. Any official who is progressive and honest in his administration, if he has appointments to make, will, so far as possible, distribute them amongst the several parties in the proportion of their voting. That would insure freedom, remove prejudice, create a wise and natural checking for efficiency, and give general respect. To practice that would change this from a factional government, as it is now, to a people's government.

This is not a mere academic problem. I wish to explain what sort of a deal so-called party government has given the people.

FORMER GREAT ADVANTAGES SACRIFICED.

There was a time within the generation of those now governing that the conditions in this country promised the people exceedingly good results. Conditions originally were all right. But under party government, officered by men long in Congress, and some of them still here, we have been getting into more and more difficulty. There is a very serious dissatisfaction, justly so, among the people. They have been deprived of the results that the advantages originally promised them.

Consider conditions as they were and then the results. While the political parties started with things in excellent shape, and while some of the men then and still in office had a chance to conserve to the public the natural advantages, things went wrong. They did not so much as file a protest, because they wanted to "stand in" so they could appoint their supporters postmasters or to some other office that the people pay salaries to. Instead of the people now possessing the natural advantages the trusts have gotten and capitalized them, and the salaries of patronage officials are paid out of the people's daily earnings.

WHY LONGER TRUST THOSE WHO FAILED?

How can we expect the same system and the same men that failed to conserve the advantages that the public so recently had are going to rise to the present emergency to reinvest the people with their sacrificed advantages? The problems were simple when they took charge, but now they are complex. If the public is made to believe that the political parties and the men who have run the ship of state on to the rocks can be trusted because they profess to be progressives, after the votes are counted, but never were progressive before, then our children are to be pitied for the results that would come from the credulity of their parents.

The stockholders of the Hartford & New England Railway Co., when they found the company in trouble and its resources squandered, discharged the officers. The company is now doing better. It would profit the people to put the politicians and bosses and the political parties out of Congress. They have squandered the Nation's resources.

Men and parties who are forced to become progressives, or to say that they are, because the voters have demanded progress before the officeholders and the party bosses have seen the necessity, can not be depended upon to see any necessity for further progress until the voters force it. They may still further delay progress by caucus-secret committee meetings and rules fixed to screen the boss system. Many of those who were stand-patters when the progressive movement began and now pretend to be progressive are solely so for the purpose of stopping the progressive movement from materializing into full benefits.

THE LOSSES.

Let us review some of the advantages that we had and that have been lost or impaired by party government administered by political bosses, some of whom are still in office and are trying their utmost to keep the political parties in control of Congress.

The people did own the lands and the minerals. Congress gave half of the lands and practically all of the minerals to corporations, or left the way open for them to acquire the

minerals. Congress allowed speculators to secure the Government's most valuable forests.

Congress permitted the valuable patents and patentable inventions to be monopolized, so as to give a monopoly of their use.

Congress permitted transportation companies to establish systems of discrimination favoring certain individuals and localities, thus causing some individuals to acquire colossal fortunes and some communities to grow to unnatural proportions, all at the expense of an economic general system that would be favorable to the public.

Congress permitted private individuals to monopolize the telephone and the telegraph, two great service instruments that the public should own.

Congress has permitted many other valuable instruments and conditions to become controlled by special interests. But of them all none is so important as those needed for the mediums of exchange—the telegraph and the telephone, to communicate information; the railways and the waterways, to facilitate the physical exchange and the travel; and the money, for the adjustment of accounts.

These that I mention and some others are controlled as special privileges by a few persons. They were acquired either by grant of Congress or because of the negligence of Congress. The public was rich in resources, but its wealth has been squandered. Watered stock has been issued by the special privileges. The public is charged compound interest and profits on what it originally owned, but lost through the negligence of Congress. That is one of the results of "caucus government" by bosses in the name of parties.

The greatest crime of Congress is its currency system. The schemiest legislative crime of all the ages is perpetrated by this new banking and currency bill. The caucus and the party bosses again operated and prevented the people getting the benefit of their own Government. The subject of banking and currency can be simplified by a few preliminary observations.

A FEW HINTS ON THE COST OF LIVING.

Why did Congress create an expensive commission to consist of outsiders, which by its expense makes living cost more, when there were 200 more Members in the House than are necessary?

This commission can not inform Congress of anything about the cost of living that the Members themselves can not ascertain from observation of facts that are occurring daily under their very eyes. Congressmen draw high salaries. Why was not the commission created from their own number? It would save the people paying additional expenses to tell Congress what any intelligent person can ascertain by watching daily occurrences.

Why does Congress create boards, commissions, and committees from the outside to advise it on matters that Members themselves can ascertain from work that should be done by their own excessive membership? These boards, committees, and commissions are created in order to pay off political debts, thereby increasing the cost of living, and also for the purpose of giving Congress excuses to delay needed legislation. Most of the Congressmen never read the reports. In fact, many of the reports are not worth reading. Is it any wonder that the public lost its respect for Congress? No intelligent person can review its acts and respect it.

The cost of living will keep going up as long as the laws of nature are violated by uneconomic practices. We must pay the penalty.

I knew a farmer who owned his land, with modest but good buildings and improvements, out of debt, and getting along very well, but had no money. He decided to build a fine new house and barn, and buy an automobile. He mortgaged his farm to secure the money. He employed men to do that part of the work that he and his family could not do. He boarded them. Thereafter he had an annual interest to pay. The mortgage is still on. His cost of living is increased because of high interest, but his farm yields him no more income than if the venture had not been undertaken. Many farmers, and modest citizens in towns, give mortgages with the same result.

The same principle applies to the human family as a whole as applies to the individual. The people are working at many things—building great cities, railway systems, public buildings, monuments, etc., as well as harbors, canal systems, and other things too numerous to mention them all. These are of a permanent character; some of them are expected to last thousands of years. The people are also working to manufacture all sorts of things to entertain the rich and to satisfy their whims, things that ordinary people have no means to enjoy. Notable among these are high-priced automobiles, summer homes, yachts, and other special contrivances.

In New York City are found examples of the most extravagant. Other large cities copy so far as they are able. Two new railroad terminals in New York City alone cost $200,000,000; office buildings there by the hundreds cost from $3,000,0000 to $25,000,000 each; bridges, tunnels, and underground railways alone cost over $1,000,000,000. These are only a few of the many things there, but they show the scale of expenses. It takes armies of men and women to do the work. Other armies, so to speak, are required to supply the contrivances exclusively for the rich and idle.

We have seen that a farmer increased the cost of his living by building a new house and barn, buying an automobile, and so forth. That principle applies with much greater force to the building of great cities, and all the things required in them, and the systems of railways and all the other things. Immense debts are created on which the people generally are paying the interest. It is not necessary to the intelligent to enumerate in detail more than a few things. I discussed the high cost of living more in detail on the following dates: April 21, 1910; February 27, 1912; August 1, 1912; reported in the CONGRESSIONAL RECORD.

SPENDTHRIFT GOVERNMENT.

No one reasonably objects to paying taxes when he gets full value in a necessary service. The objection is to spendthrift government. The Census Bureau has issued a late statement showing the cost of governing the cities to be about $1,000,000,000 annually. No one farm product would pay for this. It would take more than all the profit from the raising of corn, wheat, oats, and cotton to pay it.

It costs $35,000,000 to run Boston for one year, equal to about $50 per capita; that is over $225 for each of its families. It takes about $4.35 per week out of the wages of the head of the family. That is for the city expenses alone. In the country districts there too we find spendthrift government. In addition there is a spendthrift State government that adds still more to the cost. Then comes the United States with an annual expense exceeding $1,000,000,000 annually. The cost of government is constantly increasing. I mention Boston merely to give a concrete example. It is the same in other cities.

Who is paying all this cost, which surely exceeds $500 per family, on the average, in the whole United States? The farmer, the wage earner, and people generally who earn their living—these, the voters, do they realize that they are paying for spendthrift government? Are they figuring that because their direct taxes may be only a few dollars, and some of them none, that they escape the tax? I hope none is so deluded. Furthermore, does anyone working for less than $500 think that he can not be taxed even to exceed that sum? I hope no one is so ignorant as to think that.

There are many ways to collect taxes indirectly, whether it be fair or dishonest. One is to make the laborer, whether it be on the farm, in the shop, on the railway, or other place, do longer day's work; one is to pay them less for the time than they earn, or, in case of a farmer, less for the product of his farm than it is worth; another is to add it to the cost of the things they must buy—that is, to the rents, the grocery, the clothing, and other bills. It all comes in some form; if not in direct taxes, it is concealed in the lower wages paid, or in extra hours of labor for which nothing is paid, or, in case it is a farmer or other plain producer selling commodities to the middle men, it is subtracted from the price.

It is not the property owner alone who pays the taxes due to extravagant government. The owner passes the tax along to be paid by the working people, wherever and whatever they may be doing. The vast expenditure being made in national armaments, on canals, in great buildings, and so forth, and in duplicating systems of railways, and all the other great expense is also passed along to be paid by the plain people. Go into any of the ultrafine hotels on any evening and see the enormous extravagance of guests. It goes on in thousands of hotels. The plain people work to pay all that. It all goes to jacking up the cost of living.

I quote the following paragraphs from a speech and resolution of mine in a previous Congress. It is to show that the toilers are not benefited by excessive construction:

House resolution 636.

Whereas it is among the declared purposes of our Government to establish justice and insure domestic tranquillity and to promote the general welfare; and

Whereas there is a persistent and irrepressible economic conflict now everywhere manifest in the economies of production and distribution between those who own the principal means, appliances, and materials of socialized production and distribution, on the one hand, and the smaller owner and those who perform the social service, manual and mental, on the other, and since said conflict, unless soon

reconciled, threatens to overthrow all social order: Therefore, among other important facts relating to the same, it is important to know—

(a) That it is a fact that the production of permanent, material, capitalistic wealth for speculative and remote future use is so great that in its production and maintenance it robs the industrial forces engaged and consumes the material resources required to produce the urgent necessaries of the present day and generation. On that account there is now insufficient production and distribution of the things necessary to supply the common needs, and therefore most people are in want of many of the actual necessaries. This condition is largely caused by the overgrowth of the larger cities in this and other countries and by the construction of systems of canals, railways, buildings, and other permanent structures, many of which are built solely for the investment of capital, while instead the energy of labor and the use of capital and machinery should be employed in the promotion of industries with the main purpose of supplying the necessaries for the people's use, convenience, and well-being. The people's energies and the material substances are being thus used to *provide capital* with permanent investment. In this way capital is created from the material resources, and is supplemented by the great wealth that labor adds, but it is controlled by a few individuals whose direct purpose is to use it as a basis on which to collect interest, dividends, and maintenance cost from the people. The cost of living can not be reduced and conditions materially bettered so long as so much of the natural resources and energies are employed to produce profits regardless of the service to be secured.

(b) That it is an economic fact that interest, rent, and dividend indebtedness levied on the present basis are partly made up by enforcing longer days of labor and reducing wages, partly by deduction from the price of the farmer's products when he sells, partly by increasing the price of the necessaries of life that must be purchased by the consumers; but even in all these ways rents, dividends, and interest at the rates charged can not all be paid, because it is impossible to pay in full, and therefore bankruptcy will be constantly in process and the scale of living low for the majority so long as we follow this system. Interest compounded on the large capitalized holdings of wealth at the rates commonly charged equals in a few years all the country's resources. Under such a system periodical panics are bound to occur. The people can not be prosperous under any government that permits a business policy and practice that eventually leads them to bankruptcy. Since our Government now permits and encourages special credit advantages in favor of invested capital that obligates the people to pay its owners higher interest, rent, and dividends than it is possible for them to pay, property is given a more secure status than personal rights, and much property is being produced for the purpose of appropriating the energy of the masses for the profit of the few. Under such practices all but the favored few suffer.

(c) That it is a fact that discriminations exist in our social organization, sometimes practiced privately and sometimes publicly, giving special favors to individuals, concerns, and localities without economic reason therefor. This in itself creates inequality and increases the common burdens

(d) That it is an economic fact that the burden of production rests on the toilers, mental and manual, whether they be on the farm, in the factory, in the store, or engaged in the sale or distribution of the commodities of commerce, or otherwise. They support and maintain all social institutions, whether these pertain to production for present or future use, and whether such production furnishes necessaries, pleasures, supplies, or other conditions of life. There is no other source from which the necessaries and conveniences may be economically secured. Capital, even after accumulated, can not maintain itself, but depends upon labor for its value and conservation. Even money and credit furnish no material substance, but merely express a convenient measure of exchange used because of the fiat supported by the fact that it is accepted in terms of exchange. The cost of living is increased by all persons who are engaged in any work of unnecessary duplication; also by those occupied in producing things that are not required for the present or future of the living generation, or naturally incident to the establishment of practical working conditions where more permanent construction is necessary. Any undertaking which does not have for its purpose the production of conditions that produce the necessaries, conveniencies, or luxuries practical to be enjoyed, or for use by the people generally, or in their distribution, sale, and exchange, increases the cost of living. Fellow workers in all useful and necessary pursuits are coordinate, and are cooperative and not competitors under economically governed conditions. Those only are competitors who consume without producing an equivalent, either in producing the necessaries or in their distribution, sale, and exchange. It is an economic fact that modern machinery, new methods, and better appliances have enormously increased the productive energy of the people. Therefore, if economic order governed in the production and distribution of things necessary, convenient, and desirable, there is ample means by which all industrious people can secure all things reasonable and desirable to make them successful. This can be done by very much shorter days of labor than are now being expended by most people in order to work out what proves a burdensome existence under present conditions. It can not, however, be accomplished while each individual pursues indiscriminately this, that, or the other purpose in life without special or even general information that the undertaking fits into any real need. Naturally, under the disorder that exists, there is an enormous waste of energy and resources, and some will be idle while the majority will be overworked, underpaid, and therefore deprived of the advantages to which the industrious are entitled. None would lose by creating order out of the present disorder, but all would gain by the elimination of waste and wanton extravagance

(e) That it is a fact that corporations have been organized to overcome some of the disorders that have been common in business. But these, in most cases, are trusts, and operate for extremely selfish purposes. The public derives little benefit from their existence, but on the contrary in some cases is actually injured. The trusts have been able to systematize and practice economy in the cost of production and distribution, but, since they are monopolies, the public has not had a proper advantage from their formation. On the contrary the trusts have used the monopoly to reduce prices when they buy from the original producers and increase them when they sell to the consumer. They build up colossal fortunes—commonly called vested capital—for the individuals who control them. On these fortunes the public is charged annual compound interest, rent, and dividends. Experience teaches the managers of the trusts that they may cooperate to their mutual business profit, and therefore there is a community of interest between them. But there is no community of interest between the trusts and the public except in the sense that there is a community of interest between the farmer and his team or his cows.

(f) That it is a fact that in this country there are natural conditions, resources, and advantages sufficient to satisfy and supply every human need under economically governed use and application of our industrial forces in their development. People have the intelligence required to bring about better conditions if they will make the effort. The problem is to direct things in a way to prevent waste of energy and resources in the production of things unnecessary and to exert more energy in the production of the necessaries, and otherwise reconcile the present industrial conflict in a manner which will bring about a reasonable adjustment.

PRESENT BAD FINANCE IS THE CAUSE.

My purpose is to show that we can not accomplish improvement in either the cost or the advantages of living as long as the present money standard and its application under the present system, or that proposed by the President's new bill, is or will be in operation. That system is responsible for our economic troubles. The trusts, the tariff, and the various other troubles of which complaint is made, are fathered by the false money system.

The special interests and the politicians are making all sorts of complicated and mysterious arguments to deceive the people. If the people knew that their Government, which through their own apathy they permit to be run by political charlatans, was operated on a plan that makes it certain that only a few out of more than 95,000,000 inhabitants can be successful in the degree that the natural conditions justify, they would rise in their power and do for themselves that which the present Congress fails to do for them.

We have been told by the "select" and by the "special interests" and by that portion of the press and news agencies "kept" by the "special interests" and by officeholders that this is the grandest Government in the world.

A lot of poor governments—this might be a mighty poor Government and still be the best of them all. It ought to be the best, because it has had the best opportunity. It is the best, but that notwithstanding, the results show that it is a mighty poorly governed country.

THE GOVERNMENT SHOULD CONTROL THE MONEY.

The banks have been granted the special privilege of distributing the money, and they charge as much as they wish. The President's new bill gives the bankers even greater powers than they had under the old laws. Heretofore they could get bank notes only on the debt of the United States. Under the new bill they can get United States Treasury notes on my notes, on your notes, and on everybody's notes except the farmers' notes secured on the farms that feed us all.

The farmers' secured notes will not be accepted under the President's bill. It is not because the farmers were forgotten. I introduced an amendment making farmers' notes secured by real estate mortgages, having no more than 180 days' maturity, eligible to secure United States Treasury notes on, but the committee said that the Democratic caucus had refused that, so the Democrats voted it down.

What is the fundamental basis of the new bill? It is the same as the old law and practice. It is that gold shall continue a special property on which the people shall, whether they wish it or not, gamble. It is that property shall be preserved as having greater potential force than the human family. I submit herewith a table of interest that is supported by the system—the old system—and given greater power by the President's new system, because that permits inflation of credit for the banks to collect interest on. The following table, compiled by a former Librarian of Congress, shows the growth of $1 by compounding interest annually in advance in the manner of the banks. One dollar loaned for 100 years would grow as follows:

Interest at—	
6 per cent per annum would amount to	$340
8 per cent per annum would amount to	2,203
10 per cent per annum would amount to	13,808
12 per cent per annum would amount to	84,075
18 per cent per annum would amount to	15,145,007
24 per cent per annum would amount to	2,551,798,404

That shows the potential power of the dollar as the country is now organized. No human being can compete with it. Nothing can compete with the dollar except $2, and nothing with $2 except $3, and so on up, the greater the sum the greater the cinch. The bankers control it. We have no vacation of 100 years to get a hundred years' effect. That system has been in operation under a somewhat smaller expansion of credit than that promised by the new bill for over 100 years. It has been in operation on a large scale for the last 25 years in this country, and by reason of it we find the people of the United States

classified with regard to their income and financial status, as follows:

Number of the class.	Persons engaged.	Average income.	Aggregate income.	Number in each class, including their families.
1	37,815,000	$601	$22,725,590,000	94,537,500
2	126,000	4,500	567,000,000	315,000
3	178,000	7,500	1,385,000,000	445,000
4	53,000	12,500	632,500,000	132,500
5	24,500	17,500	428,750,000	61,250
6	10,500	22,500	236,250,000	26,250
7	21,000	37,500	787,500,000	52,500
8	8,500	75,000	637,500,000	21,250
9	2,500	175,000	437,500,000	6,250
10	550	375,000	206,250,000	1,375
11	350	750,000	262,500,000	875
12	100	1,500,000	150,000,000	250
	38,240,000	.....	28,426,440,000	95,600,000

Nos. 8, 9, 10, 11, and 12 in my table comprise 10,000 persons whose incomes in their respective classes average from $75,000 per annum to $1,500,000, with a total income of $1,693,750,000 per annum. This income is not for personal services rendered but is the increment from "vested property." Assuming that the sum is 6 per cent on a capitalization, it is supported by approximately $17,000,000,000 capital. Interest compounded annually at 6 per cent on the bankers' plan doubles the principal in less than 11 years. In 33 years the capital of the 10,000 persons, without any further activity on their part than to reinvest the interest, would give them $136,000,000,000, or a little more than the present valuation of all the property in the United States.

WHO CAN ESCAPE?

The people in class 1, in the table I present, have already been reduced to about the lowest extremity. There are over 94,000,000 of these people. Now and then one from this class makes a lucky strike, or by sheer force of some extraordinary kind is able to get out of it and into one of the other classes. Under the system he must oppress the class from which he emerges, or else reduce one or more in the other classes to this class. A few such there are and will continue to be, but the total of the underpaid and overworked will increase instead of diminish as long as the system works the interest, dividend, rent, and profit game exhibited by the interest table quoted.

As between the several classes whose incomes average from $4,500 per annum to $1,500,000 their number will be reduced. Many of the less wealthy will, by the very nature of the system, be reduced to a class with lower incomes. Of course, some high salaries are paid to managers that come from the lower paid classes, but those are the exceptions and do not prevent the process of the system reducing the plain people to the position of industrial slaves that they are now.

WE ARE NOT WITHOUT HOPE, HOWEVER.

The people have yet left to themselves political liberty, and when they have come to a realization of the hopeless struggle that they make while the present system prevails, they will throw off the yoke and adopt their own system for their own use instead of as at present being governed by the bankers' system for the bankers' use.

I pass now to a consideration of the false and shameful act of this Congress in giving to the bankers the monopoly of the distribution of money. They have been given the exclusive control without limit as to the charges that may be made to borrowers.

WHAT THE FARMER GETS.

The President's message contains words of encouragement for financial aid to farmers, but it only reads well, for the bill supported by the President "is the proof of the pudding," in that the farmers get the smallest crumb. Let us investigate.

I represent a district 60 per cent farmers, with 12 of the best counties in Minnesota. On September 4, 1912, that district had 33 national banks, with $1,614,050 capital and surplus and $9,319,405 deposits. Farmers own stock in these banks. The exact amount belonging to farmers deposited in these banks is not known.

More than half of the wealth in the district belongs to the farmers. They undoubtedly at least own half of the $9,319,405 deposits, or $4,659,000. The President's bill permits these national banks to loan on the security of the land that grew the products that were sold for the $4,659,000 only a "sum equal to 25 per cent of their capital and surplus." That is, $437,525 is all that the farmers can borrow of their own money on the best security in the world.

The other $4,211,475 in the 33 banks belonging to farmers may be loaned to "Tom, Dick, and Harry," whoever and wherever they may be, just so that it is not on farm loans. The farmers in that district have more than ten times greater deposits in the national banks than the President's bill permits the banks to loan on the farmers' best security. That is rank injustice and discrimination against the farmers, and it is aggravated by the fact that the banks may, and to a great extent do, loan these deposits to speculators who exploit the farmers and others with their own money. That is so in all agricultural districts.

The bankers are not to blame. They are forced to adjust to the way business evolutes under the law. I am not complaining of the bankers. Were I a banker I would be compelled to do business in the same way that they are doing. The people shall have to blame themselves for not electing a better Congress.

What benefit, if any, do the farmers get from their share of the deposits? In the district I represent farmers have about $4,250,000 more deposits in the banks than the President's bill will allow the banks to loan to the farmers on their improved land. After allowing for the reserve more than $3,500,000 of this may be loaned to corporations and others than farmers in business or speculation.

The farmers who have deposited in the banks would be benefited if the banks were permitted to loan the deposits to neighbor farmers instead of to speculators. Estimating that the farmers get an average of 2 per cent interest on their deposits, it nets them $85,000 on the $4,250,000. Some get 4 per cent, but many get none. No interest is paid on open accounts. Estimating that the banks get 7 per cent on the $3,500,000 that they loan, it would give them $245,000, a net profit over the cost equal to $160,000.

The whole $245,000 is charged back to the people on the price of the goods and services that the money goes into. The farmers themselves practically pay all of it, because I have taken into account only one-half of the deposits, while the farmers must buy for 60 per cent of the population.

A subcommittee is framing a bill for a system of farm credits and loans. Ordinarily it is not fair to assume in advance that an insufficient bill will be the result, but in view of all previous legislation, and especially the new bill, I give it as my opinion that it will be framed up as "sop to the farmers." It will not be what the farming interests merit.

FARMERS HAVE NO SPECIAL PRIVILEGE, BUT BANKS HAVE.

It is true, as the President stated in his message, that "the farmers, of course, ask and should be given no special privilege." The farmers never have had a special privilege and probably never will ask for one. But the President's bill does contain a special privilege to the bankers. No such great special privilege was ever before extended.

The President's bill directs all the money into the control of the banks—the money loaners. It will be used by them to exploit the borrowers and users of money. If not enough can be collected into these centers, then the Government will print more to place there. The banks and special centers will get the exclusive control of all the stocks of money. They will form the greatest trust in the world. The bill does not limit the charge that the banks can make borrowers.

I hope that the public may soon take as much interest in banking and currency legislation as the bankers do, for the public is just as much interested and the importance to the public is as much greater as the number of people constituting the public exceeds that of the bankers. Congress can only be forced by public opinion. Until it is, it will legislate in favor of the banks and against the people.

INVESTIGATE CONGRESS.

When the public once becomes aware of the fact that Congress is to blame for the economic ills that make of the people industrial slaves, there will be an investigation of Congress by the voters. That will get to the bottom long before the investigation of the trusts by Congress will. Trusts have been prosecuted, but the cost of living is not going down. Certainly not. The trusts add the costs to the price of goods they sell or the service they render. The people pay for the goods they buy and the services they receive. The costs of the prosecution as well as that of the defense is added. But still under our present system it is necessary to prosecute in some cases.

THE MONEY LOANERS' MONOPOLY.

The banks are now the only practical depositories for money. The Government by a most ingenious system is to direct all funds into bank control. It will also issue money to the banks and no one else. The banks are to be the exclusive distributors, with no limit on the charges that may be made to borrowers.

The commodity gold is made a legal tender and the standard of value—the final redemption. As long as those conditions continue, there is no remedy for the present economic evils.

The Government should issue and distribute sound money its own, not gold. Gold is not a true measure of value nor sound as a legal tender, because prices do not fairly adjust under the gold standard. I realize that there is such fear among Members lest they be marked for defeat by the money power that they run for cover the moment the gold standard is attacked.

We now have the gold standard. It is unsound. The results show it. I shall give concrete examples: The New York Times Annalist, September 8, 1913, states:

The cotton crop of 1912–13 is 14,167,115 bales, a decrease under that of 1911–12 of 1,971,311 bales.

The total value of the large crop, measured by the gold standard, was much less than the value of the small crop, measured by the same gold standard. Here is what the Annalist said about that:

The value of the crop (1912–13), including seed, is placed at $998,425,059, against $937,280,764 (for 1911–12 crop), and attention is called to the fact that for a crop embracing 1,971,311 bales less cotton and 893,000 tons less seed, the South received $61,000,000 more money.

That is the way the gold standard works. It is the gamblers' standard. But let us take another concrete example. I quote this time from the Minneapolis (Minn.) Press, which keeps well informed on the wheat market as any in the world. Here is what was published last November.

DAILY NEWS, WASHINGTON BUREAU,
Washington, November 14.

Although the wheat farmers of the United States raised 23,000,000 bushels of wheat more this year than they did a year ago, their crop is worth $32,000,000 less, according to the Crop Reporting Board of the Bureau of Statistics of the United States Department of Agriculture.

The figures prepared show this in spite of the fact that the wheat this year weighs out three-tenths of a pound to the bushel heavier than a year ago and more than a half a pound better than the 10-year average.

I could multiply examples of this kind by the hundred to show that the gold standard is the gamblers' and speculators' standard and not a true standard. The farmers have in the last 20 years been cheated out of billions of dollars by this false standard. On this subject I quote the following from my minority report made to the House:

GOLD STANDARD RESPONSIBLE FOR MANY OF THE SOCIAL EVILS.

On March 14, 1900, after an adroit campaign carried on by the special interests covering a considerable period, Congress passed an act which called for the permanent establishment of the so-called "gold basis" for all of our money. Since then there have been new inventions made for mining gold which make the available amount more plentiful, with the result that the "gold basis" is puzzling the Money Trust. But there is a still further complication, and that is that the people are becoming familiar with the fallacy of the "gold standard," and they are becoming dissatisfied in proportion to their understanding of its bad effects.

The dollar is worth less now than it was in 1900; that is, it will buy less. That fact, particularly, does not satisfy the creditor class. They have had enormous interest returns, but they have lost a part of that advantage because of the depreciation of the purchasing power of the dollar. To a greater or less extent all of the people are dissatisfied with it; many for selfish reasons; and they only desire a remedy to be adopted which will help them alone, but there are fewer of these than there are of those who seek a reform which will better the conditions of all.

We have seen many comments in the press lately in regard to a plan devised by Prof. Irving Fisher, of Yale University. Mr. Fisher is no doubt an honest and earnest worker who is trying to reform the gold standard. He has arrived at the inevitable conclusion that every capable student must finally adopt, and that is that the present gold standard is not the standard by which we can secure honest money.

Prof. Fisher has given a most thorough analysis of the production and supply of gold and shown quite extensively the effect of its present use as a money standard upon the prices of commodities. I have given below a synopsis of his plan as stated in the Boston News Bureau of December 28, 1912. It is as follows:

"Prof. Fisher is one of the most distinguished economists in this country, if not in the world. He is eminently practical and not merely theoretical in all his work and writing.

"All who have to do with long-time contracts recognize the desirability of a monetary unit of fixed purchasing power.

"The following is Prof. Fisher's plan for converting the gold dollar into such a composite unit, thus standardizing the dollar. Such standardization would be effected by increasing or decreasing the weight of gold bullion constituting the ultimate dollar in such a way that the dollar shall always buy the same average composite of other things.

"Every dollar in circulation derives practically its value or purchasing power from the gold bullion with which it is intercontrovertible. Every dollar is now intercontrovertible with 25.8 grains of gold bullion (nine-tenths fine), and is therefore worth whatever this amount of bullion is worth.

"The very principle of intercontrovertibility with gold bullion which we now employ could be used to maintain the proposed standardized dollar. The Government would buy and sell gold bullion just as it does at present, but not at an artificially and immutably fixed price.

"At present the gold miner sells his gold to the mint, receiving $1 in (say) gold certificates for each 25.8 grains of gold, while on the other hand the jeweler or exporter buys gold of the Government, paying $1 of certificates for every 25.8 grains of gold. By thus standing ready to either buy or sell gold on these terms ($1 for 25.8 grains), the Government maintains exact parity of value between the dollar and the 25.8 grains of gold. Thus the 25.8 grains of gold bullion is the virtual dollar.

"The same mechanism could evidently be employed to keep the dollar equivalent to more or less than 25.8 grains of gold, as decided upon from time to time.

"The change in the virtual dollar (bullion weight of gold intercontrovertible with the dollar) would be made periodically, or once a month, not by guesswork or at anybody's discretion, but according to an exact criterion. This exact criterion is found in the now familiar 'index number,' which tells us whether the general level of price is, at any time, higher or lower than it was. Thus, if in any month the index number was 1 per cent above par, the virtual dollar would be increased 1 per cent. Thus the dollar would be 'compensated' for the loss in the purchasing power of each grain of gold by increasing the number of grains which virtually make the dollar."

Prof. Fisher has performed a great service to his country and to the world by discrediting the gold standard so convincingly. When a man of his prominence and ability has the courage to state his beliefs, the more timid of those holding like views, of which there are many, ought to take an active part in supporting the indictment of the gold standard.

While the professor has clearly indicted the gold standard and conclusively shown that it is a false one, I do not agree with the remedy that he proposes. Instead of proposing to abandon gold as a standard and relegating it to its natural place among the articles of commerce he advocates its reform and would still retain it as a standard by making the weight of the dollar variable and determining its value from time to time according to a commodities index. The professor is surely correct in his assumption that commodities have actual value worth considering in connection with the establishment of a true exchange system based upon the actual value of services and commodities. It is to be regretted that Prof. Fisher has complicated the conclusion he arrives at by continuing to consider the gold standard entitled to any greater recognition than is accredited to commodities in general. After proving its falsity he should have suggested the abandonment of the gold standard.

If we were compelled to change the weight of the dollar monthly, quarterly, or even annually, as we would have to do with a commodity dollar; if we tried to keep it of the same purchasing power all of the time, it would give us more trouble than we now have in changing the tariff schedules; but while Prof. Fisher has performed a world service in being instrumental in giving general publicity to the falsity of the gold standard, that publicity is pushed by the influence of selfish interests, because they are pleased with the remedy he proposes. If he had not proposed to standardize the gold dollar, his proof that it is not an honest measure of value would have received no publicity greater than he himself and his friends and a few others could give to it. It would have been ridiculed if he had not proposed a remedy that suited the interests, for the money sharks demand some measure that is favorable to them and not fair to the people. They have always sought to make the world believe the gold standard to be sacred and, therefore, that the people were bound to support it, no matter how much it wronged them. These selfish interests have simply seized on this proposed remedy, which I believe Prof. Fisher to have erroneously suggested without his having given as much thought to the remedy as he had to the facts which conclusively prove gold to be a false money standard.

It may not be generally realized by the people that this is a critical period in the establishment of governmental policies, but the interests are especially alert to that fact. Everything is being done to make the people accept some worthless makeshift, and in some cases actually harmful so-called "remedies," which, if accepted, will delay the adoption of real, substantial remedies until another generation shall enter public life. It is because of that fact that I fear the Glass bill may delay a true remedy. Simultaneously, in all countries where they have the gold standard—and that is in most countries, and in the others equally unjust standards are used—articles were published which were substantially the same in substance as the following, which was published in a Washington paper on April 12, 1913:

"TO ASK INTERNATIONAL GOLD-DOLLAR AGREEMENT.

"One of the features of the proposed currency legislation which will be considered by Congress is the initiation of a movement for an international agreement for the purpose of preventing the depreciation of the gold dollar.

"Such action has been suggested by eminent economists. It is widely held that the enormous increase in gold supply and the consequent depreciation of the gold dollar is the real cause of the high cost of living and high prices."

Not all of the articles appearing in the press directly discuss the gold standard, but many of them are adroitly written in order to impress the reader and prepare him to receive the information that the gold dollar is not now a good standard, but further designed to make the reader come to a wrong conclusion on the question of a remedy. When the first half of an argument is true, unless the reader is very careful it goes far toward making him believe that the second half is also true, and that is frequently the case, even when the conclusions are wholly erroneous, as long as the material is adroitly handled. That is where the danger comes in the discussion of the gold standard from the side of the special interests alone. Innumerable articles are now published, in fact the plan is systematically advertised for that very purpose. But there are other articles which are written and published in good faith, and in these there is no intention to deceive. An article was published in Collier's Weekly, also on the date of April 12, 1913, which I quote:

"THE DISCOURAGEMENT OF THRIFT.

"The people of the United States have now saved up well over a hundred billions, as measured by current money standards. The aggregate is amazing, and, while the amount per capita is not large, nothing like it was ever known before in any country. This saving takes on many forms—the largest, of course, being in the rearing of children, which shows itself in the steady increase in the value of land. The next is ownership of enormous amounts of securities of railway and industrial companies and the like. Then probably comes life insurance. The savings in banks are relatively small. The increment in land values goes to much less than one-half of the population, even in theory, and a comparatively small number of people get the benefit which is made up of the efforts of all. The larger amount of the securities outstanding represents a more or less fixed value. The eighteen billions of insurance in force is of absolutely fixed value. While these securities and insurance obligations were being created the relative worth of the dollar has been rapidly declining. The forehanded folk who saved and loaned this money get for it an average return of less than 5 per cent, and if they received back the principal now it would buy of land or food one-third less than 12 or 15 years ago. This is a savage penalizing of

thrift. We believe that events will soon focus public attention upon this serious problem. The procedure of the insurance companies, which in part is enforced by law, is of special interest. The companies collect above $600,000,000 annually from policyholders, and from this loan largely on long-time notes. They act simply as money brokers, but with this effect, that with the rapid depreciation of the currency in the last 15 years, they are now returning to their policyholders, on death claims or matured policies, relatively far less than the average amount of money which the policyholders have paid in. Roughly speaking, the policyholder has been paying in $1 bills; he will bet back 66-cent pieces. Theoretically, the compounding of the interest on premiums ought to pay the companies' expenses and yield the policyholders a profit on the average payment. In point of fact, with the extravagance of the companies and the decline in the purchasing power of the dollar, there is a serious loss. This is not as it should be. A remedy might lie in a radical change of investment. A larger part of the insurance money is loaned directly or indirectly on land. Actual ownership of the land ought to be as safe as loans, and, if gold inflation is to continue, more profitable. It is something to think about."

Surely Collier's states the truth when it says that it is something to think about. We have indeed been buncoed long enough—so long that we ought to think about it seriously. It is up to Congress right now.

The Money Trust is satisfied with the new banking and currency bill, because it requires more gold, so now for a time they will not find it necessary to advertise the standardizing of the gold dollar.

I believe that the remedy is necessarily twofold: First, and concurrent with the establishment of a new system, the old system should be so amended that some of its most serious administrative defects will be diminished. It should then serve as a vehicle for carrying out the equitable relations and obligations already existing as a result of the legitimate business based upon it.

Second, an entirely new system should be instituted, which shall be founded upon the natural demands of commerce and trade and divorced from personal favor or property preference. This new system should be the basis for the establishment of a permanently solid and equitable means of exchange.

In order to completely accomplish the latter, we will have to cease monetizing gold. But that prohibition would not prevent, nor should we desire to prevent, the use of gold as a means of exchange. The Government, on being paid the cost of stamping, may properly stamp the weight and quality on any commodity of commerce and let it pass in exchange on a basis of its own intrinsic value. Anyone who demands more than that privilege for the use of a metal or other commodity is intentionally unfair to the rest of us, or ignorant. In most cases it is because the persons accept seeming facts without actually understanding the conditions which surround them. If the owner of gold, silver, or other commodity desires to pay the Government the expense of the operation, there need be no objection. To so stamp gold and make it legal tender is simply to decrease the value of our labor and of our property—if we have any, unless we also possess gold enough to offset, which most of us do not.

The owners of gold claim that it has an intrinsic value which makes it the most practicable commodity to use as money. Because of its small bulk it is a convenient commodity to ship and store. But it can be used as a means of exchange without making it legal tender. The Government could still stamp its weight and fineness, and then it could be exchanged in the same way that it now is if it really is intrinsically worth what they say. If it is not, then it should be exchanged for only what it is worth. When the owners of gold ask anything more, they, in effect, admit that it becomes more valuable with the legal-tender privilege than without. They would not demand it if that were not true. It can not be made legal tender except by governmental act. A governmental act is the act of the people, and there is no reason why the people should stamp gold or any other commodity that belongs to individuals with a special privilege. This results in a tax against themselves. Let gold be weighed and tested and given credit only for what it is. Existing coins will retain their legal tender while in circulation, but when the Government acquires any such, their legal-tender character should be removed, and after that bullion should be stamped with its weight and quality and should become an article of commerce standing on its own merits.

If the owners of gold are correct in their statement that gold circulates on its intrinsic value, instead of partly on that and partly on the additional value it acquires by reason of the demand created by the legal-tender stamp, it is useless for them to ask that it be made legal tender, and if gold is not commercially worth what it circulates for as legal tender, then the owners are unjust in asking the public to support the value added to gold by the Government stamp. Let them take whichever side of the proposition they wish. In the one case the legal-tender quality would be useless. In the other it would be a burden placed upon the public and supported for the benefit of the owners of gold.

To cease monetizing gold or metal is to drop a practice long indulged in for the benefit of the money loaners. The people have become accustomed to paying them for the credit supported by themselves. I can not say that it can be entirely stopped. There are many practices that injure the people generally, but are nevertheless followed. I simply call attention to certain facts that can not be successfully disputed. I know, and so does any careful student know, whether he admits it or not, that the fact that the Government stamps legal-tender privileges on gold creates an increased and artificial demand for it, and consequently a merchantable value that is very much in excess of what it would be if the gold did not have impressed upon it this legal-tender privilege. It now partakes of the character of monopoly. Every additional cent of credit given to it above intrinsic worth as an article of commerce, by reason of the Government's stamping it legal tender, is first extorted from the people's own credit, next accumulated in the form of so-called "capital," and after that becomes the basis for charging them compound interest for generations—perpetually—if they shall not emancipate themselves by an abandonment of this false practice. As far as the principle is concerned, there is no difference between the Government stamping gold as legal tender and giving the owner the advantage of its increased value, and the same stamping process being applied to plain paper.

Under the present practice all value in excess of what gold is actually worth as an ordinary article of commerce is fiat credit added to it by the people. If the same stamp were affixed to paper, it would all be fiat. It is simply a question of degree, and neither can be extended to the individual as a free privilege without robbing the people of all that is added by their credit.

The whole problem simply reduces itself to a question of how long will the people submit to remaining industrial slaves to the system. The gold owners ridicule fiat greenbackers, yet they themselves are fiatists. If they are not, why do they object to gold circulating on its own commercial merits? Why do they wish to coin it with any other designation than its weight and fineness and why force the people to take it as legal tender? They are inconsistent in claiming a special privilege for gold. If gold is worth all they claim for it, it needs no extra function. If, on the other hand, it is not able to retain its present relative value without being legal tender, then that is positive proof that it should not be made legal tender. In the one case it is unnecessary; in the other case it is unjust. The Government will have to cease monetizing gold or any other metal as soon as the people generally realize its present imposition on them.

You may say that some losses would be suffered in a readjustment. That will of course be admitted, but the losses would not begin to equal those that are continually taking place now. The excessive interest and expense of maintenance resulting from the use of the false system under which we operate is so great that, notwithstanding all of the modern inventions that have immensely increased the people's productive energy, most of us fail to secure the ordinary advantages that are due from this civilization to every honest, industrious person.

I do not say demonetize gold. I simply say cease to monetize it. Coin no more metal with the legal-tender character attached except that required for small change. Our gold will circulate in foreign markets on its weight and quality equally well without the legal-tender privileges as long as foreigners will use it for their legal tender. Gold will do that as an article of commerce, and foreign nations may convert it into their own legal tender if they like, but any nation that uses gold as legal tender after a great nation like our own ceases to do so will be adding additional burdens to the present burdens of its people. Whatever gold we have in excess of what we need for the sciences and arts we can dispose of for such articles of commerce as we actually require, and it will be that much to our advantage as against the present practice of hoarding it. We have more gold than any other nation, and if we cease to monetize it the other nations will soon do the same. The common intelligence of the people generally has reached a point where they ought to take the lead in forwarding a plan which will prove the use of any commodity as legal tender to be a fallacy and result in the eventual discontinuance of such a practice. America should lead in doing this.

Let us consider in concrete form the effect that the money loaners' dollars—which, by the way, are the dollars that we use—have on the cost of things—and when I say cost I mean the expenditure in human toil necessary to acquire the necessaries, conveniences, advantages, and luxuries appropriate to human life. I shall not burden anyone with detailed figures, because a mere statement will satisfy those who are sufficiently interested to study the present practices in the light of their own observation and experience.

I have examined the table of prices of various staple articles for a period covering 45 years and have come to the conclusion that the money loaners' dollar is not a measure fitted to the requirements of a people desiring equitable relations with each other. It is simply a gambling dollar, and prices are regulated by a manipulation of it instead of by the intrinsic value the commodities possess as articles of necessity. The people who are engaged in useful occupations producing commodities or serving other demands of society are prevented from making the natural interchange of their products and services, because of the injection into their commerce of a fake currency and banking system, by the use of which speculators and financiers, so called, are able to pillage on all the exchanges. The system built up by these pillagers is an unnatural and unjust one.

It often happens that the aggregate value in money of a large quantity of a useful commodity will command less in one year than that of a smaller quantity bought in another year. Who, for instance, will claim that 3,000,000,000 bushels of wheat (supposing that to be the world's crop) is worth less in the aggregate for food and seed than 2,700,000,000 bushels, other things being equal, except money, which seldom is? No one claims that 3,000,000,000 bushels of wheat is actually worth less than 2,700,000,000. It is a fact, however, that the lesser quantity will often sell for as much, and sometimes more, than the larger quantity. A difference of 10 cents a bushel will accomplish that result, if the 3,000,000,000 sold for 90 cents and the 2,700,000,000 sold for $1. Illustrative of that fact, let me quote the following from the Saturday Evening Post of March 15, 1913:

"THE VICIOUS CIRCLE.

"We harvested bumper crops last year, you remember. May wheat at Chicago is worth 10 cents a bushel less than a year ago; corn and oats about 15 cents less. Yet commodity prices, as a whole, have declined scarcely at all. The index number, which compounds the price of many leading articles, is almost as high as ever, which means the cost of living is still about at the top notch.

"The bumper crops stimulated trade in many lines, and that usually brings higher prices; while wheat went down, iron and steel products went up. What you saved on flour you lost on the pan to bake it in. And Wall Street echoes with complaints that investors, spurred on by higher cost of living, are demanding more interest, thereby raising the cost of manufacturing and transportation. This higher cost must be offset by higher prices, to overcome which investors must demand still more interest.

"Meanwhile labor, so to speak, chases its own tail, demanding higher wages, which result in higher prices that consume the increased wages, which naturally induces a demand for still higher wages that result in still higher prices."

Every farmer knows that a difference of 10 cents a bushel between the price a commodity brings in one year and the price it brings a different year is not uncommon, but the railways charge full price for shipping every bushel, and the larger the crop the more they get, while the farmer must handle the additional wheat and get less for it. A farming having the equivalent of 300 bushels of wheat to sell in a year when crops are generally abundant expects to receive a little less per bushel than he would receive per bushel for 270 bushels in a year when crops were not abundant, but he does not expect to give away the 30 bushels difference because he has more wheat than the year before. If that were to be the result, it would pay him, from his own individual financial standpoint, to burn up a part of his crop when it was abundant. In fact, the cotton farmers of the South started to do that a few years ago when there was a large crop and the price was very low. If the credit of the people had been coined into their own money instead of into the money loaner's money, no thought of so destructive a nature would ever have occurred to the cotton growers or to any other producer of commodities.

There should be no legal tender other than that issued by the Government, and no individual ought to be able to obtain it without giving its equivalent in return. If such were the case the problem of interest (as a disturbing factor) would cease, and a new era would dawn upon the world. The present difficult problems created by our arbitrary and ridiculous banking and currency system would then give place to natural selection. I use the term "natural selection" in its scientific sense, because we can not run the Government in the interest of the people unless we follow the supreme laws that will unquestionably govern in the end. When we do there will be no choking up of the system by the arbitrary acts of the financial kings, for they are but a product of the arbitrary and unnatural practices that the people have fallen into the habit of using as a means of conducting their business, nor will the majority of men be paying penalties in the form of overwork, worry, and discouragement.

The bankers have a true system of clearing exchanges. As an example of that, I call attention to the fact that in 1911 there was cleared through the 140 clearing-house associations $92,420,120,092. Their scheme is a good one for taking care of the exchanges of the country, and it helps the country as long as we have not a better one. By its use only $47.80 of actual cash was required in order to handle each $1,000,000 (of checks on the banks) that passes through the clearing houses. But, unfortunately for us, the fees the bankers charge for putting our own credit on their books, before we are even enabled to draw checks, is so great that the people generally are overburdened by reason of it.

Of course these exchanges should go on wherever they serve the general welfare, and since we ourselves have not provided a better method we are under obligations to the bankers for having honored and made current and merchantable our own credit. But since these exchanges relate to our business and are used directly by most of us at some time, and indirectly by all of us all of the time, we should establish a system that will give us the least costly service. The main thing for us to do is to eliminate most of the interest charges and make it practicable for the human family to thrive by industry by having industry available to all people who wish to be and are industrious. That does not mean that the banks should be superseded by new exchange agents, but it does mean that the banks should be required to adjust to a new system that will cost the people less. It means also that there would be fewer banks, because under any economic system of exchange there would be no more necessity for several banks in cities of less than ten or twenty thousand people than there would be a need for several post offices in towns of that size.

Let us take up the discussion from still another viewpoint in order that no one shall possibly misunderstand. Money as such is not a thing of prime necessity. It is merely a convenience which enables us to make such exchanges as we may wish without the cumbersome handling of property.

The banks have taught us to use checks instead of the actual money, and it is true that they cash these, but, as we observed before, we can not draw checks until we have arranged with our banker, and in order to make that arrangement, unless we have the real money, we must pay him interest at a rate that makes the greatest number of men poor and a few enormously rich. The fact that the bankers can make exchanges that represent hundreds of billions of dollars annually, when, as a matter of fact, there never was at any one time as much as $1,700,000,000 in all of the banks combined, and of the money they do actually hold, which is approximately $1,500,000,000, two-thirds of it or more is lying dead in their vaults as reserves and is never used.

We are under obligations to the banks for teaching us this economy in the use of money and credit. But, after all, as we observed before, the credit is supported and maintained by the resources of the people and the daily application of their energy. The banks have simply filled the office of making it current and merchantable. We do not owe that tribute to the bankers, and thanking them for the good that they have done, but for which they have been overpaid, we are now prepared as a people in our national capacity to pass the necessary laws and to perform the governmental function laid down by the Constitution, "To coin money, regulate the value thereof" (and "of foreign coin" when used in our country) in behalf of all the people of these United States. We should profit by the example of the banks in copying somewhat after some parts of the system they have used for making exchanges, but as a Government we ought to furnish the advantage to all of the people on equality and with the least expense practicable. The Government can do what the banks are doing and save to the people as much as the banks make in excessive dividends, besides the still greater profits that are made on speculation on the side.

The Government shall "coin money and regulate the value thereof." That is the constitutional provision. The great special interests have been sticklers for following the Constitution whenever it has blocked the way to the people's progress if that might in any way interfere with the practice of the interests, but whenever the special interests find it to their advantage to follow any practice profitable to them, the fact that such practice may be in contravention to the Constitution and the laws does not in the least embarrass or hinder them, as long as the people do not invoke the law. When the people do, every possible dilatory tactic is resorted to by the interests to delay compliance. The consequence has been that the Constitution has often been used as an instrument to prevent the people from enforcing their rights.

"Sound money" will be the song that will be sung to you by every advocate of the special interests. I have shown, and they have already stated and proved, that what they have in the past called "sound money" is not "sound." By doing that they aid me. By that admission they disclose the fact, and it is a fact, that they have defrauded all of the people by their so-called "sound money." Their kind of sound money has enabled them to become wealthy and independent, but it has prevented the people generally from doing what they have a right to do, and should have done, namely, retained the fruits of their own labor.

The kind of exchange that we should use is the kind that anybody who has value to give can get without paying usury. That kind will be the sound money of the people—the honest money. Those who wish gold may have it—there will be nothing to prevent their buying it. We, the people, on their presenting it, will stamp its weight and fineness for anyone who will pay the cost of doing so. We will do that to insure to the people who wish the gold the amount the Government stamp certifies that there is in any given piece of metal. That is honest, and to do anything more is dishonest to the people, but the Government could not say that it was legal tender and thereby give it a special quality that it did not possess in itself. We can do the same with any commodity that it is practicable to use as a thing of exchange. The demand for commodities of all kinds will be in proportion to the service they may render to the people, and no one should complain when absolute justice is to be done. As a consequence the Government would create no more "commodity" money either for itself or for the people, because it would not only be unjust to do so, but unnecessary and ridiculous. When anyone wishes commodities let them buy them as such.

Everybody knows that we must have money, and now the question arises as to what kind it shall be. "Honest money," of course, instead of what we have now and are told is "sound money," whereas in truth it is the opposite of "honest money," and should have been named accordingly. We want a kind of money the buying and selling properties of which remain respectively constant. In other words, we want a kind of money that will buy the exact equivalent of what it cost us to get it. We want the kind of money that serves the same office among the people in their commercial and social relations with each other as the drafts and checks serve in the business transactions entered into by the bankers. We do not intend that the bankers shall have a better system for themselves than we have for ourselves. We expect to pay those whose duty it will be to help make the exchanges. The bankers will be able to give as effective and valuable service in this other up-to-date system as they have given us heretofore; but the past service has been altogether too expensive, and therefore not sufficiently effective. We have no prejudice to vent upon the bankers. As the system stands they serve the people generally the best they can. There are always, of course, a few isolated exceptions. But the time for us to do for ourselves what the bankers are doing for themselves is here and now, and we should hasten to adopt a system of exchange under which it will cost the people no more to make their commercial exchanges between each other than it costs the banks to make exchanges between the bankers and their cash customers. It is just as simple for us as it is for them, and we have the indisputable right. We owe it to ourselves, to our children, and to all posterity to have an efficient, self-sustaining, and effective system.

The people are the Government. Therefore the Government should, as the Constitution provides, regulate the value of money. There is no other real sovereign power, because all authority emanates from the people. Money is the means of exchange among all people. Its regulation is absolutely a governmental function, and the Government has no natural inherent power that enables it to impart to money any other property or quality than that of making it the agent of exchange.

Congress is not justified in passing an act that does not do complete justice to all. Merely to improve a false old system, but still leave it in operation, to continually force a sacrifice of the people's very life energies, is criminal.

The SPEAKER. The gentleman from California [Mr. HAYES] is recognized.

Mr. HAYES. Mr. Speaker, I yield to my colleague from California [Mr. KAHN].

The SPEAKER. The gentleman from California [Mr. KAHN] is recognized.

Mr. KAHN. Mr. Speaker, I can no more hope to convince the Democratic side of the error of their ways in 1 minute, or even in 10 minutes, than they could hope to convince the minority conferee on the part of the House from this Republican side of the House [Mr. HAYES] to agree to their bill in the few minutes they allotted to him.

But I want to call attention to the statement made by the distinguished chairman of the Committee on Banking and Currency in regard to the dangers that lurk in this bill so far as inflation is concerned. In his speech here this evening he said:

> I want to say that the House has been rather bitterly assailed in another place, and the charge has been vehemently and recklessly made that it involves a vast amount of inflation. And yet it is a demonstrable fact that the House bill involved a far less amount of inflation than the Senate bill involved and an appreciable less amount than the bill reported from the conference committee involves.

In other words, it is admitted that there is more inflation in the pending measure than in the original House bill, and that bill was said to contain a very Saturnalia of inflation.

Mr. Chairman, we all know that inflation means ruin to the business interests, the farming interests, the mining interests, and all of the great industrial interests of the United States. [Applause on the Republican side.]

Oh, we have been regaled this evening with many siren songs. We have been told how this measure will revive the business of the country, how it will stimulate enterprise, how it will prove a genuine blessing to the teeming millions that inhabit our glorious Republic. These songs have a familiar sound. I remember that similar songs were sung during the closing hours of the discussion on the Underwood tariff law.

Despite the fact that the increase in the cost of living was a world-wide movement, causing universal complaint on the part of the masses in every civilized country in the world, many Democratic spellbinders led the people of this country to believe that a reduction of the tariff on foodstuffs would cause a corresponding reduction in the high cost of living. Perhaps the wish was father to the assertion. But we all know that there has been no reduction in the price of foodstuffs, and that, if anything, there has been an increase since the new law went into effect. It is a matter of deep regret that notwithstanding the glowing word pictures of happiness, prosperity, and contentment that were painted by the leaders of the Democratic majority in this House in the early days of last October, those pictures have not been developed into actualities. There is no use trying to deceive the country. There are more idle men throughout the Union to-day than at any time within the last 15 years. In the far West free soup houses have had to be

erected for the feeding of the unemployed. History seems to be repeating itself. The distressing scenes of 1893, 1894, 1895, and 1896 are being reenacted, notwithstanding the reassuring utterances of the Democratic theorists on tariff legislation. The masses are learning, if they have not learned already, that skilled mechanics in the United States, earning $4 and $5 per day, can not compete with the foreign skilled mechanic who earns a maximum of a dollar and a half a day for similar work. They have learned that your prosperity songs on the Underwood tariff were pure "bunk"; they will show their just resentment at the polls next November.

And it is my firm belief that this new "Federal reserve act" will prove equally abortive so far as creating prosperity is concerned. My colleague [Mr. HAYES], the ranking Republican member of the Committee on Banking and Currency, in his able address pointed out a number of serious defects in the conference measure. Other Members have pointed out other defects; it is not necessary to repeat them at this time. I believe that the earning capacity of the smaller national banks will be seriously curtailed under some of the provisions of this bill, and that in consequence a great many of these small banks will return to the State bank systems.

But it is undoubtedly a work of supererogation to point out the defects of the proposed legislation. This bill is not a financial plan. It is a makeshift that will disappoint even its own sponsors. But, of course, nothing that we who are opposed to this measure in its present form can say or do will deter you of the majority from enacting it into law. The edict has gone forth that it must be passed. The ukase of your leader in the White House has been issued and you will obey the demand. But you will find that this gilded product of the Democratic majority will prove to be Dead Sea fruit. It will not create confidence in your ability to originate constructive legislation. It will not restore the business prosperity of this country which your tariff law has shattered, and it will prove a sore disappointment and an unhappy delusion to the expectant farming, mining, manufacturing, and industrial interests of the United States.

Mr. GLASS. Mr. Speaker, I yield to my colleague from Alabama [Mr. HEFLIN]. [Applause.]

The SPEAKER. The gentlemen from Alabama [Mr. HEFLIN] is recognized. [Applause.]

Mr. HEFLIN. Mr. Speaker, this is a time for rejoicing. In the outset I want to pay a tribute to the great Democrat who sits in the White House at this time. [Applause on the Democratic side.] Controlled by no power and intimidated by no class, he is bending his energies and employing his great talent to enforce the laws of justice and do that which will bring about the greatest good to the greatest number. [Applause on the Democratic side.] Since he took the oath of office in March he has been at his post of duty laboring in the interest of his people; and, Mr. Speaker, no President in my day has devoted himself so earnestly to the public duty and given himself up so completely to the demands of his high office as has this great Democrat, Woodrow Wilson. [Applause on the Democratic side.]

He has wrought mightily for the American people. Under the masterful leadership of OSCAR W. UNDERWOOD he has reduced the tariff tax and revised the most obnoxious tariff system that ever burdened a free people. [Applause on the Democratic side.] Under the splendid leadership of that genius from Virginia, CARTER GLASS, chairman of the Committee on Banking and Currency, he has secured the passage of a banking and currency law that will wonderfully bless and benefit the American people. [Applause on the Democratic side.]

The big bosses of monopoly have been unable to terrorize or intimidate this great leader of our party. They have even, in their madness and desperation, threatened to produce a panic, and those who represent them on that side of the House have traveled the country over like a sleuthhound trying to scent a panic. [Laughter.]

Mr. Speaker, just when the shackles of burdensome taxation are stricken from the limbs of the masses, and just when the evil genius of an oppressive banking system is driven from the temple of American finance, these dethroned and mutilated old leaders of the Republican Party are growling in concert around the Nation's Capital in an effort to produce a panic. They would sacrifice the prosperity of their country upon the altar of political necessity. [Applause on the Democratic side.] They would barter the welfare of the Nation for the return of political power. [Applause on the Democratic side.] For patriotism, pluck, intelligence, and industry and for boundless wealth America is unparalleled among the nations of the earth. With a treasure house of inexhaustible resources and untiring energy, this Republic can shake off temporary business disturbances like dewdrops from a lion's mane. And let me say to the gentlemen on the other side who are trying to scare up a panic no committee of dethroned bosses, no conspiring coterie of calamity howlers, can impede the progress of this Democratic administration, as it bears a liberated people to the mountain summit of the new freedom. [Applause on the Democratic side.] Away with these prophets of evil!

Mr. Speaker, a little lull or temporary pause in the business activity of America is but a bubble on the surface when you consider the industry, enterprise, and boundless wealth of these United States. If there has been a ripple upon the surface of business activity, it has been caused by those who do not wish to relinquish their power to pillage and plunder the American people. [Applause on the Democratic side.]

I have faith in American institutions. I believe in the American people. And, Mr. Speaker, I predict that, following the passage of the tariff law and the banking and currency law, we will enter upon an era of prosperity the like of which this country has never seen before. [Applause on the Democratic side.] When the newspapers are carrying the news of business activity, of good crops, and general prosperity, the gentleman from Illinois [Mr. MANN] blinks his eyes and murmurs mournfully of an imaginary panic. But, Mr. Speaker, in all the length and breadth of our country there is no panic. [Applause on the Democratic side.] The gentleman from Illinois scans the newspapers day after day with the hope of finding signs of a panic. Instead of calling the attention of the House to what the New York Commercial has said about dry-goods houses in the Middle West doing more business than ever before, that the American shoe trade is breaking all previous records, and that the export of American cotton goods gained over last year's trade by over 2,000,000 yards, and that the textile trade of America is better than last year; and, Mr. Speaker, instead of reading to the House what the Philadelphia Record of December 17 said about the monthly statements of gross earnings of railroads, showing an increase over last year in every month from February up to and including November this year, he is hunting out the prepared specials of calamity howlers, and he howls and howls over these.

He reminds me of the fellow that Senator JAMES told about. He had lost an eye and he said to the surgeon, "Doc, I have just naturally got to have another eye, and I don't want any glass eye. I want a flesh eye." The doctor said, "I can put a cat's eye in for you." The man said, "All right, just so I can see with it." So the surgeon very skillfully transplanted the cat's eye in the place of the one the man had lost. In about three months the surgeon saw his patient and said, "Bill, how is your eye?" Bill replied, "Well, Doc, it is all right, I guess. The only objection I have got to it is, the darned thing is always looking for crickets and mice." [Laughter and applause on the Democratic side.]

The gentleman from Illinois refuses to be comforted. He is exceedingly hard to please. With the American crop worth $200,000,000 more than last year, with the noise of ceaseless business activity all around him, with the hum of wheels and the roar of industry all about him, and evidences of prosperity confronting him wherever he goes, the gentleman from Illinois sounds a discordant note and refuses to join in the jubilee of American progress, and refuses to partake of the feast of American prosperity.

Mr. Speaker, he reminds me of another story: On one occasion a dyspeptic preacher went home with a member of his church for dinner. The good wife had prepared a feast fit for the gods. There was fried chicken, round robust biscuits, red ham swimming in red gravy, and the finest coffee that ever flowed from a spout. The good lady was justly proud of what she had spread before the parson. Bud, the 9-year-old son, with fork in hand, was just ready to do battle with the good things before him, when his mother said, "Parson, won't you have some of the chicken?" to their surprise and the utter bewilderment of Bud, the parson said, "No; I never eat chicken." The good lady said, "Parson, have a piece of ham." But the parson said, "No; I dare not eat ham." Bud dropped his fork. The good lady said, "Won't you have a biscuit?" and the parson said, "Did you use soda in the composition of those biscuits?" She said, "Yes." Then the parson said, "I can not eat biscuits made with soda." Bud, in wide-eyed astonishment, looked at his mother and said, with anger and earnestness, "Ma, maybe the darned old fool would suck a raw egg." [Prolonged laughter and applause.]

Mr. Speaker, let the calamity howlers howl. Let the croakers croak, and the chronic kickers kick. Labor is employed, wages are good, the earth has yielded abundantly, the Democratic Party is in control, God reigns, and all is well with the Republic. [Applause on the Democratic side.] With the passage of

this legislation American industry and enterprise will take on new life. Men in all the walks of life will have a chance in the struggle for existence. Bossism, ring rule, and special privilege are stricken down in the temple of the people. Let the American people, in the dawning of this new day, with heads erect and light on all their faces, rejoice and exclaim:

The pale horse and his rider are cast into the sea.
All praise to Democracy, the people are free!

[Applause on the Democratic side.]

The SPEAKER. The gentleman has used eight minutes, and yields back two.

Mr. HAYES. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. MORGAN]. [Applause on the Republican side.]

Mr. MORGAN of Oklahoma. Mr. Speaker, we are about to take a final vote on House bill 7837—the new banking and currency measure. I have concluded that I shall not vote for this bill. I want to give some of the reasons why I shall not do so.

This bill was introduced in the House August 29, 1913. It passed the House September 18, 1913. The House had it under consideration just 20 days. The bill went to the Senate, where it was under consideration for more than three months. The Senate amended the House bill in many important particulars. When the bill came back to the House, by an overwhelming vote the House refused to concur in the Senate amendments. A conference committee was appointed, composed of conferees from both the Senate and the House. That committee has agreed upon a report, and that report is now before this House, and if agreed to will settle for many years to come what shall be the banking and currency systems of this country.

1. NO PROTECTION TO DEPOSITORS.

My first objection to this bill is that it contains no provision for the protection of the depositors in the national banks. After four months of consideration a Democratic administration and a Democratic Congress enacts a measure to reform our banking and currency system, with no provision whatever to safeguard the thousands of millions of dollars, which the people, under our system of business, are compelled to deposit in these banks. To my mind this is a fatal defect in the proposed law.

When this bill first came before the House the provisions relating to the division of the profits of the reserve banks were as follows: First, the member banks were allowed 5 per cent cumulative dividends on their stock in these reserve banks; second, the reserve banks were allowed to accumulate a surplus of 20 per cent on their capital stock; third, 60 per cent of the remaining profits went to the Government to pay off the bonded debt and 40 per cent to the member banks, according to their average deposits in the reserve banks.

I was not satisfied with these provisions for the disposition of the earnings of these reserve banks. I concluded that after allowing for reasonable dividends to the bankers who furnish the capital and for the accumulation of a reasonable surplus to add to the financial strength of the reserve banks that all additional earnings of the banks should be devoted to some great national purpose, which would confer benefits and advantages upon the great masses of the people, whose wealth after all was the main capital of the banks and whose contributions in the way of interest and other charges constituted all the earnings of these banks.

To show what I said relative to the distribution of the earnings of the reserve banks I quote from the CONGRESSIONAL RECORD of September 15, 1913, as follows:

Mr. MORGAN of Oklahoma. Mr. Chairman, I would ask the chairman of the Banking and Currency Committee how much profit in the 20 years during the existence of these banks he estimates will come to the Government of the United States?

Mr. GLASS. Mr. Chairman, in answer to that inquiry, of course I would simply be giving the conjecture of the chairman. I would state that the report of the Monetary Commission estimated that the Government's share of the earnings of the proposed banking institutions would be from five and a half to seven millions of dollars.

Mr. MORGAN of Oklahoma. For the 20 years?

Mr. GLASS. Per annum.

Mr. MORGAN of Oklahoma. Five million dollars per annum for 20 years would make $100,000,000.

Mr. Chairman, I do not think that the bonded indebtedness of the United States is so large as to be any burden upon this great Government. If my memory is correct, the entire national debt amounts to only about two and a half billions of dollars. That is less than the national debt of any other great country in the world.

Mr. MURDOCK. I think that the national debt is less than a billion.

Mr. MORGAN of Oklahoma. I included the entire public debt. The interest-bearing debt is less than a billion dollars. It is very small compared with what other nations owe. It is not a burden; it is a plaything, because under the splendid financial control of Republican rule for the last 25 years [applause] we have so managed affairs of this country that our national debt is comparatively nothing. Now, it seems to me in all candor that this great fund ought to be appropriated to some great national purpose. Where do the profits come from? They all come from the great mass of the people. These banks will make nothing only so far as they get the money through interest and other charges from the great mass of the people. It seems to me that when you shall inaugurate this great measure, designed to give a better currency and a better banking system, that the profits therefrom ought to be rolled back to the people from whom the profits were taken.

Mr. LINDBERGH. Will the gentleman yield for a question?

Mr. MORGAN of Oklahoma. I will.

Mr. LINDBERGH. Why collect an unjust tax at all?

Mr. MORGAN of Oklahoma. Well, I am not in favor of collecting an unjust tax, but if the Government is to derive a direct profit—amounting to from five to seven millions of dollars annually—a profit that must come through interest paid by the people it would seem almost a crime to use this money to pay our national debt. Money to pay the national debt should come through the regular channels of taxation, and I solemnly protest against the National Government using any of the profits derived from the Federal reserve banks to pay the public debt. If the Government proposes to appropriate any of the profits of the Federal reserve banks, let the money be solemnly dedicated to some great national purpose that will contribute to the general welfare of the country.

I then offered an amendment to provide a fund to protect depositors in the member banks, and to show what my amendment was and the discussion thereon, I quote from the same page of the CONGRESSIONAL RECORD, as follows:

Mr. MORGAN of Oklahoma. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

"Amend, on page 14, by striking out all in line 2 after the word 'bank' and by striking out all of lines 3, 4, 5, and 6, and inserting in lieu thereof the following: 'All earnings derived by the United States from Federal reserve banks shall constitute a fund to protect the depositors from loss from the failure of any member bank, under such provisions as Congress may hereafter enact.'"

Mr. MORGAN of Oklahoma. Now, Mr. Chairman, as you do not want to give this money for public highways and other great purposes, I thought perhaps you might use it for another purpose. I find in the Democratic platform of 1908 these words:

"We pledge ourselves to legislation under which national banks shall be required to establish a guaranty fund for the prompt payment of the depositors of any insolvent national bank under an equitable system which shall be available to all State banking institutions wishing to use it."

Now, those are the words in the Democratic platform. I do not see the exact words in the last Democratic platform, but I understand that has been affirmed.

Mr. SLOAN. Will the gentleman yield for a question?

Mr. MORGAN of Oklahoma. I yield to the gentleman.

Mr. SLOAN. At the last national convention of the Democratic Party the statute of limitation was plead against it successfully, and it was not included in the Baltimore platform.

Mr. MORGAN of Oklahoma. Well, I will have to leave that to somebody better posted than I am on that subject. In so far as I am individually concerned, long before Oklahoma adopted the system of guaranteeing bank deposits I was in favor of it.

I believe in the principle of guaranteeing bank deposits. The 15,000,000 depositors in the banks are certainly as much entitled to protection as a few owners. There have been considerable criticisms of the system of bank guaranty in Oklahoma. I think in the general debate on this bill some gentlemen referred to it. I do not know that we have the best system. I believe that there will be amendments to our law from time to time, but I do know that the people of Oklahoma are thoroughly convinced that banks in some way should guarantee the deposits of the people. I have not the slightest idea that the people of Oklahoma, regardless of politics, will ever recede from that decision. I believe that they will continue to stand for the proposition that bank deposits should be made safe and secure, and in my judgment the time will come before many years shall have passed when the United States Government will adopt some system whereby the deposits of the people in the banks will be protected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. MORGAN].

Mr. PLATT. Mr. Chairman, I rise for the purpose of opposing the amendment. It seems to me there is a great deal of misapprehension over the question of bank deposits. A bank deposit is not something that is put into a bank, but it is something taken out of a bank, and you ought not to guarantee them without guaranteeing what is owing to the bank that created them. For instance, I never put a thousand dollars in a bank in my life in currency, but I had $10,000 in the bank. How did I do it? I went to the bank and borrowed it. You have got to guarantee the men that owe the money to the banks. That is what bank guaranty is.

Mr. MORGAN of Oklahoma. Will the gentleman from New York yield?

The CHAIRMAN. The gentleman from New York [Mr. PLATT] has yielded the floor. The question is on the amendment offered by the gentleman from Oklahoma [Mr. MORGAN].

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. MURDOCK. I call for a division, Mr. Chairman.

The committee divided; and there were—yeas 10, nays 57.

So the amendment was rejected.

Under the rule of the House under which the bill was then being considered I had but five minutes to present the matter. But even if I had had unlimited time my amendment would have been defeated, because the Democratic membership of this House were bound by caucus rule to vote down all amendments offered. But I feel that my efforts were not in vain. My amendment suggested an idea; it served to call the attention of Members of the House and Senate to the proposition. When the bill went to the Senate the matter was discussed before the Senate Committee on Banking and Currency. This committee divided in its report to the Senate on the House bill. The section of the committee consisting of Senator HITCHCOCK (Democrat) and Senators NELSON, BRISTOW, CRAWFORD, MCLEAN, and WEEKS (Republicans) reported a bill which contains a splendid provi-

sion relating to the guaranty of bank deposits. This provision is as follows:

DIVISION OF EARNINGS.

SEC. 7. That after the payment of all necessary expenses and taxes, including its share of the expenses of the Federal reserve board, the stockholders of each Federal reserve bank shall be entitled to receive an annual dividend of 5 per cent on the paid-in capital stock, which dividend shall be cumulative. Net earnings over and above expenses and the aforesaid dividend shall be applied as follows: Twenty-five per cent of such net earnings to be carried to a surplus fund until such fund shall amount to 20 per cent of the paid-in capital stock of such reserve bank, and 37½ per cent of said net earnings shall be set aside in a trust fund to be known as the depositors' insurance fund and shall be used for the payment of the depositors of insolvent member banks under rules and regulations made by the board.

Later, the Democratic Senators held a caucus and, according to press reports, agreed to report a similar provision. This was done, and so section 7 of the bill as it comes from a Democratic Senate contains the following provision:

DIVISION OF EARNINGS.

After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. One-half of the net earnings, after the aforesaid dividend claims have been fully met, shall be paid into a surplus fund until such fund shall amount to 40 per cent of the paid-in capital stock of such bank, and of the remaining one-half, 50 per cent shall be paid to the United States as a franchise tax, and 50 per cent shall be paid to the United States as a trustee for the benefit of depositors in all failed member banks in the United States and failed member trust companies in the District of Columbia, the money to be kept in and losses from failures to be paid from it as a depositors' insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury.

2. DISCRIMINATION AGAINST THE PUBLIC.

The provision regulating the ownership of the stock in the reserve banks discriminates in favor of the banks and against the public.

This bill creates not less than 8 and not more than 12 reserve banks, as shall be decided by the organization committee. The country is to be divided into as many districts as there shall be reserve banks. There will be one of these banks located in each district. These reserve banks are, generally speaking, banker's banks, as individuals are not allowed to deposit money therein or borrow money therefrom. Every reserve bank must have at least $4,000,000 capital. The first question arises is, Who shall be allowed to own stock in these banks? As the bill was introduced in the House it provided that only banks should be allowed to own the stock therein. It at once occurred to me that this was granting a special privilege to the banks, which I did not approve, and that the people generally should be allowed the privilege to subscribe to this bank stock. I, therefor, offered an amendment giving individuals in each district the right to become the owner of this stock. To show my effort to prevent what I regarded as an injustice to the people I will quote from the CONGRESSIONAL RECORD just what took place. The CONGRESSIONAL RECORD of September 15, 1913, shows the following:

Mr. MORGAN of Oklahoma. I offer an amendment.

The CHAIRMAN. The gentleman from Oklahoma [Mr. MORGAN] offers an amendment, which the Clerk will report.

The Clerk read as follows:

"On page 3, after the word '*Provided,*' in line 10, amend by inserting a new paragraph as follows:

"'Any person residing within a given district may subscribe to the capital stock of the Federal reserve bank of that district at any time under such rules and regulations as shall be prescribed by the Federal reserve board, and said board shall have the power to prescribe the terms and conditions upon which such stock may be surrendered for cancellation and to determine the amount of stock that will be subject to individual subscription.'"

Mr. MORGAN of Oklahoma. Mr. Chairman, of course I do not profess to be an expert upon banking and currency; but, so far as I can see, there is no reason why an individual should not be allowed, if he desires, to subscribe to this stock. Under the provisions of this bill every national bank is required to subscribe to this stock, and State banks may, by the consent of the reserve board, subscribe. I notice in the report of the bankers' conference recently held in Chicago that the bankers apparently do not desire to subscribe, at least to the extent required in this bill, because they ask that the bill be amended so that they be required to subscribe only 10 per cent instead of 20 per cent of their unimpaired capital. I think the committee in its report estimates that under the provisions of this bill there will be about $100,000,000 of capital subscribed. In other words, even the national banks, many of them, may not accept the provisions of this bill and may change to State banks. There is some question, as I understand it, as to whether or not there will be a sufficient number of banks subscribe to get the required capital.

If the Federal reserve bank is a bad thing, I do not believe we ought to compel the national banks to subscribe to the stock. On the other hand, if it is a good thing, I do not believe we should allow the national banks to monopolize the stock in these Federal reserve banks.

We have heard much and very often from the other side of the House about equal opportunities to all and special privileges to none. Under the provisions of this bill, in allowing no one except banks to subscribe to this stock, are you not giving them a special privilege that is granted only to the bankers of the United States?

Mr. Chairman, I believe in most localities there is some prejudice against banking institutions. Banks are to a large extent monopolies. They have special privileges, and they thrive off the people's money. They control the interest rates to a large extent and can make their profits largely what they desire. Now, as I have said, in the minds of many people there is a prejudice against banks. A large part of this grows out of the fact that bankers are so few in number and that they have these special privileges. So I think there would be at least two benefits from this amendment. It would strengthen the system by enlarging the capital. It would give these banks more financial strength, more capital.

Second, I think another benefit would be that it would popularize this system with the great masses of the people. I believe one of the defects in all our great corporations in this country, including the banks, is that there are so few people interested in them.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN of Oklahoma. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent that he may proceed for five minutes. Is there objection?

There was no objection.

Mr. MORGAN of Oklahoma. Mr. Chairman, I believe it would be a wise policy hereafter, when banks are organized, to compel the organizers to open their books to popular subscription, so that the great masses of the people with small means might be allowed to take stock in the bank and receive some of the profits, instead of allowing one, two, three, four, or five men in a community to organize the bank, receive the deposits of the people, and add to their dividends and their profits until their stock becomes worth two or three times the amount they have invested in it, largely derived from profits on the money of the people. So I say it would popularize banks if you would allow the people to subscribe to this stock.

Mr. MURDOCK. Will the gentleman yield?

Mr. MORGAN of Oklahoma. I will.

Mr. MURDOCK. Has the gentleman looked into this situation enough to know whether the investment would not be, under the provisions of the bill, a very profitable one?

Mr. MORGAN of Oklahoma. Yes; that is what I was coming to. Under this bill the banks are allowed 5 per cent dividend upon the stock subscribed, and in addition to that, after the 20 per cent surplus is allowed, the bankers get 40 per cent of the balance, and this stock is exempted from all National, State, and local taxation.

We organized postal savings banks, and we allow the poor people 2 per cent interest on their deposits. I think we have $25,000,000 of their money in the postal savings banks, on which we allow 2 per cent. But under this bill we allow the national banks 5 per cent interest on their stock in the Federal reserve banks, with an additional profit besides, and exempt the stock from taxation. The banks ask that that shall be increased to 6 per cent.

According to the report I have, there are $4,500,000,000 in the savings banks of this country. I presume the depositors do not get on an average over 3 per cent on those savings. Why not allow men who have money in our savings banks—the 10,000,000 persons who have $4,500,000,000 in the savings banks, on which they are probably receiving not over 3 per cent interest—why not let them subscribe to this stock and get 5 per cent plus instead of 3 per cent? I can see no practicable objection to that—to allowing the common people to come in and have an opportunity to reap any benefits that may accrue under our new banking and currency system.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The question was taken, and the amendment was rejected.

As the CONGRESSIONAL RECORD shows, my amendment was voted down, but my effort was not entirely in vain, for the Senate took the question up, and after careful consideration of the matter one-half of the members of the Senate Committee on Banking and Currency, including Senator HITCHCOCK, Democrat, and all the Republican Senators on the committee, reported in favor of an amendment to the House bill allowing the public to subscribe to capital of the reserve banks. The amendment reported by Senator HITCHCOCK and the Republican Senators was as follows:

There shall be allotted to every national bank within a Federal reserve district, of the capital stock of the Federal reserve bank of such district, a sum equal to 6 per cent of the fully paid-up capital stock and surplus of such national bank, which stock so allotted shall be underwritten by said bank and for a period of 60 days after allotment be offered for subscription at par to the public at large, but no more than 100 shares shall be allowed to be subscribed for or held by any person, firm, or corporation, and all of the allotted stock not subscribed for and taken by the public shall immediately be subscribed for and taken by the national bank to which the same was in the first instance allotted. The preparation, allotment, subscription to, and sale of stock shall be under the control of the board, which in case of oversubscription shall give preference to the smaller subscriptions.

This is not all. The bill as it comes to us to-day in the form that it will become a law contains a provision, which in a limited and restricted way recognizes the policy I advocated in the House of public ownership of stock in the reserve banks, and I was the only one in the House who proposed such a proposition. The provision in the bill is as follows:

Should the subscriptions by banks to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

This provision is not what it should be, but it is an indorsement of the principle embodied in the amendment I offered in the House. It is not giving the people what they should have, but it recognizes the soundness of the proposition which I was the first to advocate.

3. NO FARM-CREDIT PROVISION.

There is no provision in the bill authorizing the formation of farm-credit associations to insure the farmers more available capital and lower interest.

When this bill first came before the House I was disappointed that no provision was incorporated in the bill to authorize the formation of farm-credit associations to insure lower interest to the farmers and more available capital for the development of agriculture.

I made an effort to secure a proper amendment along this line. To show what I did and what I said I again refer to the CONGRESSIONAL RECORD of September 17, 1913.

Mr. MORGAN of Oklahoma. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

"Amend, on page 48, by adding after the word 'years,' in line 25, the following as a new section:

"NATIONAL RURAL BANKS.

"SEC. 27a. That the reserve-bank organization committee mentioned in section 2 of this act is hereby authorized and directed to organize a system of national rural banks, to include local and State rural banks, and this national rural bank of the United States, under the laws pertaining to the organization of national banks in so far as they may be applicable, and until further legislation by Congress the said organization committee, with the approval of the President, is authorized to make all necessary rules and regulations for the organization, control, and management of said banks, having in view that the purpose of organizing a system of rural national banks is to provide the farmers of the United States with better credit, cheaper interest, and larger capital with which to develop the agriculture of the United States."

Mr. GLASS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that all debate on this section and all amendments thereto close in five minutes. Is there objection?

Mr. MANN. The gentleman from North Dakota [Mr. YOUNG] desires to offer an amendment.

Mr. GLASS. I will say in 10 minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MORGAN of Oklahoma. Mr. Chairman, I have offered this amendment with a view to emphasizing my interest in establishing a better system of rural credits in the United States. Perhaps four-fifths of my constituents are farmers, and the State which I have the honor in part to represent largely consists of farmers. Perhaps 1,100,000 of our people reside upon the farm, but it is not simply in the interest of the farmers and the people of Oklahoma but in the interest of all the people of the United States that I am anxious, and at the very earliest time possible, that we shall have a better system of rural credits for the farmers of the United States. It is said that the farmers of the United States owe something like $5,000,000,000 and pay something like $500,000,000 annually in interest. Agriculture is our chief industry.

Nearly one-half of all the wealth produced in the United States every year is produced by the farmer. While manufacturing products amount in one year to about twenty-one billion, the manufacturers use about $12,000,000,000 worth of material, and the net wealth added by all our manufacturing would be only equal to the net wealth added to the Nation by the farmers of this country. If I had any criticism to offer, which I shall not offer, upon the majority of this House it would be this, that when you enact a reform in a currency system and banking system of this country you should have taken along with it a system of rural credits.

In my judgment there is more of an emergency for a better rural credit in this country than there is for a better system of banking or better system of currency. The very strength and greatness in this country depend upon agriculture. You are providing a currency for merchants, for manufacturers, for business men, for bankers, for speculators, for capitalists, taking care of this great class and letting the farmers go. It seems to me you are putting the cart before the horse, and that the first thing you should care for would be the great agricultural interests of this country.

I do not care to detain the committee. Here is a great bill prepared with great ability, upon which you have put great thought and great learning. You had the assistance of experts. It might be likened to and said to be a great edifice, a great financial structure, a magnificent building of finance and money and currency, but it seems to me, then, that when you get through with that you will undertake rural credits; you must make the rural credit system a mere "lean-to" to this magnificent structure that you have erected for the benefit of the manufacturing, commercial, and banking interests of the country. On the other hand, the rural credit system, the banks for the farmers of this country, the banks to promote the agricultural interests of this country, ought to be the very corner stone of our financial structure. [Applause on the Republican side.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. MORGAN].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. MURDOCK. Division, Mr. Chairman.

The committee divided; and there were—ayes 22, noes 97.

So the amendment was rejected.

I am especially grateful that in line with my suggestion for a better system of rural credit the Senate amended the House bill, and the amendment is included in the report of the conference committee now before us, permitting national banks to make loans on farm lands for a period five years to an amount equal to 25 per cent of their capital, or equal to one-third of their time deposits. I gladly give credit to the party in power for even this slight recognition of the claims of 6,500,000 farmers. But all farmers will recognize that this provision will be of only insignificant assistance to the farmers, because for long-time loans farmers can not afford to pay the interest rates which the average national bank must have for short-time loans.

4. DISCRIMINATION AGAINST THE PUBLIC.

This conference report, which is the final form in which this bill is to become a law, retains Senate amendments favorable to the bankers, but excludes amendments favorable to the public.

Under the provisions of the House bill the banks were allowed only 5 per cent cumulative dividends on the stock they own in the reserve banks. But the bill now allows the banks 6 per cent. If the total capital stock of these reserve banks shall aggregate $100,000,000, 1 per cent added to the annual dividends will make the banks $1,000,000 additional profit every year. More than this, the House bill permitted the reserve banks to accumulate a surplus of 20 per cent, but the bill as it now stands allows the reserve banks to retain a 40 per cent surplus before any profits go to the Government. You have added 20 per cent to the dividends of the member banks and 100 per cent to the amount of surplus the reserve banks are allowed to appropriate from the earnings of these banks. By this change in the House bill you have added probably a million of dollars annually to the dividends of our national banks and other member banks, but you have stricken out from the Senate amendments the provision which set aside a portion of the profits of these great reserve banks as a fund to insure the deposits which the people place in these banks. Again, the House bill required the national banks to subscribe 20 per cent of their capital to the newly created reserve banks. But under the provisions of the bill as it comes from the conference committee the national banks are required to subscribe only 6 per cent of their capital stock and surplus to the reserve banks, half of which is to be paid within six months and the balance not until called for by the central board at Washington.

In other words, this bill now is far more favorable to the banks than the House bill and less favorable to the poeple.

CONCLUSION.

Now, Mr. Speaker, I have made proper effort to perfect this bill along lines which I regarded as important to the people. But my amendments have been voted down, my suggestions have not been heeded. The majority in this House has turned a deaf ear to my warnings. But the voters of this country will hold the majority responsible for its acts. The people, who pass judgment upon all we do here, will at the first opportunity condemn you for not adequately protecting their rights and punish you to the extent of their power for betraying their interests.

Mr. MURDOCK. Mr. Speaker, the gentleman from Minnesota [Mr. LINDBERGH] is momentarily absent, and I ask leave to yield to the gentleman from Pennsylvania [Mr. TEMPLE]. [Applause.]

Mr. TEMPLE. Mr. Speaker, three months ago, when the currency bill passed the House, I did not vote for it. I said at the time that there were grave defects in the bill which threatened to interfere with the safe working of a plan which, in many respects, was in harmony at once with sound economic theory and with the banking experience of the world. I expressed the hope that after the bill had passed through the other House and had been reported from the conferees I might then be able to vote for it. I now find that the bill, which was materially amended in the Senate and still further modified in conference, is in many respects a new bill. It has, of course, a great deal of the old material in it, as the old bill contained a great deal of the material furnished by the report of the Monetary Commission. I find it arranged in what I believe to be a better order. I find some of the dangers of the old bill eliminated. If I had time I should like to analyze it in detail, but I shall not undertake to do so at any considerable length. I should like, however, to call attention very briefly to the more important changes, which, in my judgment, will greatly improve the banking and currency system proposed in the original bill.

The organization of the Federal reserve board has been materially changed. As the bill passed the House it provided that this board, which is to control the whole system, should be composed of the Comptroller of the Currency, two members of the Cabinet, and four other members appointed by the President. Of the four appointive members not more than two were to be members of any one political party. The very mention of political parties in this connection suggested partisan control. If one party should go out of power and another come in, the incoming President would find two members of his own political party—appointed because they were members of that party—on the Federal reserve board. Upon appointing his Cabinet he would have two more, immediately giving the incoming party four votes out of the seven in control of the banking system of the country.

Two changes in the bill have rendered such a condition extremely improbable, if not impossible. In the first place, the amended bill makes no provision for appointing men or excluding men because they belong to this or that political party.

The members of the Federal reserve board ought to be appointed, and under this bill may be appointed, with as little thought of party control as are the justices of the Supreme Court. In the second place, the amended bill provides that only one member of the Cabinet, instead of two, shall be a member of the Federal reserve board. There are to be five appointive members, each appointed for 10 years, instead of four with eight-year terms. An incoming President will not have immediate control. In fact, he will be three years in office before he will appoint four out of the seven members, and unless he should appoint a Comptroller of the Currency he will appoint during his whole term only three out of the seven members. This change in the bill practically takes the Federal reserve system out of politics.

In addition to this the powers of the Federal reserve board have been limited, as pointed out by the gentleman from Virginia [Mr. GLASS]. To compel one Federal reserve bank to rediscount the discounted paper of another will now require five affirmative votes in the Federal reserve board, instead of merely requiring the presence of five members who, as I understand the original bill, might consent to such compulsory rediscounting merely by refraining from a vote against the proposal.

In other respects also the powers of the board are limited by the amended bill. It can not, as provided in the House bill, remove at pleasure the officers of the Federal reserve banks nor the directors of class B, except for cause stated in writing.

The bill in its new form provides for a sounder currency than when it passed the House. It then required that the new bank notes should be supported by a reserve of 33⅓ per cent in gold or lawful money. Now, that reserve must be 40 per cent in gold only. In its old form the bill made no provision for redeeming the notes in gold. The present bill makes them redeemable in gold at the Treasury of the United States. It would be better still if the issuing banks, as well as the Treasury, were compelled to redeem them in gold instead of gold or lawful money, but the provision for any redemption in gold is a decided improvement. The bill in its new form also by inserting two or three brief clauses defines somewhat more clearly the commercial paper eligible for rediscount, and thereby adds somewhat to the not too secure safeguards against inflation.

Other changes in the bill make it more just and equitable toward small banks. Instead of requiring member banks to invest 20 per cent of their capital in the stock of the Federal reserve banks, the bill, as it now stands, requires the investment of 6 per cent of the capital and surplus. The rights and privileges of such State banks and trust companies as may apply for membership in the new system are not left wholly undefined, as they were in the unamended House bill. Last of all, the bill is very considerably improved by a provision to take care, at least in part, of the 2 per cent bonds which are now the basis of bank-note circulation.

I believe that the Senate improved the House bill and that the Senate bill was decidedly improved in conference. Doubtless time will bring out defects in the bill that will call for correction, but the currency it provides will vary in quantity as the volume of business rises and falls. The medium of exchange will have a real relation to the volume of exchanges. It is a better bill than it was, and I expect to vote for it.

Mr. GLASS. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman from Virginia has 28 minutes and the gentleman from California 13 minutes.

Mr. GLASS. Mr. Speaker, I yield to the gentleman from Alabama [Mr. UNDERWOOD].

Mr. UNDERWOOD. Mr. Speaker, I desire to congratulate the members of the Banking and Currency Committee of this House and of the Senate on accomplishing a result that many Congresses and many committees have attempted in the last 20 years and failed in. More than 20 years ago there was pending in this House a bill known as the Carlisle currency bill that sought to bring about a rational and reasonable currency reform. That bill was followed by what was known as the Walker bill when Mr. Reed was Speaker of this House. That bill also met its fate; and later on the bill known as the Fowler bill was reported to the House only to go down to defeat.

Many of the principles that are contained in this bill were principles of the bills that I have mentioned, but all of them failed, in my judgment, for one fundamental reason. Each of the bills that sought reform, to revise the inefficient currency system that we now have on the statute books, sought to do so by giving the great banking interests of this country the control of the currency system of the country. The American people were opposed to placing the money of the country in the hands of the discount bankers of America. It was natural that they should. A large majority of the people are borrowers of money, but few are lenders of money, and it was not natural to require that the men who are compelled to borrow money should put in the hands of the men who loaned the money the power to control the finances of the Government.

The great banking system of England is often referred to as a bankers' control system. That system has been the evolution of many years, and yet our relatives across the water were wise enough in establishing the control of the Bank of England to make it a part of their system that the discount banker, or the man who lends money, shall not control the issue of that money or the expansion of the money. [Applause.]

The Bank of England, which is a bankers' bank, has not a member on its board of directors who is a discount banker. The Bank of England is controlled by the great merchant classes of England, the borrowers of money and not the lenders of money.

The rock on which our friends on the Republican side have broken when they have attempted to pass their monetary legislation through this House in the last 16 years has been the fact that they have attempted to put the control of the system that they advocated in the hands of the men who loan the money and not in the hands of the representatives of the people who borrow the money. [Applause.]

Therefore I congratulate the wisdom of this committee in recognizing that fact and in the beginning establishing a Government control of this system that would represent the borrowers of money and enable the people of America to secure the medium of exchange at reasonable rates of interest at all times. I think that that is probably the greatest reform that has been worked out in this bill, and yet a reform that will not endanger any banking interest; for were this Federal reserve board that is organized for the purpose of protecting the rights of the American people to be so drastic in its management of this system or so unwise as to abandon the field of safe banking it would but wreck the system and injure the people that it is supposed to represent. Therefore I believe that this board will carefully and safely manage this system, not only in the interest of the American people and low interest rates, but also will have the wisdom to see that the great banking interests of the country are properly safeguarded and protected.

We have heard in recent years of a Money Trust. It is difficult to define what a Money Trust is or where it exists, but we do know that there has been at various times a control of the surplus money of this country in the hands of a few men, and that has largely grown out of the fact that the law upon the statute books forced the reserves of this country, or a great majority of them, to go to one great city in America, to be assembled in banks that you could count on the fingers of your two hands, and necessarily that brought about the control of our financial system by a few men.

One of the great reforms accomplished in the bill is the taking of the reserves out of the reserve centers and scattering them to at least eight regional reserve banks, possibly more, placing them in banks that will be under governmental supervision, where the country bank or the local bank would be assured in time of stress and time of peril of being able to vitalize and utilize its reserves that are held for emergency purposes.

The other great reform, and one that has been needed in this country for a half century, is in the fact that at last we are to have a currency that will respond to the business needs of the country. We are to have an elastic currency that will enable the people of this country, when money is demanded to transact business, to go to the machinery that is provided by this bill, to go to an institution that is authorized by law to give them the currency that the business needs of the country demand and to retire it when it is no longer needed in circulation.

The difficulty which the great business men of the country have labored under for many years has been that they have had to go hand in hand to the owner of money and ask as a privilege to transact business. This bill provides a machinery by which legitimate business needs may have the money with which to transact business as a matter of right and not as a matter of privilege.

With these reforms written on the statute books, I have a firm conviction that the great banking interests of the country will accept this bill, that it will be a real boon to the people of the United States, that it will relieve any stringency that may exist in monetary circles to-day, that it will oil the wheels of commerce, that it will promote business enterprise and encourage business development. I believe that the era of dull times and inactivity of business will pass away to-morrow, when the President of the United States signs this bill. [Ap-

plause on the Democratic side.] I believe that the passage of this bill carries to the American people a promise of prosperity, business success, employment for labor, and better times throughout the country. There is no better time when we could put this great measure on the statute books than the day before that day which marks the celebration of the coming of the Prince of Peace. [Applause.] There is no better time on which the great party to which we owe allegiance could send forth this message of prosperity and good will to the great business interests of the country, to the man who toils in the mine, who works in the field, than the opening of a new year—a new year that will proclaim for the American people an expansion of business ideas, which will undo the fetters of commerce, which will add to the development of our commerce beyond the seas, and which, in my judgment, will not only bring commercial and business success but will write next November at the polls a verdict in favor of the party to which we owe allegiance, because we have fulfilled our pledges and we have kept the faith. [Applause on the Democratic side.]

Mr. HAYES. Mr. Speaker, I yield to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, I would suggest to my friend from Alabama [Mr. HEFLIN] that a man does not need a glass eye to see the mice and crickets in this measure, the perils and pitfalls it contains. I can not in three minutes catalogue, much less discuss, the many fundamental and fatal features of the bill. One of them is that provision which places upon the American people the enormous burden that ought to be borne by the bankers of final responsibility for the redemption of the notes that are to be issued. Another is the provision of the bill under which the organization, the Federal board, that is to control all the banking credit of the country may be a purely partisan board, and is likely to be such. Another is the provision under which that board, so constituted, has such vast powers that it becomes in effect a great partisan, political, central banking institution. So much for some of the faults of commission. One of the fundamental errors of omission is the fact that there is no adequate provision in the bill for the retirement of notes, and, therefore, there is a serious threat and danger of inflation. Another, that it does not adequately provide for farm loans, in that there is absent from the bill a provision contained in the bill when it passed the House for savings departments in national banks.

These and many more reasons are all sufficient to justify a vote against the bill. But there are other reasons, Mr. Chairman. The question of the currency is a nonpartisan one and it should be so treated, but the majority willed to treat it as a partisan question. They took it into a secret and binding caucus, which, by confessions of men on the other side, was largely controlled by the President and members of his Cabinet. It came to the floor with every Member on that side caucus bound, and not a vote has been or will be taken in this House on this bill which reflects the free and untrammeled action of Members on that side. It follows, therefore, that a vote for this bill is not only a vote in favor of all the faults and defects of the measure, but it is also an indorsement and approval of all of the vicious and unjustifiable partisan methods of consideration, which are largely responsible for the faults of the measure.

The SPEAKER. The time of the gentleman has expired.

Mr. HAYES. Mr. Speaker, I yield to the gentleman from North Dakota [Mr. NORTON].

Mr. NORTON. Mr. Speaker, I am confident that it is most pleasing to almost every man in this Chamber that after many long and tiresome days, weeks, and months of preparation, discussion, and debate this epoch-making legislation is to be given to the country. I wish to take this opportunity to express to the members of the Committee on Banking and Currency who during all these long months past have so unsparingly in and out of season devoted their time and best efforts to the construction of this legislation my congratulations on the final conclusion of their work. I think that it is only fair to say that the members of this committee have done a great service to this House and to the country.

The approval of this measure by Congress and by the President and the complete success of its provisions in the business and commercial life of the Nation, I trust, will be the rich and proud reward of these gentlemen, and especially of the able chairman of the committee, for their fidelity to the duties in this great work intrusted to them by this House. [Applause.]

I have no hesitancy in saying that in my judgment this bill in its present form is a better bill than when it passed this House three months ago. And had free and open discussion and consideration of this bill been permitted on the floor of this House, and had not the free will and action of many Members on the majority side been restrained and stifled by the indefensible secret-caucus system employed by that side of the House, the bill would go to the country affording more real relief and benefit to those who toil in field and shop than it will bring to them in its present form. I want to say now that I intend to support this measure. [Applause.] I intend to support it for the reason that I am convinced that this bill does, to a large extent, place the control of the banking business of the country in the keeping of the people of the country and takes this control away from the money barons of the country. I intend to support this bill because I believe that under its provisions the banking business of the country will in the future be conducted in a way more to serve and accommodate the people and the business of the people of the country, rather than, as it is now, largely conducted to serve primarily as an instrument and means of greed and profit for bank officials and bank stockholders.

I am much pleased that the bill, in its present form, contains more liberal provisions for the country banks and for those engaged in agricultural pursuits than it contained when it was first sent from this House to the Senate. And I am particularly gratified to find that the Senate has seen fit to adopt an amendment to the bill similar to the amendment I offered in the House of Representatives on September 16, extending the time of the maturity of notes which may be rediscounted from 90 days to 6 months. This amendment unquestionably makes the measure of more genuine service to the farmers of the North, the South, the East, and the West. But I hope that this Congress will not rest its labor and its effort in this direction with this amendment or with this bill, but that this measure will soon be supplemented by legislation providing for and establishing a system of rural credit banks, so much needed in this country to-day, and concerning which I expect to have the privilege of addressing this House at another time.

In view of the fact that for several years past all of the leading political parties have agreed that our banking and currency system has been outgrown and is unsuited for the business and commercial needs of our country, and have promised, through their party platforms, the enactment of a better system, I was very much amused in listening to the gentleman from Alabama [Mr. HEFLIN] who first spoke. His argument reminds me very much of those old-time Mother Hubbard dresses—it covered so much and touched so little. [Laughter and applause.] The gentleman, in his partisan enthusiasm and in his exuberant oratory, forgets the fact that this legislation is not at all solely due to the Democratic Party. The real work, culminating in this legislation, was initiated long before his party had its present majority in this House.

The National Monetary Commission, which builded the real foundation for this measure, was provided for by the act of May 30, 1908. This commission expended nearly $300,000 in studying and making comparisons of the different banking and currency systems of the leading nations of the world, and made its most exhaustive and valuable report and recommendations to the Sixty-second Congress. No one can honestly and fairly contend that this House and this Congress in framing this legislation has not made much and good use of the work done and the report made by the National Monetary Commission, and profited greatly from the debates and discussions of this subject in the Sixty-second Congress. A large majority of the Republican Members of this House in this Congress have at all times been just as honest and just as desirous as Members on the Democratic side to place upon our statute books the best possible banking and currency legislation that can now be devised by the best intelligence and experience of our country. Thus it ill becomes anyone on that side to now seem to forget the origin and real first effective work done toward the final accomplishment of this legislation.

While gentlemen here may differ as to the wisdom and ultimate success of particular features of this legislation, nevertheless there comes a time when patriotism overshadows partisanism, and I am confident that I now voice the sentiment of practically every man in this Chamber when I say it is my wish and hope that when this great legislation goes to the country to-morrow the predictions made a few moments ago by the leader of that side, the gentleman from Alabama [Mr. UNDERWOOD], and those made on Saturday by the cheerful and charming Speaker of this House, will come to pass and the whole country will prosper, bloom, and blossom roselike under its influence and its effect. [Applause.]

Mr. HAYES. Mr. Speaker, I yield to the gentleman from Ohio [Mr. WILLIS].

Mr. WILLIS. Mr. Speaker, I have listened with a great deal of interest to the prophecies and rhapsodies coming from the other side of the Chamber, but the difficulty about those prophecies is that the prophets do not agree. The gentleman from Pennsylvania [Mr. PALMER] said a little while ago that when this bill passed this House it was a good bill, and then when it passed the Senate it was a better bill, and yet standing right there at the reading desk just a few hours ago the gentleman from Virginia [Mr. GLASS], in charge of this bill, said that when it passed the Senate not only was it not a better bill but the enactment of it into law would have been a "calamity" and would have resulted, to quote his exact words, "in a perfect saturnalia of inflation." Mr. Speaker, I believe the chairman was stating the truth with reference to this legislation.

Section 16 of this bill contains enough unsound financial provisions to bring industrial and financial calamity upon the country; or, as the chairman of the Committee on Banking and Currency has stated, sufficient to lead "to a perfect saturnalia of inflation," as he so eloquently and aptly described when referring to the provisions of the Senate bill. It is to be observed that the essential provisions of section 16 remain in the conference report substantially as they were in the bill passed by the Senate. This section 16 as it stands in the conference report in part is as follows:

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal reserve board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States, and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, D. C., or in gold or lawful money at any Federal reserve bank.

There are at least four provisions in the portion of the section quoted which are fraught with the gravest consequences to the financial prosperity of the country. First, it is stated that these notes are to be issued "at the discretion of the Federal reserve board." It will be seen by referring to section 10 that this Federal reserve board is a partisan organization. In the bill which passed the House it was provided that not more than one of the four appointive members of the Federal reserve board should be selected from any one Federal reserve district, and not more than two of them should be of the same political party. It should be noticed that this provision relative to a bipartisan board has been stricken out of the House bill, and in the measure that is now before the House it is provided that the Federal reserve board shall consist of five members to be appointed by the President of the United States, by and with the advice and consent of the Senate, with two additional members in the persons of the Secretary of the Treasury and the Comptroller of the Currency. From this provision of the proposed law it is quite evident that all seven members of the Federal reserve board will be members of the same political party. At any rate, there is nothing in the law to prevent it, and it is not overstating the case to say that as this law must be interpreted in view of the action of the Senate in striking out the provision in the House bill which provided that not more than two of the appointive members should be of the same political party, it is clear that the purpose of the legislation now proposed to be enacted is to make this Federal reserve board a partisan organization.

Now, then, considering section 10 in connection with section 16, let us see what results we obtain. Here we have a board of seven men, all appointed by the President and undoubtedly all of the same political party. Now, what power have they under the terms of section 16? Quoting again from this section, it is found that Federal reserve notes are to be issued "at the discretion of the Federal reserve board." So far as this proposed legislation is concerned, there is absolutely no limitation upon the amount of notes which may be issued. Herein resides the possibility of inflation. Of course it is admitted that provision is made for a reserve fund of 40 per cent, together with the commercial paper put up as collateral, but I submit this, Mr. Speaker, that it is unwise, unsound, and will prove to be disastrous legislation to give to any board such immense power over the control of the circulating medium of this country as is contemplated in the portion of section 16 which I have just quoted. There ought to be in this bill somewhere a positive limitation upon the amount of circulating medium which can be issued. To omit such a salutary provision is to invite the financial disaster which has always followed in the wake of an inflated paper circulation. It certainly is a most interesting coincidence that now, as always in the past, in the face of threatening financial disaster—when news is coming in from every quarter of the closing down of mills, of the organization of the armies of the unemployed, of the actions of various municipalities in taking emergency steps to furnish employment to workingmen now out of employment but who heretofore have been busily employed in the mills and factories and mines—at such a time, in the face of an undoubted industrial lethargy, it seems most peculiar that the party in control of the Government should resort to the same measure to which it has always resorted under such occasions, namely, that of inflation of the currency.

What we want in this country at the present moment is not more paper money, but more busy mills. Not more importation of foreign products, but better production at home at better wages, with better protection for our own farmers, our own laborers, and our own markets. Not inflated credit, but more men at work here in America at good wages to furnish a market for the farmers' products. The resort to such financial nostrums as are illustrated by this bill will be only a temporary stimulant and in the end will work much harm to the producers of the country. This, then, is my first serious objection to this bill—that it puts into the hands of seven men appointed for political purposes the power to say what the amount of the circulating medium of this country shall be. The financial life of our people is too great a stake to rest upon the mere edict of any such body of men, however able and distinguished they may be.

In the second place it is provided in this section 16 that "said notes shall be obligations of the United States." I object to this provision, Mr. Speaker, because there is no good reason why these notes which are to be issued to the Federal reserve banks and are to be circulated by them for their profit should not be the obligations of the banks instead of the obligation of the United States. These few lines of section 16 disclose the whole purpose of this legislation. Shorn of its verbiage it amounts simply to this: That the credit of the United States is to be loaned to a certain special class for the benefit of that class. Is there any good reason why the credit of the great Government of the United States should be loaned to these Federal reserve banks which would not apply equally well to other classes and business organizations of this country? If the Government of the United States is to go into the business of loaning its credit to various persons, corporations, and associations, why should it not loan it to the farmers and workingmen of the country as well as to certain special favorites known as Federal reserve banks?

In my judgment the provision which undertakes to saddle the obligation of redeeming these notes upon the Government of the United States, thus making them in fact direct obligations of the Federal Government, is entirely unjustifiable. I believe that if the American people understood that the effect of this legislation was to saddle upon their shoulders the obligation of redeeming the notes issued by this Federal reserve board to Federal reserve banks they would rise up almost to a man and oppose this legislation. Since these notes are to be issued to the Federal reserve banks for the profit of those organizations they ought to be the obligations of those banks. It ought to be the duty of the banks to redeem the notes. No such obligation and no such duty should rest upon the shoulders of the Government of the United States.

It is provided in the third place, in section 16, that those notes so issued "shall be receivable for all taxes, customs, and other public dues." By this it means that the Federal Government, while assuming greater obligations and greater burdens, is deprived of the only source of gold revenue which it has. In other words, while the financial burden of the Federal Government is increased, its ability to carry that burden and discharge that obligation is decreased. It surely can not be maintained that this is sound financial legislation.

In the fourth place, it is provided that while these notes of the Federal reserve banks shall be redeemable "in gold on demand at the Treasury Department of the United States in the city of Washington, D. C.," that they may be redeemed "in gold or lawful money" at any Federal reserve bank. Why this distinction? If the notes are to be made redeemable in gold at the hands of the Government of the United States, why should not the Federal reserve banks, for whose benefit and profit the notes are to be issued, at the same time be required to redeem their obligations in gold? But they are given the special privilege of redeeming their notes in "gold or in lawful money." It seems to me, Mr. Speaker, that these four objections lodged against section 16 are insuperable. If we enact such legislation as is provided in this section, we are flying in the face of all the facts of the financial history of this country and of the rest of the civilized world.

Early in the discussion of this measure we heard much about the important provisions that were to be inserted in it for the benefit of the farmers of the country. In other words, a system of farm loans and cooperative credits was to be installed. And yet we find that the body at the other end of the Capitol has stricken out the provisions in the House bill relative to savings department by national banks, and although section 24 has been inserted, giving authority to such banks to make farm loans for a period of five years, the section is couched in such terms that when considered in connection with other provisions of the proposed law it is very doubtful whether the farmer will receive any benefits whatever, notwithstanding the much-heralded accommodation which was to be extended to him through the mediumship of farm loans.

This bill accomplishes practically nothing for the benefit of the farmers and the laborers, the real producers of the country, but is framed in the interest of the special few. It certainly can not be claimed that the slight problematical and merely speculative benefits which may accrue to the masses of the people will be a sufficient recompense for the immense burden which they must assume in becoming responsible for the redemption of all this paper money which is to be issued at the discretion of the Federal reserve board. It is the same old story. When the tariff bill was pending we were told that the farmer and producer were to be benefited, and yet, as a matter of fact, when the legislation was finally enacted it appeared that substantially everything which the farmer produced was put upon the free list or else the rates were greatly reduced, and yet he was still required to buy in a market that in some instances was highly protected. The laborer, who was to enjoy immense benefits under this tariff legislation, finds himself thrown out of work, his hours of labor greatly reduced, or his wages cut down. So in this proposed legislation, which was widely heralded as a panacea for the real or fancied industrial and financial evils of the Republic, it appears that the farmers and wage earners of the country receive practically no benefit from it, and yet at the same time they are compelled to bear the towering burden of becoming responsible for the redemption of this great volume of notes to be issued by the Federal reserve board to the Federal reserve banks for the benefit of those banks.

Mr. Speaker, this debate seems to have been seized upon as an oportunity for gentlemen to explain their position who have been reported in the press as stating heretofore that they would vote against this bill. The gentleman from South Carolina and the gentleman from Kansas [Mr. NEELEY] were reported in the newspapers as being loud in their pronouncement they would never support such legislation as is indicated in this measure——

Mr. NEELEY of Kansas. Mr. Speaker——

The SPEAKER. Does the gentleman from Ohio yield?

Mr. WILLIS. I regret that I have not time to yield to my friend.

Mr. NEELEY of Kansas. That is a misstatement.

Mr. WILLIS. And now we come to the final stage, and those gentlemen crawl in under the flap of the tent and propose to support this bill. I shall not support this bill, Mr. Speaker, because it represents a rejuvenation and a revivification of the ideas of inflation and unsound finance that were shot to death in the campaign of 1896. [Applause on the Republican side.] I am further opposed to this bill, Mr. Speaker, not only because there rests in it the possibility of dangerous inflation, but also for another reason I have not time fully to discuss, and that is because it illustrates the policy of the party in power to strike down and stab to death the nonpartisan civil service of this country.

I have already called attention to the fact that the Federal reserve board is a political organization, all seven of its members, so far as this legislation is concerned, being of the same political party, the board not being a fair bipartisan one, as was provided in the bill as it passed the House, requiring that not more than two of the members should be of the same political party. In order that there may be no question upon this point I quote the following from section 11 of the original House bill:

> Of the four members thus appointed by the President not more than two shall be of the same political party, and at least one of whom shall be a person experienced in banking.

This salutary provision is stricken out in the pending bill, and section 10 provides, in part, as follows:

> SEC. 10. A Federal reserve board is hereby created, which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate.

From this it can be clearly seen that, so far as the pending bill is concerned, the Federal reserve board is to be a partisan organization, and when it is considered that this board has the financial destiny of the Republic in its hands it can readily be seen how questionable is the wisdom of reposing such vast authority, without limitation, in the hands of a board all of whose members may be of one political faith. It is unreasonable and unfair, and, in my judgment, when the people understand it they will not approve it.

If there is any place in the Government service where the governmental employees ought to be under civil-service rules, it surely would be in the case of employees who are conducting a great banking enterprise such as is proposed in this bill. The thing which ought to count in the public service is efficiency, not political opinion. Yet it will be seen by referring to the fifth paragraph of section 4, which states the powers of the Federal reserve bank, that it has full authority to appoint employees without any regard whatever to civil-service requirements. So far as this proposed legislation provides, there need be no examination—appointments can be made solely because of political preference. Furthermore, the Federal reserve banks have complete authority to dismiss at pleasure any of their employees. The paragraph to which I have referred is as follows:

> Fifth. To appoint by its board of directors such officers and employees * * * as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

But if such power is unwise, undesirable, and dangerous in the management of the affairs of Federal reserve banks, it surely is much more unwise and much more dangerous when given and exercised as a power of the great Federal reserve board. Subsection (m) of section 12 in the original print or subsection (l) in the present bill is as follows:

> SUBSEC. (l). To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the act of January 16, 1883 (vol. 22, U. S. Stat. L., p. 403), and amendments thereto, or any rule or regulation made in pursuance thereof.

From this it will be seen that all the immense force of clerks and employees under the control of the Federal reserve board are to be appointed and removed absolutely without reference to merit. Why should not these employees be under the civil service? Why should these positions be parceled out as prizes to hungry office seekers? Why in this great financial institution should not all the employees be under the protecting arm of the civil service? There can be no satisfactory answer to these questions. The fact is, as illustrated by this legislation, as by other legislation recently had, that the purpose of the present administration seems to be to destroy the competitive civil-service system so far as possible. Even in the collection of the income tax, where special skill would be required, and where, if any place, the rules of the civil service ought to apply, yet there, even, appointments are to be made as reward for political services. The provisions of this original section (m) have excited much comment in the country, and as expressing the attitude of thoughtful, patriotic men who are giving attention to the subject of nonpartisan civil service I insert here a letter from the National Civil Service Reform League:

> NATIONAL CIVIL SERVICE REFORM LEAGUE,
> *New York, December 20, 1913.*
>
> *To the Members of the House of Representatives:*
>
> On behalf of the National Civil Service Reform League, I earnestly urge that paragraph M of section 11 of the pending currency bill be eliminated.
>
> This is the section which provides that all employees of the Federal reserve board be appointed without complying with the requirements of the civil-service law. It is true that this plan was modified by an amendment that it shall not prevent the President from placing such employees in the classified service. It is sufficient to say as to this that its effect is deceptive. According to the earlier provisions of paragraph M, appointments must be made without regard to the civil-service law or any rule or regulation under it, so that the mere inclusion of the employees in the classified service may be quite ineffective.
>
> The facts are that the Senate, by an eleventh-hour amendment, has attempted to deprive the President of authority to order that the employees of the board shall be appointed through examination. These subordinate places are all to be treated, initially at least, as unclassified offices. The effect is only to subject the administration of the new act to the most serious menace possible, namely, the influences of partisan politics in the entire organization of the subordinates of the board. It will be impossible to keep these influences out if the places are in the unclassified service. Everyone knows this to be true. The adoption of the amendment, in other words, will expose the new currency and banking system of the country to the corrupting and extravagant influences of the spoils system. Nothing could be more surely fatal to the success of the new system than this, as the history of the old United States Bank clearly shows.
>
> For the great majority, if not, in fact, for all, of the places not the slightest difficulty will be encountered in securing efficient men of prac-

tical experience without political ties and obligations through examinations conducted by the Civil Service Commission, with the aid of the experts which it can employ. If any exceptions are necessary, it would be within the President's power to make such exceptions by Executive order under the civil-service law. This power to classify offices or put them in the unclassified service should be left to the President, as has been the practice under the civil-service law for 30 years.

For these reasons the league therefore urges that if an opportunity is given you register your opposition to this dangerous provision and vote against its adoption by the House.

Respectfully, yours, ROBERT W. BELCHER, *Secretary.*

These prominent citizens who sent this letter understand, and the country generally will soon understand, that legislation of this character will undermine and finally destroy the merit system and bring about a return of the times when "to the victor belong the spoils."

If you note it, gentlemen, in this bill all the employees proposed to be appointed are to be appointed not upon merit as shown by examination under civil-service rules, but for political reasons. I am opposed to such legislation and shall vote against this bill. [Applause on the Republican side.]

Mr. HAYES. Mr. Speaker, I ask the gentleman from Virginia [Mr. GLASS] if he is going to close with one speech? I have but one more speaker.

Mr. GLASS. Mr. Speaker, I yield five minutes to my colleague from New York [Mr. FITZGERALD].

The SPEAKER. The gentleman from New York [Mr. FITZGERALD] is recognized for five minutes. [Applause.]

Mr. FITZGERALD. Mr. Speaker, I join with many upon both sides of the House in congratulating the members of the Committee on Banking and Currency upon the happy ending of their labors. I share with many of those gentlemen who find it possible to support this bill the pleasure they enjoy, because, in their opinion, it takes from the community which I represent the possibility of accumulating moneys there for purely speculative and reckless gambling purposes.

The great metropolis of this country is represented in this House by 22 Members of Congress. Twenty of them are Democrats, one a Republican, and one a member of the Progressive Party. It is a community of nearly 5,000,000 people. Sixty-five per cent of our imports come through its port. A large percentage of the commodities going from this country pass through its port. That metropolis has an annual budget of almost $200,000,000. It has a funded debt of $300,000,000, greater than the public debt of the United States.

Its manufactures exceed the manufactures of the New England States, and recent statistics of the Bureau of the Census disclose that the increase alone in manufactures during the past five year in the city of New York exceed the total manufactures of the city of Philadelphia five years ago. Its building operations aggregate $200,000,000 annually. It is the great financial and commercial center of the New World, and it necessarily requires and demands a very great amount of capital for the legitimate trade and business that is there carried on. Speculative moneys have undoubtedly been used in the city of New York, and pyramiding has taken place. If reserves which should have been retained in other portions of the country have been sent there and enabled such speculative transactions to have been indulged in, it has not been entirely the fault of the banking interests of the city of New York, but such conditions are due just as much to the men controlling banking throughout the United States, who found it profitable to send their reserves to New York for investment, practically as call loans, and to receive 2 per cent interest on such money, knowing all the time that it could only be used for call loans in the speculative market. Whatever benefits the commerce and the business of the entire country naturally benefits and helps our great community; whatever is an injury to legitimate enterprise and business and commerce in the United States, injures and hurts the commerce and prosperity of the great financial metropolis of the country.

The 20 Democratic Representatives from the city of New York and the 33 Democratic Representatives from the entire State of New York join with the rest of their Democratic brethren in rejoicing and congratulation that, after years of effort, after years of helplessness and inability on the part of others, it has been the privilege of the Democratic Party, under the lead of a great Democratic President, to enact a banking and currency bill that not only meets universal commendation from members of our own party, that not only has the approval of the business and financial interests of the United States, but is welcomed and acclaimed by the spokesmen of the Progressive Party and by the more intelligent members of the Republican Party. [Loud applause on the Democratic side.]

The SPEAKER. The time of the gentleman from New York [Mr. FITZGERALD] has expired.

Mr. HAYES. Mr. Speaker, I now yield the balance of my time to the gentleman from Illinois [Mr. MANN]. [Applause.]

The SPEAKER. The gentleman from Illinois [Mr. MANN] is recognized for four minutes.

Mr. MANN. Mr. Speaker, I know how distasteful it is to the other side of the House to have the truth told at this time. [Laughter on the Democratic side.] We have now had Democratic control in the country for a little more than nine months. That control has already cast its malign influence over two great countries. Mexico—— [Laughter on the Democratic side.]

The SPEAKER. The House will be in order.

Mr. MANN. Mexico lies prostrate and bleeding, and the only response which it receives is laughter on the Democratic side of the House. America lies prostrate, its men out of employment, its factories closed, its industries without orders, its stocks depreciated, its money hoarded, with men everywhere seeking employment, and millions of them out of employment now. And what do you offer? You offer the same thing which has always been offered in every case of hard times. You propose to revive business by inflating the currency, with no method provided for the redemption of the notes issued except voluntarily. There never has been a time in the history of our country when hard times struck the country that you people did not propose an inflation of the currency.

We said when you passed the tariff bill that talk would not determine its results. We left it to the proof. You now, in mad haste to inflate the currency, admit the bad results which come from your tariff bill, and the only man in the House who has not heard of the conditions in the country is the distinguished Speaker of the House. [Laughter on the Republican side.]

Talk here will not affect the result. After passing one bill, which has failed, you now stake your chances on reviving the industries of the country through the inflation of its currency. That scheme in the history of the world has never proven successful, and the rule will not be varied now.

We accept the challenge of the gentleman from Alabama [Mr. UNDERWOOD] and will note the result in the November elections, when this side of the House will again have an unwieldy majority. [Applause on the Republican side.]

The SPEAKER. The gentleman from Virginia [Mr. GLASS] has three minutes left.

Mr. GLASS. Mr. Speaker, in the three minutes remaining of this discussion I want to make a reference to the charge that this currency bill embodies dangerous inflation, and to remark that it comes with exceeding ill grace from that side of the House.

When this bill was under consideration in another branch of the Congress the same charge was brought by a distinguished Republican Senator, and the amount of inflation that he figured out was $1,800,000,000. Two days thereafter he had to admit that he had made a miscalculation of $500,000,000 in that simple sum! [Applause on the Democratic side.] The Republican Party was committed to the Aldrich scheme of currency revision, but intelligent, practical bankers exposed the fact that it embraced possibilities of inflation amounting to $6,000,000,000! [Applause on the Democratic side.] Then we were treated just now to the one-minute gush of the Wyoming geyser. [Laughter on the Democratic side.] He is still "harping on my daughter," and talking about "caucus rule," and the exclusion of the Republican conferees, forgetting the fact that when the Vreeland-Aldrich bill was passed by a Republican Congress the Democratic conferees were excluded. I remember that fact distinctly, because I was one of them. I was not admitted to the room until Senator Aldrich on the one side and Representative Vreeland on the other had completed the draft of the bill. Then I was asked in and had it handed over to me. [Laughter on the Democratic side.]

Then, again, they talk about the political aspects of the proposition—political appointees on the board—when, as a matter of fact, the only measure proposed by Republican Senators as a substitute for this measure contemplated turning the entire reserve-banking business of the country over to politics. [Applause on the Democratic side.]

The SPEAKER. The time of the gentleman from Virginia has expired. All time has expired, and the question is on agreeing to the conference report.

Mr. GLASS. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. The gentleman from Virginia [Mr. GLASS] demands the yeas and nays. Those in favor of taking the vote by yeas and nays will rise and stand until they are counted. [After counting.] Evidently a sufficient number have arisen, and the Clerk will call the roll. Those in favor of agreeing to the conference report will answer "yea"; those opposed will answer "nay."

The question was taken; and there were—yeas 298, nays 60, not voting 76, as follows:

YEAS—298.

Abercrombie	Donohoe	Key, Ohio	Rouse
Adamson	Donovan	Kless, Pa.	Rubey
Aiken	Dooling	Kindel	Rucker
Ansberry	Doolittle	Kinkaid, Nebr.	Rupley
Ashbrook	Doremus	Kinkead, N. J.	Russell
Aswell	Doughton	Kirkpatrick	Sabath
Bailey	Dupré	Kitchin	Saunders
Baker	Eagan	Konop	Scully
Baltz	Edwards	Korbly	Seldomridge
Barkley	Esch	Lafferty	Sharp
Barnhart	Evans	La Follette	Sherley
Barton	Faison	Lazaro	Sherwood
Bathrick	Falconer	Lee, Ga.	Sims
Beakes	Farr	Lenroot	Sinnott
Beall, Tex.	Fergusson	Lesher	Sisson
Bell, Cal.	Ferris	Lever	Sloan
Bell, Ga.	Fields	Levy	Small
Booher	Finley	Lewis, Md.	Smith, J. M. C.
Borland	Fitzgerald	Lieb	Smith, Md.
Bowdle	Fitzhenry	Lindquist	Smith, Minn.
Bremner	Flood, Va.	Lintnicum	Smith, Saml. W.
Brockson	Floyd, Ark.	Lloyd	Smith, Tex.
Brodbeck	Foster	Lobeck	Sparkman
Brown, N. Y.	Fowler	Logue	Stafford
Brown, W. Va.	Francis	Lonergan	Stanley
Bruckner	Frear	McAndrews	Stedman
Brumbaugh	Gard	McClellan	Stephens, Cal.
Bryan	Garner	McCoy	Stephens, Miss.
Buchanan, Ill.	Garrett, Tenn.	McDermott	Stephens, Nebr.
Buchanan, Tex.	Garrett, Tex.	McGillicuddy	Stephens, Tex.
Bulkley	George	McKellar	Stevens, Minn.
Burgess	Gilmore	MacDonald	Stevens, N. H.
Burke, S. Dak.	Glass	Maguire, Nebr.	Stone
Burnett	Godwin, N. C.	Mahan	Stout
Byrnes, S. C.	Goeke	Manahan	Sumners
Byrns, Tenn.	Goldfogle	Mapes	Sutherland
Candler, Miss.	Gordon	Metz	Taggart
Cantor	Gorman	Miller	Talbott, Md.
Caraway	Goulden	Mitchell	Talcott, N. Y.
Carew	Graham, Ill.	Montague	Tavenner
Carlin	Gray	Morgan, La.	Taylor, Ala.
Carter	Gregg	Morrison	Taylor, Ark.
Casey	Griffin	Moss, W. Va.	Taylor, Colo.
Chandler, N. Y.	Gudger	Murdock	Taylor, N. Y.
Church	Hamill	Murray, Mass.	Temple
Clancy	Hamlin	Murray, Okla.	Ten Eyck
Clark, Fla.	Hardwick	Neeley, Kans.	Thacher
Claypool	Hardy	Neely, W. Va.	Thomas
Clayton	Harrison	Nelson	Thompson, Okla.
Cline	Hart	Nolan, J. I.	Thomson, Ill.
Coady	Haugen	Norton	Townsend
Collier	Hay	O'Brien	Treadway
Connelly, Kans.	Hayden	Oglesby	Tribble
Connolly, Iowa	Heflin	O'Hair	Tuttle
Conry	Helgesen	Oldfield	Underhill
Cooper	Helvering	O'Shaunessy	Underwood
Covington	Hensley	Padgett	Walker
Cox	Hill	Page, N. C.	Walsh
Cramton	Holland	Palmer	Watkins
Crisp	Houston	Park	Watson
Crosser	Howard	Patten, N. Y.	Weaver
Cullop	Hughes, Ga.	Peters, Mass.	Webb
Curry	Hulings	Phelan	Whaley
Dale	Hull	Post	Whitacre
Davenport	Humphreys, Miss.	Quin	White
Davis	Igoe	Ragsdale	Williams
Decker	Jacoway	Rainey	Wilson, Fla.
Deitrick	Johnson, Ky.	Raker	Wilson, N. Y.
Dent	Johnson, S. C.	Rauch	Wingo
Dershem	Keating	Rayburn	Woodruff
Dickinson	Kelley, Mich.	Reed	Young, N. Dak.
Dies	Kelly, Pa.	Reilly, Conn.	Young, Tex.
Difenderfer	Kennedy, Conn.	Reilly, Wis.	The Speaker
Dillon	Kent	Riordan	
Dixon	Kettner	Rothermel	

NAYS—60.

Anderson	Griest	Langley	Roberts, Mass.
Austin	Guernsey	Lewis, Pa.	Rogers
Bartholdt	Hamilton, Mich.	Lindberg	Scott
Browne, Wis.	Hamilton, N. Y.	McGuire, Okla.	Slemp
Browning	Hawley	McLaughlin	Smith, Idaho
Butler	Hayes	Mann	Steenerson
Callaway	Hinds	Mondell	Switzer
Danforth	Howell	Moore	Towner
Dyer	Humphrey, Wash.	Morgan, Okla.	Vare
French	Johnson, Utah	Morin	Volstead
Gardner	Johnson, Wash.	Parker	Wallin
Good	Kahn	Patton, Pa.	Willis
Green, Iowa	Keister	Payne	Winslow
Greene, Mass.	Kennedy, R. I.	Platt	Witherspoon
Greene, Vt.	Langham	Prouty	Woods

NOT VOTING—76.

Adair	Calder	Fess	Hughes, W. Va.
Ainey	Campbell	Fordney	Jones
Alexander	Cantrill	Gallagher	Kennedy, Iowa
Allen	Carr	Gerry	Knowland, J. R.
Anthony	Cary	Gillett	Kreider
Avis	Copley	Gittins	Lee, Pa.
Barchfeld	Curley	Goodwin, Ark.	L'Engle
Bartlett	Driscoll	Graham, Pa.	Loft
Blackmon	Dunn	Hammond	McKenzie
Borchers	Eagle	Helm	Madden
Britten	Edmonds	Henry	Maher
Broussard	Elder	Hinebaugh	Martin
Burke, Pa.	Estopinal	Hobson	Merritt
Burke, Wis.	Fairchild	Hoxworth	Moon
Moss, Ind.	Peterson	Richardson	Slayden
Mott	Plumley	Roberts, Nev.	Smith, N. Y.
O'Leary	Porter	Sells	Stringer
Paige, Mass.	Pou	Shackleford	Vaughan
Peters, Me.	Powers	Shreve	Walters

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. CLARK of Missouri, and he voted in the affirmative.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. HENRY (for conference report) with Mr. GRAHAM of Pennsylvania (against).

Br. BURKE of Wisconsin (for conference report) with Mr. PLUMLEY (against).

Mr. LEE of Pennsylvania (for conference report) with Mr. McKENZIE (against).

Mr. MOON (for conference report) with Mr. BURKE of Pennsylvania (against).

Mr. SLAYDEN (for conference report) with Mr. EDMONDS (against).

Mr. VAUGHAN (for conference report) with Mr. KENNEDY of Iowa (against).

Mr. HINEBAUGH (for conference report) with Mr. POWERS (against).

Mr. CARR (for conference report) with Mr. MADDEN (against).

Mr. L'ENGLE (for conference report) with Mr. BARCHFELD (against).

Mr. WALTERS (for conference report) with Mr. SHREVE (against).

Mr. GOODWIN of Arkansas (for conference report) with Mr. PETERS of Maine (against).

Mr. MAHER (for conference report) with Mr. CALDER (against).

Mr. ALLEN (for conference report) with Mr. PAIGE of Massachusetts (against).

Mr. ADAIR (for conference report) with Mr. ANTHONY (against).

Mr. BLACKMON (for conference report) with Mr. AVIS (against).

For the session:

Mr. HOBSON with Mr. FAIRCHILD.

Until further notice:

Mr. POU with Mr. GILLETT.

Mr. BARTLETT with Mr. MERRITT.

Mr. DALE with Mr. MARTIN.

Mr. ALEXANDER with Mr. DUNN.

Mr. CANTRILL with Mr. AINEY.

Mr. DRISCOLL with Mr. BRITTON.

Mr. ESTOPINAL with Mr. CAMPBELL.

Mr. GALLAGHER with Mr. COPLEY.

Mr. ELDER with Mr. CARY.

Mr. HAMMOND with Mr. FORDNEY.

Mr. HELM with Mr. FESS.

Mr. HOXWORTH with Mr. HUGHES of West Virginia.

Mr. JONES with Mr. J. R. KNOWLAND.

Mr. Moss of Indiana with Mr. KREIDER.

Mr. PETERSON with Mr. MOTT.

Mr. SHACKLEFORD with Mr. PORTER.

Mr. SMITH of New York with Mr. ROBERTS of Nevada.

Mr. STRINGER with Mr. SELLS.

The SPEAKER. While the Clerk is figuring up the vote the Chair desires to announce that it requires a quorum to be present when the bill is signed.

Mr. MANN. Theoretically.

The SPEAKER. Theoretically, but the Chair does not want to take any chances.

Mr. MANN. I am sure that no one would raise the question.

The result of the vote was then announced as above recorded. [Applause.]

On motion of Mr. GLASS, a motion to reconsider the vote whereby the conference report was agreed to was laid on the table.

Mr. GLASS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk concurrent resolution of the Senate No. 12, providing for the printing of the act.

The SPEAKER. The gentleman from Virginia asks unanimous consent for the present consideration of Senate resolution 12, which the Clerk will report.

The Clerk read as follows:

Senate concurrent resolution 12.

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of Congress 80,000 copies of the Federal reserve act in pamphlet form, to be apportioned as follows: Thirty-five thousand copies for the use of the House of Representatives, 20,000 copies for the use of the Senate, 5,000 copies for the use of the Committee on Banking and Currency of the Senate, 5,000 copies for the

use of the Committee on Banking and Currency of the House, 5,000 copies for the use of the document room of the Senate, and 10,000 copies for the use of the document room of the House.

The SPEAKER. Is there objection to the present consideration of this resolution? [After a pause.] The Chair hears none. The question is on concurring in the resolution.

Mr. MANN. Mr. Speaker, I notice that the resolution provides for 80,000 copies—35,000 for the use of the House and 20,000 for the use of the Senate. In all these resolutions it is customary, and I think entirely proper, to give the House twice as many copies as is given to the Senate. I suggest to the gentleman from Virginia that he have the resolution amended so as to make it 85,000 copies, of which 40,000 copies shall be for the use of the House instead of 35,000 copies.

Mr. GLASS. Mr. Speaker, I move that that amendment be incorporated in the resolution.

The SPEAKER. The gentleman from Virginia moves to amend the resolution by making the whole number 85,000 copies, of which 40,000 shall be for the use of the House.

The amendment was agreed to.

The concurrent resolution as amended was agreed to.

CHANGE OF REFERENCE.

By unanimous consent, the Committee on Appropriations was discharged from further consideration of the bill (H. R. 10405) to promote the erection of a memorial in conjunction with the celebration of the centenary of the Battle of Plattsburg during the year 1914, in commemoration of the one hundredth anniversary of McDonough's victory in the naval battle fought in the War of 1812, the last naval engagement between English-speaking people, and the same was referred to the Committee on the Library.

HOUR OF MEETING TO-MORROW.

Mr. UNDERWOOD. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 2.30 o'clock to-morrow afternoon.

Mr. FITZGERALD. Why not come in at the usual hour? We want to finish the District bill.

Mr. MANN. I hope the gentleman from New York will not object to that. We can not finish the District bill to-morrow. Members will be getting ready to go home to-morrow, and it will be impossible to finish it. I do not think that we will make any progress by meeting at 12 o'clock.

Mr. UNDERWOOD. Mr. Speaker, I renew my request.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the House adjourns to-day it adjourn to meet at 2.30 p. m. to-morrow. Is there objection?

There was no objection.

ADJOURNMENT OVER THE HOLIDAYS.

Mr. UNDERWOOD. Mr. Speaker, I desire to move the adoption of the privileged resolution which I send to the Clerk's desk.

The Clerk read as follows:

House concurrent resolution 26.

Resolved, That when the two Houses adjourn December 23, 1913, they stand adjourned until 12 o'clock meridian on Monday, January 12, 1914.

Mr. MANN. Mr. Speaker, I think that the date for the reassembling of Congress would be altogether too late, except for one thing. I think we can afford, under the circumstances, to take this long adjournment in order to give the President a chance to get a rest, which I think he needs.

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

The concurrent resolution was agreed to.

THE LATE REPRESENTATIVE PEPPER.

Mr. HAUGEN. Mr. Speaker, I have the solemn duty to announce to the House the death this morning of Mr. I. S. PEPPER, a Member of the House of Representatives from the State of Iowa. Thus ends the life of a worthy young man, with years of useful, patriotic service, and universally loved and respected. At some future time I shall ask that a day be set aside that proper respect may be paid to his memory.

I now offer the following resolutions, which I send to the desk and ask to have read.

The Clerk read as follows:

House resolution 359.

Resolved, That the House has heard with profound sorrow of the death of Hon. I. S. PEPPER, a Representative from the State of Iowa;

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

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

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

The SPEAKER. The question is on agreeing to the resolutions.

The resolutions were agreed to.

The Chair announced the following committee: Messrs. CONNOLLY of Iowa, KIRKPATRICK, LLOYD, DOOLITTLE, ASHBROOK, TAVENNER, RUSSELL, LOBECK, THOMAS, BUCHANAN of Illinois, HAUGEN, KENNEDY of Iowa, GOOD, PROUTY, TOWNER, WOODS, SLOAN, and SLEMP.

The Clerk read as follows:

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

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

The resolution was agreed to; and accordingly (at 10 o'clock and 59 minutes p. m.) the House adjourned until to-morrow, Tuesday, December 23, 1913, at 2 o'clock and 30 minutes p. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. WEBB, from the Committee on the Judiciary, to which was referred the bill (H. R. 6143) relating to the maintenance of actions for death on the high seas and other navigable waters, reported the same with amendment, accompanied by a report (No. 160), which said bill and report were referred to the House Calendar.

Mr. CLAYTON, from the Committee on the Judiciary, to which was referred the bill (H. R. 4545) to amend an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, reported the same without amendment, accompanied by a report (No. 162), which said bill and report were referred to the House Calendar.

Mr. FERRIS, from the Committee on the Public Lands, to which was referred the bill (H. R. 10258) authorizing the Secretary of the Interior to sell to the city of Lawton, Okla., a tract of land to be used for watershed and water-supply purposes, reported the same with amendment, accompanied by a report (No. 159), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. RAKER, from the Committee on the Public Lands, to which was referred the bill (H. R. 11006) authorizing the disposal of a portion of the Fort Bidwell Indian School, Cal., reported the same without amendment, accompanied by a report (No. 161), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 5866) granting a pension to Henry P. Niebuhr, and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HAMILTON of Michigan: A bill (H. R. 11169) providing for the erection of a public building at the city of St. Joseph, Mich.; to the Committee on Public Buildings and Grounds.

By Mr. HOWARD: A bill (H. R. 11170) to divest the shipment of garden, agricultural, grass, and other seeds used in agricultural or horicultural pursuits of their interstate character, and to provide penalty for adulteration, misbranding, or fraud in the sale thereof; to the Committee on Agriculture.

By Mr. STEPHENS of Texas: A bill (H. R. 11171) to authorize and empower the Secretary of the Interior to grant rights of way, permits, or licenses, across or on Indian reservations, Indian lands, and Indian allotments, and for other purposes; to the Committee on Indian Affairs.

By Mr. HUMPHREY of Washington: A bill (H. R. 11172) making an appropriation for aids to navigation in Alaska; to the Committee on Appropriations.

By Mr. GOULDEN: A bill (H. R. 11173) to appropriate $500,000 for the improvement of East River, New York Harbor, and for the removal of certain ledges and shoals in said harbor; to the Committee on Rivers and Harbors.

By Mr. LINTHICUM: A bill (H. R. 11174) providing for the appropriation of a sum of money for the erection at Fort McHenry of a monument and flagstaff to Francis Scott Key and

a memorial hall to the defenders of the Nation in the War of 1812, and the erection of a monument upon the North Point battle field, and for the necessary alterations in the buildings and grounds in connection therewith; to the Committee on the Library.

By Mr. TALCOTT of New York: A bill (H. R. 11175) to amend section 1754 of the Revised Statutes of the United States; to the Committee on Reform in the Civil Service.

By Mr. BELL of Georgia: A bill (H. R. 11176) authorizing and directing the Secretary of Agriculture to conduct experiments in the cultivation of apple trees and apples and to establish an experiment station at Cornelia, Habersham County, Ga.; to the Committee on Agriculture.

By Mr. FRENCH: A bill (H. R. 11177) providing for the improvement of the Clarks Fork River in Idaho; to the Committee on Rivers and Harbors.

By Mr. RAKER: A bill (H. R. 11178) to establish a standard box for apples, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LOGUE: A bill (H. R. 11179) authorizing the Secretary of State to extend invitation to foreign countries to send delegates to the Fourth International Congress on Home Education; to the Committee on Foreign Affairs.

By Mr. GOODWIN of Arkansas: A bill (H. R. 11231) providing for the purchase or construction of vessels for saving life and property on the Mississippi and Ohio Rivers and their tributaries during flood times; to the Committee on Interstate and Foreign Commerce.

By Mr. SAUNDERS: A bill (H. R. 11232) to erect a statue of Maj. George Waller at Martinsville, Henry County, Va.; to the Committee on the Library.

By Mr. HARDY: A bill (H. R. 11233) to provide for the purchase of a site and erection of a public building at Teague, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. GARNER: Resolution (H. Res. 357) authorizing the appointment of an additional telephone operator; to the Committee on Accounts.

By Mr. PROUTY: Resolution (H. Res. 358) providing for an investigation of the truth of an article published in the Washington Times under date of December 20, 1913, relating to an alleged "Nation-wide fight on Crisp bill backers"; to the Committee on Rules.

By Mr. SABATH: Joint resolution (H. J. Res. 189) for the appointment of a committee to investigate the various systems of old-age pensions and annuities; to the Committee on Rules.

By Mr. HAY: Joint resolution (H. J. Res. 181) authorizing the loan of tents and camp equipage to military colleges and schools; to the Committee on Military Affairs.

By Mr. PARK: Joint resolution (H. J. Res. 182) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. AINEY: A bill (H. R. 11180) granting a pension to John Cary; to the Committee on Invalid Pensions.

By Mr. BROWNE of Wisconsin: A bill (H. R. 11181) granting an increase of pension to Warren Shingler; to the Committee on Invalid Pensions.

By Mr. BROWNING: A bill (H. R. 11182) to correct the military record of John H. Hoagland; to the Committee on Military Affairs.

By Mr. BURKE of South Dakota: A bill (H. R. 11183) granting an increase of pension to William H. Mather; to the Committee on Invalid Pensions.

By Mr. BURNETT: A bill (H. R. 11184) granting a pension to Nancy Bates; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11185) granting a pension to Thomas D. Smith; to the Committee on Pensions.

Also, a bill (H. R. 11186) granting an increase of pension to G. T. Kennamer; to the Committee on Invalid Pensions.

By Mr. CANTRILL: A bill (H. R. 11187) granting a pension to Louis G. Hatton; to the Committee on Pensions.

By Mr. CARY: A bill (H. R. 11188) granting a pension to William Clark; to the Committee on Pensions.

By Mr. CLANCY: A bill (H. R. 11189) for the relief of Liston H. Pearce; to the Committee on Military Affairs.

By Mr. CLARK of Missouri: A bill (H. R. 11190) granting an increase of pension to Robert N. Scott; to the Committee on Invalid Pensions.

By Mr. CLAYPOOL: A bill (H. R. 11191) granting a pension to Sarah Catharine Williams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11192) granting an increase of pension to John H. Shepherd; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11193) granting a pension to Louisa C. Younkers; to the Committee on Invalid Pensions.

By Mr. CULLOP: A bill (H. R. 11194) granting an increase of pension to Elias Lloyd; to the Committee on Invalid Pensions.

By Mr. DAVENPORT: A bill (H. R. 11195) granting an increase of pension to William Galke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11196) granting an increase of pension to Nelson S. Russell; to the Committee on Invalid Pensions.

By Mr. DOOLITTLE: A bill (H. R. 11197) for the relief of William Grimsley; to the Committee on Military Affairs.

By Mr. EAGAN: A bill (H. R. 11198) granting a pension to Ellen King; to the Committee on Invalid Pensions.

By Mr. FERRIS: A bill (H. R. 11199) for the relief of Joe T. White; to the Committee on Claims.

By Mr. FIELDS: A bill (H. R. 11200) granting an increase of pension to Malinda J. Lytle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11201) granting an increase of pension to George W. Rudy; to the Committee on Invalid Pensions.

By Mr. HAMILL: A bill (H. R. 11202) granting a pension to Christiana E. Higgins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11203) granting a pension to Bridget Malley; to the Committee on Pensions.

Also, a bill (H. R. 11204) granting an increase of pension to Patrick O'Donohue; to the Committee on Invalid Pensions.

By Mr. KREIDER: A bill (H. R. 11205) granting a pension to Emma E. Kipple; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 11206) granting an increase of pension to Spurlock Adkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11207) granting an increase of pension to William H. Swords; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 11208) for relief of the legal representatives of Jacob S. Atlee, deceased; to the Committee on War Claims.

By Mr. MOORE: A bill (H. R. 11209) granting a pension to Eugene F. Clements; to the Committee on Pensions.

By Mr. MORRISON: A bill (H. R. 11210) granting an increase of pension to Ellis H. Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11211) granting a pension to Adelia Chadrick; to the Committee on Invalid Pensions.

By Mr. MOSS of West Virginia: A bill (H. R. 11212) granting an increase of pension to Emma P. Feldner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11213) granting an increase of pension to Mahala Stevens; to the Committee on Invalid Pensions.

By Mr. MURRAY of Massachusetts: A bill (H. R. 11214) to remove the charge of desertion from the record of Philip McLaughlin; to the Committee on Military Affairs.

By Mr. O'HAIR: A bill (H. R. 11215) granting a pension to James Phillips; to the Committee on Invalid Pensions.

By Mr. OLDFIELD: A bill (H. R. 11216) granting a pension to Luther Butler Austin; to the Committee on Pensions.

By Mr. RAKER: A bill (H. R. 11217) for the relief of Andrew M. Dunlop; to the Committee on Claims.

By Mr. ROTHERMEL: A bill (H. R. 11218) for the relief of the Doremus Machine Co.; to the Committee on Claims.

By Mr. ROUSE: A bill (H. R. 11219) granting a pension to William R. Leonard; to the Committee on Pensions.

By Mr. RUSSELL: A bill (H. R. 11220) granting an increase of pension to Christopher S. Alvord; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11221) granting an increase of pension to John Lynn; to the Committee on Invalid Pensions.

By Mr. STAFFORD: A bill (H. R. 11222) granting a pension to Anna M. Fox; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11223) granting a pension to Elizabeth Putzear; to the Committee on Pensions.

By Mr. STEPHENS of California: A bill (H. R. 11224) granting an increase of pension to Llewellyn A. Cole; to the Committee on Pensions.

By Mr. STEPHENS of Mississippi: A bill (H. R. 11225) granting a pension to Rosa Carter; to the Committee on Pensions.

By Mr. TEN EYCK: A bill (H. R. 11226) for the relief of John P. Vander Volgen; to the Committee on Military Affairs.

Also, a bill (H. R. 11227) granting a pension to Elizabeth S. Atkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11228) granting an increase of pension to Merritt D. En Earl; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11229) granting an increase of pension to Phineas Barnum; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11230) granting an increase of pension to Frederick Baker; to the Committee on Invalid Pensions.

By Mr. BEALL of Texas: A bill (H. R. 11234) for the relief of the estate of Nathan Renwick, deceased; to the Committee on War Claims.

By Mr. DICKINSON: A bill (H. R. 11235) granting a pension to Carrie Powell; to the Committee on Invalid Pensions.

By Mr. DIXON: A bill (H. R. 11236) granting an increase of pension to William N. Barnett; to the Committee on Invalid Pensions.

By Mr. HARDY: A bill (H. R. 11237) for the retirement of James C. Gunn, first lieutenant, Philippine Scouts; to the Committee on Military Affairs.

By Mr. RUBEY: A bill (H. R. 11238) granting a pension to Matilda Proe; to the Committee on Invalid Pensions.

By Mr. RUCKER: A bill (H. R. 11239) granting a pension to Sarah Irene McClelland; to the Committee on Invalid Pensions.

By Mr. TAVENNER: A bill (H. R. 11240) granting a pension to Harriett A. Turnbull; to the Committee on Pensions.

By Mr. THOMSON of Illinois: A bill (H. R. 11241) authorizing the Secretary of War to give A. R. Paton the grade of second lieutenant of Infantry; to the Committee on Military Affairs.

PETITIONS, ETC.

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

By the SPEAKER (by request): Petition of employees on the ships of the Clyde and Mallory Cos., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. BOWDLE: Petition of the National Housewives' Cooperative League of Cincinnati, Ohio, favoring the passage of legislation to control the distribution of beef, butter, eggs, etc., imported under the new tariff law; to the Committee on Ways and Means.

By Mr. CANDLER of Mississippi: Petitions of citizens of the first congressional district of Mississippi, favoring the passage of the Lindquist pure-fabric law; to the Committee on Interstate and Foreign Commerce.

By Mr. CLANCY: Petition of business men of Cazenovia, Brewerton, Skaneateles, Marcellus, Cortland, Homer, Baldwinsville, Tuily, New Woodstock, De Ruyter, Marathon, McGraw, Fayetteville, Manlius, and Truxton, all in the State of New York, in support of the bill (H. R. 5308) to provide for a tax upon all persons, firms, or corporations engaged in interstate mail-order business, and for other purposes; to the Committee on Ways and Means.

By Mr. DALE: Petition of the National Civil Service Reform League, protesting against paragraph M, section 11, of the currency bill, relative to the employees of the Federal reserve board; to the Committee on Banking and Currency.

Also, petition of G. L. Lerch, of Buffalo, N. Y., favoring the passage of House bill 1872, relative to placing on the pension roll the survivors of the early Indian wars; to the Committee on Ways and Means.

Also, petition of the Woman's Christian Temperance Union of the State of New York, favoring the passage of House joint resolution 168, proposing an amendment to the Constitution of the United States relative to sale, etc., of intoxicating liquors; to the Committee on the Judiciary.

By Mr. EAGAN: Petition of Mr. William Shippen, of Hoboken, N. J., and John E. Moore Co., of New York City, protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. EDWARDS: Petition of the Philadelphia Board of Trade, protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. FARR: Petition of Pennsylvania Association Opposed to Woman Suffrage, Philadelphia, Pa., protesting against the passage of legislation to appoint a congressional committee on woman suffrage; to the Committee on the Judiciary.

Also, petition of the Employers' Association of the Philadelphia Navy Yard and the Greater Philadelphia League, both favoring the passage of legislation to establish a new dry dock at Philadelphia, Pa.; to the Committee on Naval Affairs.

By Mr. FRANCIS: Petition of the National Rural Letter Carriers, at Evansville, Ind., favoring the passage of legislation for Federal and State maintenance of post roads and other legislation; to the Committee on the Post Office and Post Roads.

By Mr. GALLAGHER: Petition of Amalgamated Sheet Metal Workers' Union, of Chicago, Ill., favoring the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. GARNER: Petition of the Port Lavaco Commercial Club, of Port Lavaco, Tex., favoring an appropriation for the improvement of the Navidad and Lavaco Rivers; to the Committee on Rivers and Harbors.

Also, petitions of sundry citizens of the State of Texas, favoring the passage of House bill 5308, relative to mail-order houses; to the Committee on Ways and Means.

By Mr. GILMORE: Memorial of the Dedham Board of Selectmen, of Dedham, Mass., favoring the Boston Navy Yard for the building of a supply ship for increase of the Navy; to the Committee on Naval Affairs.

By Mr. GRIEST: Petition of citizens of the ninth Pennsylvania congressional district, favoring the passage of legislation establishing an old-age pension system; to the Committee on Pensions.

By Mr. HAMILTON of New York: Petition of Dunkirk Merchants' Exchange of the city of Dunkirk, N. Y., favoring the passage of legislation for flood control of the lower Mississippi River Valley; to the Committee on Rivers and Harbors.

By Mr. LAFFERTY: Petition of citizens of the third congressional district of Oregon, favoring the passage of the Lindquist pure fabric and leather bill, providing for the labeling of all fabrics and leather goods; to the Committee on Interstate and Foreign Commerce.

Also, petition of the International Alliance of Theatrical Stage Employees of Portland, Oreg., favoring the passage of House bill 1873, relative to improving the condition of labor; to the Committee on the Judiciary.

By Mr. LONERGAN: Petition of the National Rural Letter Carriers' Association, favoring certain changes in the postal laws; to the Committee on the Post Office and Post Roads.

Also, petition of the Taylor-Atkins Paper Co., of Burnside, Conn., protesting against amending the present law to provide for a review of decisions of the United States Court of Appeals by the Supreme Court; to the Committee on the Judiciary.

By Mr. MAHER: Petitions of the directors of the Washington Board of Trade, the Chamber of Commerce, and Retail Merchants' Association, protesting against any change in the half-and-half principle of the act of 1878; to the Committee on the District of Columbia.

Also, petition of the National German-American Alliance of the State of New York, protesting against the literacy test in the immigration bill; to the Committee on Immigration and Naturalization.

Also, petition of the Maritime Association of the Port of New York, protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. MARTIN: Petition of Blackhills District Union No. 12, favoring the passage of the McDonald and Keating resolution, relative to Colorado and Michigan investigation; to the Committee on the Judiciary.

Also, petition of citizens of Lead, S. Dak., protesting against the passage of H. R. 8814; to the Committee on the Judiciary.

By Mr. RAKER: Petition of H. J. Hammond, C. R. Behle, and A. C. Rosenberger, of Sacramento, Cal., favoring the passage of H. R. 9292, to classify the salaries of veterinary inspectors, meat inspectors, etc.; to the Committee on Agriculture.

By Mr. SABATH: Petition of Local Union No. 1, International Association of Bridge and Structural Iron Workers, of Chicago, Ill., favoring the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

Also, memorial of the Chicago Peace Society, approving international agreement for the suspension of the building of battleships; to the Committee on Naval Affairs.

Also, petition of Cotton Belt Lodge No. 204, Brotherhood of Locomotive Firemen and Engineers, Jonesboro, Ark., favoring the passage of House bill 101, relative to electric headlights on road engines; to the Committee on Interstate and Foreign Commerce.

By Mr. SCULLY: Petitions of citizens of Atlantic Highlands, Sea Bright, Highlands, Pleasant Bay, and Red Bank, in the State of New Jersey, protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. UNDERHILL: Petitions of the directors of the Washington Board of Trade, the Chamber of Commerce, and the Retail Merchants' Association, protesting against any change in the act of 1878, especially the portion of the half-and-half system; to the Committee on the District of Columbia.

Also, petition of the National Civil Service Reform League, New York, N. Y., protesting against the appointing of all the employees of the Federal reserve board without the requirements of the civil-service law; to the Committee on Banking and Currency.