

SENATE.

WEDNESDAY, May 31, 1916.

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

Almighty God, we come before Thee still abiding under the inspiration of our National Memorial Day. We come with memories following us from the place of death into the place of life and power. We come chastened by the memories of conflicts past, we trust inspired with the vision that opens before us in the call of the new day and of the larger life. We bless Thee that Thou hast always given us men whose names will always be cherished, whose memories we will never let die. Thou hast taken many of the noble and great from us, but Thou hast not taken from us their memory nor the inspiration of their deeds of heroism.

We pray to-day, as we are called into the larger service of our time, that we may have among us leaders whose names will never die and whose devotion to duty and the high cause of patriotism and consecration to the Father's will may help on the cause of human liberty and the establishment of right and justice among men. We ask for Christ's sake. Amen.

The Secretary proceeded to read the Journal of the proceedings of the legislative day of Thursday, May 18, 1916, when, on request of Mr. CHAMBERLAIN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

AUTOMATIC TRAIN-CONTROL SYSTEM.

The VICE PRESIDENT laid before the Senate a communication from the Interstate Commerce Commission, transmitting a report of the Chief of the Division of Safety concerning a test of the automatic train-control system of the Gollos Railway Signal Co. of America, Chicago, Ill., which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

CONFEREES ON RIVER AND HARBOR BILL.

The VICE PRESIDENT. The Chair appoints the Senator from Arkansas [Mr. CLARKE], the Senator from Louisiana [Mr. RANDELL], and the Senator from Minnesota [Mr. NELSON] conferees on the part of the Senate on the river and harbor bill.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented a petition of the Indiana District of the Evangelical Synod of North America, praying that the United States remain at peace, which was referred to the Committee on Foreign Relations.

He also presented a petition of the Board of Supervisors of the City and County of Honolulu, Hawaii, praying for the construction of a military road around the Island of Oahu, Territory of Hawaii, which was referred to the Committee on Pacific Islands and Porto Rico.

He also presented a petition of the American Supply & Manufacturers' Association, of New York City, N. Y., praying for the creation of a permanent tariff commission, which was referred to the Committee on Finance.

He also presented the petition of John M. Coulter, of the Botanical Gazette of the University of Chicago, Ill., relative to an appropriation of \$20,000 for the botanical exploration of Central and South America, which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Bath, N. Y., praying for an increase in armaments, which was ordered to lie on the table.

He also presented a petition of the Fourteenth Street Business Men's Association, of Washington, D. C., praying for the retention of the half-and-half system of taxation in the District of Columbia, which was referred to the Committee on Appropriations.

He also presented a petition of the General Conference of the Methodist Episcopal Church, of Washington, D. C., praying for the enactment of legislation for compulsory Sunday observance in the District of Columbia, which was ordered to lie on the table.

He also presented the petition of Rafael Arthur Capo, of Ponce, P. R., praying for the redistricting of the Territory of Porto Rico, which was referred to the Committee on Pacific Islands and Porto Rico.

Mr. LANE presented petitions of sundry citizens of Oregon, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of Oregon, praying for Federal censorship of motion pictures, which were referred to the Committee on Education and Labor.

Mr. LODGE presented petitions of sundry citizens of Massachusetts, praying for national prohibition, which were referred to the Committee on the Judiciary.

He also presented the memorial of Robert L. Lamb and sundry other citizens of Pittsfield, Mass., remonstrating against appropriations for sectarian purposes, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Lynn, Mass., praying for the enactment of legislation to found the Government on Christianity, which was referred to the Committee on the Judiciary.

Mr. TOWNSEND presented memorials of Local Grange No. 1511, Patrons of Husbandry, of Richland, and Pomona Grange, No. 82, Patrons of Husbandry, of Kalamazoo County, in the State of Michigan, remonstrating against the enactment of legislation to prohibit interstate commerce in convict-made goods, which were ordered to lie on the table.

He also presented a memorial of sundry citizens of Detroit, Mich., remonstrating against the enactment of legislation for compulsory Sunday observance in the District of Columbia, which was ordered to lie on the table.

Mr. BRADY presented a memorial of Local Grange No. 85, Patrons of Husbandry, of Wendell, Idaho, remonstrating against any change in the parcel-post law, which was ordered to lie on the table.

Mr. SAULSBURY presented petitions of sundry citizens of Delaware, praying for prohibition in the District of Columbia, which were ordered to lie on the table.

Mr. McLEAN presented a petition of Local Lodge No. 899, Benevolent and Protective Order of Elks, of Stamford, Conn., praying for the enactment of legislation to grant pensions to certain postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of sundry citizens of Waterbury, Conn., remonstrating against the persecution of Syrians by the Turkish Government, which was referred to the Committee on Foreign Relations.

He also presented a memorial of the Connecticut Merchants' Association, remonstrating against the enactment of legislation to fix standard prices for patented and trade-marked articles, which was referred to the Committee on Education and Labor.

Mr. RANDELL. I present a resolution adopted by the Senate of the Legislature of the State of Louisiana, signed by the Lieutenant governor and president of the senate, which I ask may be printed in the Record.

There being no objection, the resolution was ordered to lie on the table and to be printed in the Record, as follows:

Senate resolution No. 10. (By Mr. Haas.)

To Hon. JOSEPH E. RANDELL:

Whereas under the leadership of the President of the United States, Woodrow Wilson, and of other patriotic citizens, the people all over our country are being awakened to the necessity for adequate national preparedness, in order that we may continue to enjoy the blessings of peace in full security, and that there may be no possible question of the maintenance of the dignity and honor of this great Nation; and

Whereas with this end in view parades and demonstrations are being planned and held in every section of the country, and that in our own city of New Orleans such a parade is to be held June 3: Therefore be it

Resolved, That this senate go on record as approving the policy of adequate national preparedness, and as being in entire sympathy with the movement and sentiments which prompt the patriotic thousands of men and women who participate in these parades. Be it further

Resolved, That the secretary of the senate be instructed to forward a copy of this resolution to the President of the United States, to each Senator and Representative from Louisiana in the National Congress, and to the mayor of the city of New Orleans.

FERNAND MOUTON,
Lieutenant Governor and President of the Senate.

Attest:

O. H. SIMPSON,
Secretary of the Senate.

REPORTS OF COMMITTEES.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 4058) making an appropriation for the construction of a bridge at Nogales, Ariz., reported it without amendment and submitted a report (No. 500) thereon.

Mr. MYERS, from the Committee on Public Lands, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 5899. A bill to punish persons who make false representations to settlers and others pertaining to the public lands of the United States (Rept. No. 501);

H. R. 10668. An act to repeal section 4 of the act of Congress, approved June 11, 1906, known as the forest homestead act, and for other purposes (Rept. No. 503); and

H. R. 10791. An act for the relief of the occupants of the Tuttle town site (Rept. No. 502).

Mr. DU PONT, from the Committee on Military Affairs, to which was referred the bill (S. 5504) for the relief of Louis Blanchette, alias Lewis Blanchard, alias Louis White, reported it with an amendment and submitted a report (No. 504) thereon.

He also, from the same committee, to which was referred the bill (S. 698) to correct the military record of John L. O'Mara, and grant him an honorable discharge, reported it with amendments and submitted a report (No. 505) thereon.

Mr. LEA of Tennessee, from the Committee on Military Affairs, to which was referred the bill (S. 545) to correct the military record of Charles Bowen, submitted an adverse report (No. 499) thereon, which was agreed to, and the bill was postponed indefinitely.

OIL AND GAS LANDS.

Mr. HUSTING. Mr. President, I desire to submit the views of the minority (Rept. No. 319, pt. 2) of the Committee on Public Lands, signed by the Senator from Kansas [Mr. THOMPSON] and myself on the bill (H. R. 406) to authorize exploration for and disposition of coal, phosphate, oil, gas, potassium, or sodium.

STANDARD LIME BARRELS.

Mr. JONES. Mr. President, a few days ago the Senator from Minnesota [Mr. CLAPP] reported from the Committee on Standards, Weights, and Measures the bill (S. 5425) to standardize lime barrels, and I objected to its consideration. The bill was recommitted to the committee. The Senator from Minnesota had to go away, and he asked me to report the bill this morning and request its present consideration.

Mr. SMITH of Michigan. It is a unanimous report.

Mr. JONES. With some amendments that are suggested. The committee think the bill ought to be passed.

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 amendments were, on page 1, line 2, to strike out "words 'large barrel, 280 pounds,' or 'small barrel, 180 pounds,'" and insert "figures '180 lbs.' for the small barrel and '280 lbs.' for the large barrel"; on page 1, line 13, after the word "sold," to insert "and if imported the name of the country from which it is imported"; on page 2, line 20, after the word "any," to insert "more or"; on page 3, line 2, after the word "in," to insert "the discretion of"; on page 3, line 8, after the word "measures," to insert "Provided, That the penal provisions of this act shall not take effect until January 1, 1917"; and in line 10, after the word "after," to strike out "the 1st day of July, nineteen hundred and," and insert "its passage," so as to make the bill read:

Be it enacted, etc., That there is hereby established a large and a small barrel of lime, the large barrel to consist of 280 pounds and the small barrel to consist of 180 pounds, net weight.

SEC. 2. That when lime is sold in barrels the figures "180 lbs." for the small barrel and "280 lbs." for the large barrel shall be stenciled or otherwise clearly and permanently marked upon one or both heads, and in addition the name of the manufacturer of the lime and the name of the brand, if any, under which it is sold, and if imported the name of the country from which it is imported: *Provided, however*, That when a jobber or local dealer in lime sells lime in quantities of more than one barrel and delivers it in barrels which are not headed and are used merely as containers, then nothing in this act shall be deemed to require that the barrels be marked as provided in this section or that each individual barrel contain either of the standard weights established in section 1, but he shall nevertheless deliver a total weight equivalent to the total weight of the number of large or small barrels represented, sold, or charged for by him, or purported to be delivered by him pursuant to an order.

SEC. 3. That rules and regulations for the enforcement of this act, not inconsistent with the provisions of the act, shall be made by the Director of the Bureau of Standards and approved by the Secretary of Commerce, and that such rules and regulations shall include reasonable variations or tolerances which may be allowed.

SEC. 4. That it shall be unlawful to pack or to sell, offer, or expose for sale any other barrels of lime than those established in section 1; or to pack or to sell, offer, or expose for sale any barrels of lime which are not marked as provided in section 2; or to represent, sell, charge for, or purport to deliver as a large or small barrel of lime any more or less weight of lime than is established in section 1 for a large or a small barrel, respectively; and any person guilty of a violation of any of the provisions of this act shall be deemed guilty of a misdemeanor and be liable to a fine not to exceed \$500, or imprisonment not to exceed six months, in the discretion of the court of the United States having jurisdiction.

SEC. 5. That prosecutions for offenses under this act may be begun upon complaint of local sealers of weights and measures or other officers of the several States and Territories appointed to enforce the laws of the several States or Territories, respectively, relating to weights and measures: *Provided*, That the penal provisions of this act shall not take effect until January 1, 1917.

SEC. 6. That this act shall be in force and effect from and after its passage.

The amendments were agreed to.

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

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

COURTS IN COLORADO.

Mr. WALSH. From the Committee on the Judiciary I report back favorably with an amendment the bill (H. R. 13765) to amend section 73 of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, and for other purposes, and I submit a report (No. 509) thereon. I call the attention of the Senator from Colorado [Mr. THOMAS] to the report.

Mr. THOMAS. I ask unanimous consent for the immediate consideration of the bill.

Mr. CLARKE of Arkansas. What is the bill about?

Mr. THOMAS. The purpose is to provide for the establishment of a term of the United States district court at Durango and Grand Junction and the urgency due to the fact that one of the buildings is now in process of construction and provisions for the court will have to be made at once.

Mr. CLARKE of Arkansas. I assume that there is no objection to the bill, but the title is somewhat misleading.

Mr. THOMAS. The title needs explanation. There would be no hurry except for the building operations at Grand Junction.

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

There being no objection, the bill was considered as in Committee of the Whole.

The amendment was, after the word "April," in line 7, page 1, to strike out the remainder of the bill and insert:

At Grand Junction on the second Tuesday in September; at Montrose on the third Tuesday in September; and at Durango on the fourth Tuesday in September.

That the Secretary of the Treasury, in constructing the public buildings heretofore authorized to be constructed at the cities of Grand Junction and Durango, be, and he is hereby, authorized and empowered to provide accommodations in each of said buildings for post office, United States court, and other governmental offices, and the existing authorization for said buildings be, and the same are hereby, respectively amended accordingly; and the unexpended balance of all appropriations heretofore made for the construction of said buildings and all appropriations which may be provided in any pending legislation, or that hereafter may be made for the construction of said buildings, are hereby made available for the purpose stated in this paragraph: *Provided*, That if at the time the holding of the terms of said court in any year in either of said cities of Grand Junction and Durango there is no business to be transacted by said court the term may be adjourned or continued by order of the judge of said court in chambers at Denver, Colo.: *And provided further*, That the marshal and clerk of said court shall each, respectively, appoint at least one deputy to reside at and who shall maintain an office at each of the four said places where said court is to be held by the terms of this act.

So as to make the bill read:

Be it enacted, etc., That section 73 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, be, and the same is hereby, amended to read as follows:

"SEC. 73. That the State of Colorado shall constitute one judicial district, to be known as the district of Colorado. Terms of the district court shall be held at Denver on the first Tuesday in May and November; at Pueblo on the first Tuesday in April; at Grand Junction on the second Tuesday in September; at Montrose on the third Tuesday in September; and at Durango on the fourth Tuesday in September.

That the Secretary of the Treasury, in constructing the public buildings heretofore authorized to be constructed at the cities of Grand Junction and Durango, be, and he is hereby, authorized and empowered to provide accommodations in each of said buildings for post office, United States court, and other governmental offices, and the existing authorization for said buildings be, and the same are hereby, respectively amended accordingly; and the unexpended balance of all appropriations heretofore made for the construction of said buildings and all appropriations which may be provided in any pending legislation, or that hereafter may be made for the construction of said buildings, are hereby made available for the purpose stated in this paragraph: *Provided*, That if at the time the holding of the terms of said court in any year in either of said cities of Grand Junction and Durango there is no business to be transacted by said court the term may be adjourned or continued by order of the judge of said court in chambers at Denver, Colo.: *And provided further*, That the marshal and the clerk of said court shall each, respectively, appoint at least one deputy to reside at and who shall maintain an office at each of the four said places where said court is to be held by the terms of this act."

The amendment was agreed to.

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

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend section 73 of an act entitled 'An act to codify, revise, and amend the laws relating to the judiciary,' approved March 3, 1911, and for other purposes."

NATURALIZATION CASES IN MONTANA.

Mr. WALSH. From the Committee on the Judiciary I report back favorably without amendment the bill (S. 4594) to validate certain declarations of intention to become citizens of the United States, and I submit a report (No. 508) thereon. I call the attention of my colleague to the bill.

Mr. MYERS. I ask unanimous consent for the immediate consideration of the bill. It covers an emergency that exists in Montana and will lead to no debate.

There being no objection, the bill was considered as in Committee of the Whole. It provides that declarations of intention to become citizens of the United States filed prior to the passage of this act in the counties of Cascade, Chouteau, Teton, Hill, Blaine, and Valley, State of Montana, under the act approved June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide for a uniform rule for the naturalization of aliens throughout the United States," as amended by the acts of March 4, 1909, June 25, 1910, and March 4, 1913, are hereby declared to be as legal and valid as if such declarations of intention had been filed in the judicial district in which the declarants resided, as required by section 4 of said act of June 29, 1906: *Provided*, That such declarations of intention shall not be by this act further validated or legalized.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BOY SCOUTS OF AMERICA.

Mr. SHIELDS. From the Committee on the Judiciary I report back favorably with amendments the bill (H. R. 755) to incorporate the Boy Scouts of America, and for other purposes, and I submit a report (No. 506) thereon.

A bill similar to this passed the Senate at the last session, but failed on account of the late hour when it reached the other House. This bill has been passed by the House and is now favorably recommended by the Committee on the Judiciary, with some slight formal amendments. I ask unanimous consent for its immediate consideration.

There being no objection, the bill was considered as in Committee of the Whole.

The amendments were, on page 1, line 9, to strike out the words following the semicolon down to but not including the word "Jeremiah;" and insert in lieu thereof the words "Franklin C. Hoyt"; in line 11, strike out the words following the word "Schiff" down to but not including the word "and," in the same line; on page 2, line 1, after the semicolon, insert the words "John H. Nicholson, of Pittsburgh, Pa.,"; and, in line 24, after the word "organization," insert a comma, so as to make the bill read:

Be it enacted, etc., That Colin H. Livingstone and Ernest P. Bicknell, of Washington, D. C.; Benjamin L. Dulaney, of Bristol, Tenn.; Milton A. McRae, of Detroit, Mich.; David Starr Jordan, of Berkeley, Cal.; F. L. Seely, of Asheville, N. C.; A. Stamford White, of Chicago, Ill.; Daniel Carter Beard, of Flushing, N. Y.; George D. Pratt, of Brooklyn, N. Y.; Franklin C. Hoyt, Jeremiah W. Jenks, Charles P. Neill, Frank Presbrey, Edgar M. Robinson, Mortimer L. Schiff, and James E. West, of New York, N. Y.; G. Barrett Rich, Jr., of Buffalo, N. Y.; Robert Garrett, of Baltimore, Md.; John Sherman Hoyt, of Norwalk, Conn.; Charles C. Jackson, of Boston, Mass.; John H. Nicholson, of Pittsburgh, Pa.; William D. Murray, of Plainfield, N. J.; and George D. Porter, of Philadelphia, Pa., their associates and successors, are hereby created a body corporate and politic of the District of Columbia, where its domicile shall be.

SEC. 2. That the name of this corporation shall be "Boy Scouts of America," and by that name it shall have perpetual succession, with power to sue and be sued in courts of law and equity within the jurisdiction of the United States; to hold such real and personal estate as shall be necessary for corporate purposes, and to receive real and personal property by gift, devise, or bequest; to adopt a seal, and the same to alter and destroy at pleasure; to have offices and conduct its business and affairs within and without the District of Columbia and in the several States and Territories of the United States; to make and adopt by-laws, rules, and regulations not inconsistent with the laws of the United States of America or any State thereof, and generally to do all such acts and things (including the establishment of regulations for the election of associates and successors) as may be necessary to carry into effect the provisions of this act and promote the purposes of said corporation.

SEC. 3. That the purpose of this corporation shall be to promote, through organization, and cooperation with other agencies, the ability of boys to do things for themselves and others, to train them in scoutcraft, and to teach them patriotism, courage, self-reliance, and kindred virtues, using the methods which are now in common use by boy scouts.

SEC. 4. That said corporation may acquire, by way of gift, all the assets of the existing national organization of Boy Scouts, a corporation under the laws of the District of Columbia, and defray and provide for any debts or liabilities to the discharge of which said assets shall be applicable; but said corporation shall have no power to issue certificates of stock or to declare or pay dividends, its object and purposes being solely of a benevolent character and not for pecuniary profit to its members.

SEC. 5. That the governing body of the said Boy Scouts of America shall consist of an executive board composed of citizens of the United States. The number, qualifications, and terms of office of members of the executive board shall be prescribed by the by-laws. The persons mentioned in the first section of this act shall constitute the first executive board and shall serve until their successors are elected and have qualified. Vacancies in the executive board shall be filled by a majority vote of the remaining members thereof. The by-laws may prescribe the number of members of the executive board necessary to constitute a quorum of the board, which number may be less than a majority of the whole number of the board. The executive board shall have power to make and to amend the by-laws, and, by a two-thirds vote of the whole board at a meeting called for this purpose, may authorize and cause to be executed mortgages and liens upon the property of the

corporation. The executive board may, by resolution passed by a majority of the whole board, designate three or more of their number to constitute an executive or governing committee, of which a majority shall constitute a quorum, which committee, to the extent provided in said resolution or in the by-laws of the corporation, shall have and exercise the powers of the executive board in the management of the business affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. The executive board, by the affirmative vote of a majority of the whole board, may appoint any other standing committees, and such standing committees shall have and may exercise such powers as shall be conferred or authorized by the by-laws. With the consent in writing and pursuant to an affirmative vote of a majority of the members of said corporation, the executive board shall have authority to dispose in any manner of the whole property of the corporation.

SEC. 6. That an annual meeting of the incorporators, their associates and successors, shall be held once in every year after the year of incorporation, at such time and place as shall be prescribed in the by-laws, when the annual reports of the officers and executive board shall be presented and members of the executive board elected for the ensuing year. Special meetings of the corporation may be called upon such notice as may be prescribed in the by-laws. The number of members which shall constitute a quorum at any annual or special meeting shall be prescribed in the by-laws. The members and executive board shall have power to hold their meetings and keep the seal, books, documents, and papers of the corporation within or without the District of Columbia.

SEC. 7. That said corporation shall have the sole and exclusive right to have and to use, in carrying out its purposes, all emblems and badges, descriptive or designating marks, and words or phrases now or heretofore used by the Boy Scouts of America in carrying out its program, it being distinctly and definitely understood, however, that nothing in this act shall interfere or conflict with established or vested rights.

SEC. 8. That on or before the 1st day of April of each year the said Boy Scouts of America shall make and transmit to Congress a report of its proceedings for the year ending December 31, preceding, including a full, complete, and itemized report of receipts and expenditures of whatever kind.

SEC. 9. That Congress shall have the right to repeal, alter, or amend this act at any time.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

FOX RIVER BRIDGE, ILLINOIS.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably without amendment the bill (S. 6073) granting the consent of Congress to George Fabyan to construct a bridge across the Fox River, and submit a report (No. 507) thereon. I ask unanimous consent for the immediate consideration of the bill.

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

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ELIZABETH RIVER BRIDGE, VIRGINIA.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably with an amendment the bill (S. 5851) granting the consent of Congress to the Norfolk-Berkley Bridge Corporation, of Virginia, to construct a bridge across the Eastern Branch of the Elizabeth River in Virginia, and I submit a report (No. 511) thereon. I ask for the immediate consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The amendment of the committee was to strike out section 1 of the bill and insert:

That the time for commencing and completing the bridge authorized by act of Congress approved January 2, 1915, to be built across the Eastern Branch of the Elizabeth River, in the city of Norfolk, Va., by the Norfolk-Berkley Bridge Corporation, of Virginia, is hereby extended one year and three years, respectively, from date of approval hereof.

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 extend the time for constructing a bridge across the Eastern Branch of the Elizabeth River in Virginia."

YELLOWSTONE RIVER BRIDGE, MONTANA.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably without amendment the bill (S. 5805) permitting the Riverview Ferry Co. to construct, maintain, and operate a bridge across the Yellowstone River in the State of Montana, and I submit a report (No. 510) thereon. I ask for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

PANAMA-PACIFIC INTERNATIONAL EXPOSITION.

Mr. STONE. From the Committee on Foreign Relations I report back favorably without amendment the joint resolution (S. J. Res. 133) to authorize the President of the United States to convey the acknowledgments of the Government and people of the United States to various foreign Governments of the world who have participated in the Panama-Pacific International Exposition, to celebrate the completion and opening of the Panama Canal and also the four hundredth anniversary of the discovery of the Pacific Ocean, and I submit a report (No. 512) thereon.

The joint resolution is brief, and it is important that it should be acted upon at this time if it is to be acted upon at all. I ask for its immediate consideration.

There being no objection, the joint resolution was considered as in Committee of the Whole. It provides that it is the sense of the Congress that the acknowledgments of the Government and people of the United States be tendered to the various foreign Governments of the world who have so generously and effectively cooperated in the Panama-Pacific International Exposition held in San Francisco, Cal., during the year A. D. 1915, to celebrate the completion and opening of the Panama Canal and also the four hundredth anniversary of the discovery of the Pacific Ocean.

Sec. 2. That the President of the United States be requested to communicate to each foreign Government participating in the said exposition the appreciative acknowledgment of the Government of the United States for its contribution.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BUREAU OF ENGRAVING AND PRINTING.

Mr. MARTIN of Virginia. From the Committee on Appropriations I report back favorably without amendment the joint resolution (H. J. Res. 214) increasing the number of sheets of customs stamps and of checks, drafts, and miscellaneous work to be executed by the Bureau of Engraving and Printing during the fiscal year 1916, and I ask unanimous consent for its present consideration.

There being no objection, the joint resolution was considered as in Committee of the Whole. It provides that the limitation in the sundry civil appropriation act for the fiscal year 1916 as to the number of delivered sheets of customs stamps and of checks, drafts, and miscellaneous work to be executed by the Bureau of Engraving and Printing is increased from 239,000 and 1,600,500 to 289,000 and 2,101,000, respectively.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

NATIONAL GUARD OF GEORGIA.

Mr. SMITH of Georgia. On Monday the chairman of the Committee on Military Affairs reported back favorably the bill (S. 708) to make immediately available for the use of the State of Georgia in paying expenses incurred by said State in connection with the joint encampment held at Augusta, Ga., July 22 to 31, 1914, certain sums appropriated for arming and equipping the militia of said State.

It is a purely local bill, connected with a matter in Georgia and it grows out of this state of facts.

In 1914 the department urged the adjutant general of the State to get as large a number of troops as possible, sending letters to all the inhabitants. They brought out a very much larger number than was expected and they exceeded their expenses \$14,000. Thereupon they set apart that sum from the appropriation of 1915-16 and drew on it, but the Comptroller of the Treasury held that it could not be so used. The money is still set apart. The bill is simply to authorize the payment of the liability for 1914 out of the appropriation already made for 1915 and 1916. It involves no additional expenditure and no additional appropriation. I ask unanimous consent for the present consideration of the bill.

Mr. CUMMINS. I was unable to hear the number of the bill. What is the bill?

Mr. SMITH of Georgia. It is a local bill relating to the National Guard of the State of Georgia.

Mr. CUMMINS. I have no objection to its consideration.

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

There being no objection, the bill was considered as in Committee of the Whole. It provides that of the sum appropriated by section 1661, Revised Statutes, for arming and equipping the whole body of the militia, the sum of \$14,400.98, proportioned to the State of Georgia for the years 1915 and 1916, be made immediately available for the purpose of paying the expenses

incurred by said State over and above the allotments made by the Secretary of War to the State of Georgia from all appropriations therefor in connection with the joint encampment held at Augusta, Ga., July 22 to 31, 1914; and the Secretary of the Treasury is hereby authorized and instructed to pay over the amount to the governor of the State of Georgia for that purpose.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

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

By Mr. SAULSBURY:

A bill (S. 6223) granting an increase of pension to Mary E. Conwell (with accompanying papers); to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 6224) to increase the utility of the postal savings bank, to encourage savings among the people, to secure the largest returns for such savings consistent with adequate security, to provide for the loans of such savings for the promotion of agriculture and other useful, productive industries, and for the promotion of home building and home improvement in the rural districts and elsewhere; to the Committee on Post Offices and Post Roads.

By Mr. PITTMAN:

A bill (S. 6225) to regulate the interstate use of automobiles and all self-propelled vehicles which use the public highways in interstate commerce; to the Committee on Interstate Commerce.

By Mr. HUGHES:

A bill (S. 6226) to amend section 18 of the act approved March 3, 1911, entitled "An act to codify, revise, and amend the laws relating to the judiciary"; to the Committee on the Judiciary.

By Mr. GALLINGER:

A bill (S. 6227) to increase the area of the United States Botanic Garden in the city of Washington, D. C. (with accompanying papers); to the Committee on the Library.

By Mr. HARDING:

A bill (S. 6228) for the relief of the Industrial Savings and Loan Association, of Bellevue, Ohio; and

A bill (S. 6229) for the relief of the People's Building and Savings Association, of Troy, Ohio; to the Committee on Claims.

Mr. CHAMBERLAIN. At the request of the Secretary of War I introduce a bill and ask that it be referred to the Committee on Military Affairs:

The bill (S. 6230) to provide for the creation of a Council of Executive Information for the Coordination of Industries and Resources for the National Security and Welfare, and for other purposes, was referred to the Committee on Military Affairs.

By Mr. OWEN:

A bill (S. 6231) for the erection of a public building at Ponca City, Okla.; to the Committee on Public Buildings and Grounds.

A bill (S. 6232) to provide for public education upon political questions and for the dissemination of information upon political issues and matters of a political nature of public interest; to the Committee on Privileges and Elections.

By Mr. BRADY:

A bill (S. 6233) granting an increase of pension to D. L. Badley (with accompanying papers); to the Committee on Pensions.

By Mr. TAGGART:

A bill (S. 6234) granting an increase of pension to Sylvanus Moore;

A bill (S. 6235) granting an increase of pension to Alma E. Nichols;

A bill (S. 6236) granting a pension to Ruth Wilson (with accompanying papers); and

A bill (S. 6237) granting an increase of pension to Joseph N. Clements (with accompanying papers); to the Committee on Pensions.

By Mr. TOWNSEND:

A bill (S. 6238) granting a pension to John Walker (with accompanying papers); to the Committee on Pensions.

By Mr. O'GORMAN:

A bill (S. 6239) authorizing the Commissioner of Navigation to document as vessels of the United States two dredges built of American material and owned by James Stewart & Co. (Inc.), a citizen of the United States; to the Committee on Commerce.

By Mr. CHAMBERLAIN:

A bill (S. 6240) granting a pension to Richard Trombley (with accompanying papers); to the Committee on Pensions.

By Mr. OWEN (by request):

A bill (S. 6241) to carry out the provisions of an act approved July 1, 1902, known as "An act to accept, ratify, and confirm a proposed agreement submitted by the Kansas or Kaw Indians of Oklahoma, and for other purposes," and to provide for a settlement to Addie May Auld and Archie William Auld, who were enrolled as members of the said tribe after the lands and moneys of said tribe had been divided; to the Committee on Indian Affairs.

TRANSMISSION OF SECOND-CLASS MAIL MATTER.

Mr. ASHURST. I submit an amendment intended to be proposed by me to the Post Office appropriation bill (H. R. 10484), which I ask may be read.

The amendment was read and ordered to lie on the table, as follows:

On page 38 strike out all of section 7 of the Post Office appropriation bill, as follows:

SEC. 7. That so much of section 1 of the "Act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes," approved August 24, 1912, which provides that the Post Office Department shall not extend or enlarge its present policy of sending second-class matter by freight trains, is hereby repealed.

LOUISVILLE & NASHVILLE RAILROAD CO.

Mr. LEA of Tennessee submitted the following resolution (S. Res. 207), which was referred to the Committee on Printing:

Resolved, That the manuscript submitted by the Senator from Tennessee (Mr. LEA) entitled "Hearings before Interstate Commerce Commission relative to financial relations, rates, and practices of the Louisville & Nashville Railroad Co., the Nashville, Chattanooga & St. Louis Railway, and other carriers" be printed as a Senate document.

NATIONAL GUARD OF ARIZONA.

Mr. ASHURST. Mr. President, there have been some statements made to the effect that the National Guard of Arizona was called into the service and did not respond with alacrity. I wish to say that the showing that was made was most creditable. I ask unanimous consent to have read at the desk a letter from the governor of the State of Arizona.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The Secretary read as follows:

PHOENIX, ARIZ., May 26, 1916.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.:

Answering your wire of May 24, I am at a loss to account for the absurd reports relative to Arizona's National Guard which have recently found their way into press dispatches. The adjutant general received an order to call the guardsmen into Federal service about 10 o'clock on the morning of May 9, and at 10 o'clock on the morning of May 12 the train left Phoenix for Douglas, with all the militia property, including wagon train. Col. Tutill, commanding National Guard, reported 46 officers and 613 men on his arrival at the camp. At time when regiment was ordered out one company had been refused recognition by division militia affairs and another company was being reorganized. The peace strength for 10 companies and sanitary corps was 50 officers and 685 men. Many of the guardsmen at the time of the call were long distances from their home stations but have since been reporting daily. The State now has in camp her full quota of 816 men, this being the size of the guard at peace strength. Taking 400,000 as the total strength of the National Guard in this country, Arizona's quota in proportion to population would be 890 men. Many additional recruits are being received daily at recruiting stations established in several different parts of the State. It should be remembered that the guardsmen and many of the recruits are leaving families without adequate means of support, and are giving up positions yielding from \$3 to \$6 per day in wages. Almost without exception they appear eager to serve their country if actually needed for defense, but some of them naturally do not look with favor upon being incorporated in the Regular Army in time of peace. In my judgment, Arizona has made a showing in the recent emergency which will compare favorably with that which would be made by any of the other States if they were subject to a similar call.

GEO. W. P. HUNT, Governor.

ARTICLE BY WALTER CLARK (S. DOC. NO. 449).

Mr. OWEN. I ask to have printed as a public document an article by Walter Clark, chief justice of the Supreme Court of the State of North Carolina, taken from the Michigan Law Review of November, 1914, on some myths of the law.

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

FRENCH SPOILATION CLAIMS (S. DOC. NO. 451).

Mr. LODGE. I ask to have printed as a Senate document a statement by George A. King relating to the French spoliation claims, containing a few additions that bring the claims down to date. There is quite a demand for the full statement.

The VICE PRESIDENT. Without objection, it is so ordered.

ARTICLE BY KEMP P. BATTLE.

Mr. OVERMAN. I ask to have printed in the RECORD a short article by Kemp P. Battle, former president of the University of North Carolina, on the power of the Supreme Court to declare an act of Congress unconstitutional.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

SUPREME COURT AND CONSTITUTION—POWER OF THE COURT TO DECLARE AN ACT OF CONGRESS UNCONSTITUTIONAL.

[By Kemp P. Battle.]

A friend sent me a copy of a speech by Mr. Hinebaugh, a Representative from Illinois, in which he affirms that "nowhere in the Constitution of the United States is the Supreme Court expressly authorized to declare an act of Congress unconstitutional." He accuses the court of being guilty of usurpation.

This is strange doctrine. If true, we live under a Government which may become a lawless despotism. Let us see where it leads.

If this new and startling doctrine be true, a majority of Congress, with the President, or two-thirds majority with the President opposed, can pass any act in violation of the Constitution, which will bind the Nation at least for two years. They can take property without paying for it, authorize arrests without law, abolish trial by jury—in fact, be more despotic than the Czar of Russia or the Sultan of Turkey. Their acts can not be annulled except after another election, but in the meantime what mischief may be done? Many of our ablest southern lawyers thought the two-thirds majority in reconstruction days exercised unlawful authority on the plea that post arma, as well as inter arma, silent leges.

But it is said that the English Parliament can not be checked by the court, and Congress ought to have the same superiority. There is no analogy between the two. In the first place, it is altogether unlikely that the framers of our Constitution imitated a body which had waged a long war against their people. And secondly, their task was to make a Government, not for the British Isles, or a country like them, but for a large number of sovereign States, proud of their independence. They gave to the General Government powers of a general nature, leaving to the States the management of their local affairs. This could not possibly be done without a written Constitution, or compact, specifying the legislative, executive, and judicial powers, duties, and limitations. Great Britain has no written constitution. Ours is the fundamental law, the people's law.

This great code prescribes what the lawmaking body, or Congress, may do and what they may not do, and special provision is made to check them if they exceed their powers. Notwithstanding what Mr. Hinebaugh and other critics may say, these provisions are in the Constitution perfectly plain.

In the first place, a Supreme Court is established. What is a court? The definition of Judge Cooley is satisfactory: "The business of courts is to apply the law of the land in such controversies as may be brought before them. Their authority is coordinate with that of the legislative and executive, neither superior nor inferior, but each with equal dignity must move in its appointed sphere."

Now, what is the "law of the land?" The Constitution, Article VI, paragraph 2, is explicit: "The Constitution and the laws, which shall be made in pursuance thereof, and all treaties made or which shall be made, under the authority of the United States, shall be the supreme law of the land." That is, first of all, the Constitution; secondly, the acts of Congress passed "in pursuance of the Constitution." Acts not in pursuance of the Constitution are not laws. An unconstitutional act is no law at all.

The Constitution provides that the judicial power shall vest in a Supreme Court and in such inferior courts as Congress may establish. The classes of cases are enumerated. The Supreme Court shall have original jurisdiction affecting ambassadors, etc., and where a State is a party. In all other cases it shall have appellate jurisdiction.

Now, suppose a case goes up to the Supreme Court, wherein plaintiff claims under an act of Congress, and defendant claims that Congress had no right to pass the act, that it is not "in pursuance of the Constitution." How can the court avoid deciding it? It is their "business to apply the law of the land." Suppose the court is of opinion that the defendant is right, that the act is not "in pursuance of the Constitution." They are confronted by the supreme law, the people's law, the Constitution, on the one hand, and a pretended act of Congress, which is no law. It is too plain for argument. They are sworn to support the Constitution. They are sworn to support acts of Congress in pursuance of the Constitution. The act is not in pursuance of the Constitution. They are sworn to declare it null and void.

The case of *Marbury v. Madison* seems to be misunderstood. There were two decisions, first, that Madison, Jefferson's Secretary of State, ought to have delivered to Marbury his commission as justice of the peace; that he was entitled to it; but, second, that the act of Congress allowing Marbury to bring suit was unconstitutional. He was put out of court. The first decision was resented by Jefferson and Madison as a needless slap in the face. The second decision, as Dana, in his work on the Constitution, says, has been generally acquiesced in. Great judges, eminent statesmen, in the General Government and in the States; Presidents, governors, lawyers, and writers agree that the Supreme Court, as a matter of course, when there is a conflict between the Constitution and an act of Congress, must stand by the Constitution. The great commentators Story, Chancellor Kent, Wharton, Duer, Cooley, De Tocqueville, and Bryce all accept the doctrine as not only a power but a necessity.

Yes; and the people have indorsed it. When it was decided that a State could be sued an amendment to the Constitution was speedily adopted prohibiting such suits. Other amendments—in all, 15—have been made. But none prohibiting the courts from nullifying unconstitutional acts of Congress has been made or even authoritatively proposed. This is equivalent to indorsement by the people.

President Jackson's reputed unofficial remark, "John Marshall has made his decision (in *Worcester v. Georgia*); now let him enforce it," is quoted as evidence that he was opposed to the power of the court over unconstitutional acts. He was talking of enforcing the decision after it was made, not of the decision itself. Congress was maturing a plan to remove the Cherokees to the Indian Territory, a measure of vital interest to Georgia, necessary to her development. Jackson meant that he would not use the Executive power against that State when a peaceable settlement was in sight. Indeed, it seems to be an open question of extreme importance whether the court has power to coerce a State. Is not a decision against a State only advisory, of a moral nature?

I add that the courts of all the States have never, out of respect for the legislative body, refrained from declaring their acts unconstitutional when clearly so. The excellent book of Connor and Cheshire on the constitution of North Carolina shows numerous cases of this purport decided by the courts presided over by Chief Justices Taylor, Henderson, Ruffin, Nash, Pearson, Smith, Merrimon, Faircloth, and Clark. Were all these guilty of usurpation in protecting the people's constitution, the supreme law of our State?

The critics of the Supreme Court go on to say that the tremendous power of annulling acts of Congress is dangerous to our Government; elevates them above the law. This is not true. By the process of amendment to the Constitution their decisions may be nullified. In *McArdle's* case the right of appeal was taken away from him by Congress. In President Grant's time the decision that Congress has no power to make greenback legal tender was nullified by reducing the number of judges until two of the old number died, then increasing the number to nine and elevating to the bench two greenback judges. The decision of the court as to taxation of incomes was nullified by constitutional amendment. After the present judges give way the salaries may be reduced so that the able lawyers will not accept the office.

On the whole, the Supreme Court has the highest position in the esteem of good men everywhere. The judges are appointed by the people's President, on whom the eyes of the Nation are fixed. They then undergo the scrutiny of the people's Senate, composed of the best men from every State in the Union. Their salaries can not be reduced. They hold during good behavior. They have an exceedingly able bar. They have been and are one of the most august tribunals in the world.

CHAPEL HILL, N. C.

NATIONAL BANKS (S. DOC. NO. 450).

Mr. OWEN. Mr. President, I present a statement from the Comptroller of the Currency with reference to the national banks and the results under the Federal reserve act. I ask that it be printed in the Record, without reading, and also printed as a Senate document.

The VICE PRESIDENT. Without objection, it is so ordered. The statement referred to is as follows:

COMPTROLLER OF THE CURRENCY,
Washington, May 26, 1916.

MY DEAR SENATOR: Thinking that they may be of interest to you, I inclose with this copy of a statement just prepared in this office showing the number of new national banks organized and national banks increasing their capital as compared with national banks liquidating and reducing their capital for the following periods: First, November 14, 1914 (date of the inauguration of the Federal Reserve System), to December 31, 1915; second, January 1, 1915, to May 22, 1916.

You will note a very gratifying increase both in the number of national banks and increase in capital for both periods.

I also inclose a memorandum marked "E" showing how the increase in circulation in this country from January 1, 1915, to April 1, 1916, is explained, due wholly to the increase in gold, paper money showing an actual reduction of \$100,000,000.

I also hand you herewith an article from the current issue of the Outlook and call your special attention to the answers to questions 6 and 7, showing the universal approval which is being given to the Federal reserve act by business men throughout the country.

The preface to this article, by Theodore H. Price, explains how these questions and answers were gotten together.

It certainly is significant when out of 1,401 replies, 1,244 of the leading business men in every State in the Union declare that "business men are satisfied with the operation of the Federal reserve law."

Sincerely, yours,

JOHN SKELTON WILLIAMS.

Hon. ROBERT L. OWEN,
United States Senate.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from November 16, 1914, to December 31, 1915: New charters issued to 155 banks with capital of \$9,974,500; Increase of capital approved for 104 banks with new capital of 14,797,700

Aggregate number of new charters and banks increasing capital, 259; with aggregate of new capital authorized.....	24,772,200
Number of banks liquidating (other than those consolidating with other national banks), 56; capital of same banks.....	\$5,125,000
Number of banks reducing capital, 20; reduction of capital.....	2,070,000
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks), 76; aggregate capital reduction.....	7,195,000

The foregoing statement shows the aggregate of increased capital for the period was 24,772,200
Against a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of 7,195,000

During this period there were 21 national banks, with an aggregate capital of \$2,210,000, placed in the hands of receivers, and 6 national banks, with an aggregate capital of \$450,000, were restored to solvency and reopened.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from January 1, 1916, to May 22, 1916: New charters issued to 47 banks with capital of \$2,480,000; Increase of capital approved for 49 banks with new capital of 3,647,500

Aggregate number of new charters and banks increasing capital, 96; with aggregate of new capital authorized.....	6,127,500
Number of banks liquidating (other than those consolidating with other national banks), 43; capital of same banks.....	3,773,000
Number of banks reducing capital, 7; reduction of capital.....	262,500
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks), 50; aggregate capital reduction.....	4,035,500

The foregoing statement shows the aggregate of increased capital for the period was \$6,127,500
Against a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of 4,035,500

During this period there were five national banks, with an aggregate capital of \$400,000, placed in the hands of receivers, and two national banks, with an aggregate capital of \$80,000, were restored to solvency and reopened.

E.

MEMORANDUM SHOWING THAT THE INCREASE IN OUR PRESENT MONEY SUPPLY ARISES WHOLLY FROM THE GAIN IN GOLD, ACCOMPANIED BY AN ACTUAL REDUCTION OF PAPER CURRENCY.

In answer to the statement, which has been frequently repeated of late, that the operations of the Federal reserve banks have brought about inflation in our paper currency and an increase in the outstanding amount of Federal reserve notes and national bank notes, permit me to submit the following official figures:

The official Treasury statements show that the total stock of money in the United States on Apr. 1, 1916, was \$4,373,000,000
Or Jan. 1, 1915, the amount was reported at 3,972,000,000

Being an increase in our stock of money of 401,000,000
But this increase was more than accounted for by an increase in the amount of gold and gold certificates, as the following figures will show:

Gold coin, including bullion and gold certificates, Apr. 1, 1916.....	\$2,317,000,000
Gold coin, including bullion and gold certificates, Jan. 1, 1915.....	1,816,000,000

Actual increase in general stock of gold coin, bullion, and gold certificates in the United States since Jan. 1, 1915..... 501,000,000

On Jan. 1, 1915, the amount of national bank notes and Federal reserve notes outstanding was (there were no Federal reserve bank notes outstanding as of that date) 1,037,000,000

On Apr. 1, 1916, the amount of national bank notes, Federal reserve notes, and Federal reserve bank notes outstanding was 952,000,000

So that there was an actual reduction between Jan. 1, 1915, and Apr. 1, 1916, in national bank notes and Federal reserve notes and Federal reserve bank notes of 105,000,000

The amount of silver and silver certificates in circulation on January 1, 1915, was \$750,000,000, and on April 1, 1916, the amount was reported as having increased approximately \$5,000,000, the difference being inconsiderable.

United States notes outstanding January 1, 1915, \$346,000,000, were reported on April 1, 1916, as also unchanged.

The increase in our stock of money on April 1, 1916, of \$401,000,000, is thus shown to be accounted for by—

An increase in our gold supply of.....	\$501,000,000
An increase in our stock of silver of.....	5,000,000

Total increase..... 506,000,000
And a reduction in our paper currency (national bank notes and Federal reserve notes) of..... 105,000,000

Making the net increase in the money supply..... 401,000,000

From all information obtainable, this country's supply of gold at this time exceeds by many hundreds of millions of dollars the gold stock of any other nation.

The above statement shows that the increase in our money supply since January 1, 1915, is wholly accounted for by the increase in gold, and the increase in the gold supply is explained by more than \$500,000,000 of foreign gold sent to this country in exchange for American products since the outbreak of the European war.

AMERICAN BUSINESS AS AFFECTED BY PEACE AND PREPAREDNESS.
THE COMPOSITE OPINION OF 1,629 AMERICAN BUSINESS MEN.

[By Theodore H. Price.]

Instead of writing an original article for this issue of the Outlook, I have asked the editors to allow me to publish something that seems to me far more important and informing than anything that I could say.

It is the composite opinion of 1,629 American business men in regard to American business as affected by the political and economic conditions by which we are now, or may shortly be, confronted at home and abroad.

It is derived from an elaborate investigation made for their own and their clients' guidance by Harris, Winthrop & Co., a well-known firm of investment bankers having offices in both New York and Chicago.

The complete report and the letters which accompany it comprise a pamphlet of some 60 pages, advance proofs of which I have been permitted to read and which will probably be published about the same time as this issue of the Outlook.

As such documents do not generally circulate outside the comparatively limited circle of those to whom they are sent for financial reasons, and as this one seems to have exceptional public interest just now, I feel that I am doing a real service to the readers of the Outlook in putting it at their disposal. As it is difficult, if not impossible, to improve upon the bankers' summary of their own report and the conclusions to which it points, I quote it in full. I hope those who read it will agree with me as to its practical value to business men in the present somewhat perplexing situation. This is the report:

In January, 1915, we made an investigation into business conditions in the United States, the result of which we published in a pamphlet dealing with the Present and Future of American Business.

This pamphlet came to have a wide circulation, and many of our friends have been good enough to say that it was at the time an important influence in reestablishing the confidence of the people of this country in themselves and the commercial future of the Nation.

Our previous inquiry was addressed to about 2,000 men of affairs throughout the United States, and was sent out January 21, 1915. At

that time many were in doubt whether this country could prosper while Europe was involved in a war which had then been in progress only five months.

The replies which we received and the letters that we were permitted to publish indicated the general individuality of confidence in the future of each respondent's business that has since been fused in the widespread commercial prosperity that we are now enjoying.

Such service as we may have rendered was in making faith infectious and encouraging a justifiable optimism which most people felt but hesitated to express.

We are now again confronted by a situation that engenders doubt. There are many who fear that we shall have a business recession in the United States with the advent of peace in Europe.

This fear is due to the belief that our present prosperity is artificial and abnormal in that it is the result of the war-induced demand for our products and the protection to our industry which the present military preoccupation of Europe provides.

With the object of ascertaining whether this apprehension was justified by the intrinsic facts, we submitted some 17 questions to about 4,500 men of affairs throughout the United States, including all those who had answered our previous inquiry. Our investigation included every State, the number of business men addressed in each State being proportioned to its population.

(The questions referred to will be found on the accompanying double-page table.)

Those replying were asked to cross out the answers least accurately describing the conditions inquired about, and to amplify their views by writing us at greater length if convenient.

In the selection of those whose opinions we have thus sought to obtain we have included but few bankers and have omitted altogether the business men of Greater New York.

We are particular to explain our action in this respect lest it be regarded as invidious. Our purpose has been to obtain a reading of the business mind of the United States at first hand rather than through the eyes of bankers who must view events in the light of their financial trusteeship, or men of large affairs who live in New York and are precluded by the very isolation of their metropolitan residence from anything more than a vicarious knowledge of conditions outside this great city.

It is only proper to say that we approached this investigation with the feeling that the dependence of the country upon the foreign demand for our goods had been exaggerated, and in submitting the questionnaire to our correspondents we so informed them, closing our letter of transmittal with the following statement:

"The aggregate of our foreign trade, including both imports and exports, is about five and one-half billions. Our domestic commerce is competently estimated at about one hundred billions. The purchasing power of our population is greater than that of any other people in the world. Economically, we are self-contained. If the balance between domestic production and consumption is fairly well preserved, and we do not unnecessarily alarm ourselves over conditions that affect us but remotely, our progress ought to be undisturbed."

We have received in all some 1,629 replies, which we have summarized in tabular form, according to geographical districts.

(This summary will be found on pages 226 and 227 of the Outlook.)

The summary speaks for itself and requires but little explanatory comment. Of those answering the first question, about one-half feel that their business will be directly affected by peace in Europe, while the other half look for undiminished activity.

It is only proper to explain that those who feel apprehensive as to the effect of peace in Europe upon American business activity are engaged, for the most part, in the metal or munition industries or in the manufacture of articles that were imported before the war. Thus, a Connecticut manufacturer of clocks says that he fears that he will not be able to compete with German-made clocks when the war is over; and those who are interested in the manufacture and production of sugar in Louisiana, Utah, and Colorado express a reasonable apprehension of lower prices once the European supply of beet sugar is again available. Many who anticipate a slackening in the war-stimulated demand for specialties are undisturbed thereby and admit that they are gradually and successfully preparing themselves for such a contingency.

We can not, therefore, regard the evenly balanced opinion as to the effect of peace upon American business as indicative of a lack of confidence in the country's ability to readjust itself promptly to the conditions which shall develop with the ending of the war.

The answers to question 2, in regard to the effect of higher prices upon the consumption of goods, are most reassuring. Nearly everyone agrees that the purchasing power of the country has been greatly increased, that people are able to buy more and better goods, and there is but little, if any, complaint as to the effect of high prices upon consumption. In fact, one New England manufacturer goes so far as to say that instead of buying a poorer quality of goods at the same prices the demand is running constantly in the direction of better goods even at higher prices.

The answers to question 3, with regard to the unemployment of labor, are most reassuring. The unemployment reported is, for the most part, localized either on the Pacific coast or in the Southern States, where, as many of our correspondents state, the higher wages paid have really had the effect of diminishing the industry of the Negro.

The answers to question 4 indicate a somewhat widespread desire for higher wages, but most of our correspondents express themselves philosophically with regard to the situation, and realize that it is entirely natural that the wage earner should desire to share in the widespread prosperity of which he hears so much.

The response to question 5 is a corollary of that made to question 4, and is, if anything, more reassuring. The labor unrest is apparently confined to a few classes, including the railroad men and the workers in some highly specialized staple industries.

The unanimity of opinion with regard to the operation of the Federal reserve law is remarkable, and about the only dissatisfaction expressed comes from the Rocky Mountain States and the Pacific Northwest, in which sections loans running for longer periods than the Federal reserve law permits are required to satisfy the financial needs of most of the population. Doubtless the Federal reserve law will pass into history as the most beneficent piece of economic legislation that has ever been enacted in this country.

The response to question 7 negatives much of the newspaper talk with regard to the inflation of currency and credit in the United States. If there is any inflation, but few business men are conscious of it, and

it is, we think, reasonable to assume that until there is an inflation of which people are conscious there will be no attempt at contraction.

The answers to question 8, in regard to the constructive activity of the country, reveal the basis upon which the present prosperity rests. Constructive activity means the creation of productive wealth, and it is encouragingly significant that about 80 per cent of our replies indicate that the people are building new houses, enlarging their plants, and making permanent improvements that bespeak their confidence in the future.

The answers to question 9 report an almost unanimous willingness that the tariff question shall be taken out of politics by the creation of a tariff commission. In view of the fact that a very large proportion of our replies come from manufacturers and States which on account of their industrial activities are generally reckoned as "protectionist," this unanimity of opinion may be said to make something of a revolution in American political feeling with regard to the tariff. We commend it to the special attention of the platform committees of both the Democratic and Republican Parties, and are delighted to feel that we are nearing the time when the political energies of each successive Congress may be employed more profitably than in the revision of tariff schedules. One correspondent qualifies his acceptance of the tariff commission plan with the proviso that it shall be made operative "before the end of time." With this we are in hearty agreement.

The answers to question 10, in regard to the market for real estate, drive another rivet in the structure of prosperity that is visualized by this investigation. If the rural credits bill which the Senate has already passed shall become a law, the effect will probably be to increase greatly the availability of farm lands as a basis for loans, thus stabilizing their value and a prosperity that is buttressed by higher wages, increased consumption, and stable values for land would seem to be, for a time at least, immune from any serious reaction.

We regard the answers to question 11, in regard to the abatement of the antagonism toward the railroads, as providing what is, in a financial sense, the most important information in our report. That over 90 per cent of our correspondents should report that the disposition to harass the railroads is vanishing is extremely encouraging. The railroads of the United States employ more labor and disburse a larger sum in wages than any other single industry. Their purchases constitute a very large proportion of our total commerce; and if their development in the future shall be unrestricted by the unwise legislation and regulation of which they have hitherto been the victims, it will be well for the future prosperity of the country.

The negative answers to question 12, with regard to a possible advance of 5 per cent in railway freight rates, are, for the most part, qualified by statements of which the following from a southern correspondent is typical:

"We have already accepted one advance of 5 per cent in railway rates without complaint, and would not be willing to submit to a further advance unless it is equitably distributed throughout the entire country."

The answers to question 13, in regard to the saving and extravagance, are also qualified. Most of our correspondents admit that the savings banks, insurance companies, and other repositories of thrift show increased resources which bespeak a reasonable provision for the future. One informant says that he "sees no increase in extravagance except in the matter of automobiles." His allusion to the automobile expenditure of the Nation is the only comment made upon it, from which we infer that there is a noteworthy change in the attitude of thinking men toward the American investment in this form of transportation.

The answers to questions 14, 15, and 16, which deal with preparedness, the sense of civic responsibility, American nationalism, and the protection of American citizens resident or having property interests outside of the United States, will, we think, be a surprise to the pacifists. If they could read the remarks and letters with which our replies to these questions have been accompanied, they would abandon the theory that the United States has become a spineless Nation. There is naturally a widespread disagreement as to the degree of preparedness to which we should commit ourselves. Some of our correspondents in the rural communities say that "the feeling in favor of preparedness is cooled by the fear that it is inspired by the Wall Street hope of large profits," but a willingness is generally expressed to support Congress and the administration in any reasonable measure that shall be adopted for the defense of the Nation, and it is apparent that the war in Europe has quickened the spirit of nationalism and increased the individual consciousness of civic responsibility throughout the country.

In regard to the protection to be afforded by our Government to American citizens resident or having property interests outside the United States there is a somewhat wide divergence of opinion. One correspondent, in regard to whose Americanism there can be no doubt, writes that "we ought to protect our trade in foreign countries, but there is no reason why we should follow and protect the people who leave the United States to live and invest in foreign lands." He adds: "I believe that this country is good enough for anyone and its guardianship should not follow expatriates. They should know what they are doing and assume the consequences."

Not a few feel that the Nation should avoid taking a position that would plunge 100,000,000 people into war for the protection of those who take unnecessary risks in belligerent countries or on belligerent vessels. For the most part, however, our replies indicate that the people of this country are jealous of the honor of our flag and the rights of our Nation and entirely willing to support any measures that may be necessary for their protection.

Upon the question of military intervention in Mexico there is a great division of opinion, and the correspondence that we have received provides a symposium that would greatly interest many Congressmen. A Baltimore friend says that "weeping prevents a reply to this question," meaning presumably that he is ashamed of the policy which the Government has thus far pursued. Another correspondent writes us that "while the young men of the country may be in favor of Mexican intervention, the older people, who know the horrors of war, will continue to oppose it to the end."

We are somewhat surprised by the number of answers that advocate the solution of the Mexican problem by the purchase of the northern half of Mexico, and there are a good many who seem to favor the forcible annexation of sufficient Mexican territory to indemnify us for the damages inflicted upon American life and property in that Republic. The division of public opinion in regard to the Mexican problem seems to be greater than that disclosed in regard to any other question submitted. It is evident that the issue is one in regard to which there is not as yet any great unanimity of feeling.

Speaking generally, we may say that a careful examination of the replies received leads us to feel great satisfaction in the economic condition of the country and increased confidence in the political common

sense of the people. If we were mapping American prosperity, we should paint New England, Pennsylvania, and Michigan in the most rosy colors. In fact, one correspondent in Detroit says that "the boom is dangerous." The Pacific States of the Northwest and northern California are the only sections in which the use of even a light shade of blue would be justifiable.

In the southern portion of California the absence of war-induced prosperity has been to some extent offset by the winter influx of tourists from the East and the demand for the petroleum production of that locality. The clouds have almost disappeared from the cotton States as a result of the higher price of cotton and cotton seed and the increase in cattle production.

In the Middle West the remunerative figures obtained for the grain crops for the past two years have made the people contented and happy,

although there is some complaint that the high ocean freight rates are interfering with the export movement.

Dealing with what we may describe as the politico-economic situation disclosed by our report, it may be said that there is evidenced a much keener appreciation of the essential relation between good government and good times, and, while there is but little disposition to disparage the constructive achievements of the present administration, there is a widespread dissatisfaction with the selfish political individualism of the present Congress and a disposition to hold the one that shall succeed it to a rigid accountability.

Our confidence in the permanent prosperity of the country and our optimism in regard to the benefits and sanity of representative government have been increased and to some extent rehabilitated by this investigation.

Geographical summary of replies.

Questions.	Answer.	Total.	New England States. ¹	Middle Atlantic States. ²	Central States. ³	Southern States. ⁴	South-western States. ⁵	North-western States. ⁶	Rocky Mountain States. ⁷	Pacific States. ⁸
1. Will your business be directly affected by peace in Europe.	Yes.....	728	70	163	175	98	65	48	31	78
	No.....	750	51	189	233	69	45	62	30	71
2. Is the consumption of the goods you distribute or manufacture appreciably reduced by the relatively higher prices now prevailing.	Yes.....	299	16	61	83	45	31	19	12	32
	No.....	1,088	99	280	306	106	70	81	43	103
3. Is there any unemployment of labor in your section....	Yes.....	225	11	30	38	42	27	9	13	55
	No.....	1,332	117	346	358	136	77	108	49	101
4. Is labor in your neighborhood contented with the wages that are now being paid?	Yes.....	887	51	146	236	138	82	73	47	114
	No.....	568	73	205	167	35	21	43	16	38
5. If to the former question you answer "No," do you think there is any serious probability of important strikes during the coming summer?	Yes.....	309	35	118	102	9	4	16	7	18
	No.....	900	68	183	240	120	82	71	40	96
6. Are the business men with whom you come in contact satisfied with the operation of the Federal reserve law?	Yes.....	1,244	102	271	348	143	102	104	51	123
	No.....	157	12	43	50	17	7	5	3	20
7. Do the business men with whom you come in contact feel that there is any inflation of currency or credit in this country?	Yes.....	307	37	87	87	34	13	16	14	19
	No.....	1,149	84	246	314	134	102	91	47	131
8. Are the people in your section constructively active? That is, are they building new houses; enlarging their plants, or making permanent improvements that bespeak their confidence in the future?	Yes.....	1,228	105	298	357	129	80	105	55	99
	No.....	301	20	70	68	45	32	12	7	47
9. Are the business men in your section content that the tariff question shall be taken out of politics by the creation of a tariff commission?	Yes.....	1,416	117	315	407	160	103	111	56	147
	No.....	65	8	29	9	8	2	1	4	4
10. It is said and generally believed that the market for real estate is the last thing to reflect prosperity. Is it becoming more active in your section?	Yes.....	985	66	220	315	100	72	86	48	78
	No.....	500	48	129	89	71	46	24	16	77
11. Is the feeling of antagonism toward the railroads in your section abating or persistent?	Abating.....	1,380	120	331	380	145	98	105	52	149
	Persistent.....	123	4	23	28	34	7	10	11	6
12. Would and advance of, say, 5 per cent in railway freight rates be generally paid without serious protest by the shippers or consignees in your community?	Yes.....	912	97	251	245	87	63	66	24	79
	No.....	561	24	95	167	81	44	47	36	67
13. Are the wage earners in your section disposed to save or is greater extravagance the result of better times?	They are saving.....	761	68	174	196	83	54	60	31	95
	Increased earnings have led to greater extravagance.....	520	34	137	153	60	39	30	25	42
14. Is public sentiment in your section opposed to or in favor of liberal provision and expenditure for "preparedness" by the National Government?	Opposed to.....	78	2	11	29	9	6	12	4	5
	In favor of.....	1,396	123	341	365	162	103	99	56	147
15. Has the war in Europe increased the sense of civic responsibility and American nationalism among the people of your section?	Yes.....	1,310	113	312	355	141	100	96	55	138
	No.....	185	9	36	70	26	14	13	4	13
16. Assuming that you believe in an extension of our foreign trade, is such extension, in your opinion, possible unless adequate protection is afforded by our Government to American citizens resident or having property interests outside of the United States?	Yes.....	181	13	41	51	23	18	12	6	17
	No.....	1,155	104	294	346	143	89	96	53	130
17. Are the people in your section generally in favor of military intervention by the United States in Mexico?	Yes.....	696	47	165	189	74	61	41	37	82
	No.....	653	60	162	173	77	47	58	19	57
Number of replies.....		1,629	137	389	453	187	118	119	64	162

¹ Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

² Delaware, District of Columbia, Maryland, New Jersey, New York, and Pennsylvania.

³ Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, Nebraska, and Ohio.

⁴ Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

⁵ Arkansas, Louisiana, Oklahoma, and Texas.

⁶ Minnesota, North Dakota, South Dakota, and Wisconsin.

⁷ Arizona, Colorado, Idaho, Montana, New Mexico, Utah, and Wyoming.

⁸ California, Nevada, Oregon, and Washington.

⁹ This is the total number of persons replying to one or more questions. Few of those answering made replies to all questions, which explains the discrepancy between the totals of the answers to each question and the number of persons answering at least one question.

TABLE OF IMPORTS.

Mr. GALLINGER. Mr. President, on the 1st day of May I presented tables showing the increase of imports under the Underwood-Simmons tariff law in war times as compared with the imports under the Payne-Aldrich tariff law in times of peace. The last table in that compilation shows the imports for January, 1915, and January, 1916, under the Underwood law as compared with January, 1913, under the Payne law, and I now beg to present similar tables for the month of February of those years.

Import comparison for the month of February, 1916 and 1915, under the Underwood law with 1913 under the Payne law, covering 39 strong competitive products, makes a remarkable showing, which should be of great interest to manufacturers and farmers, who have reason to be alarmed at the rapidly increasing imports, indicating what will probably happen at the close of the war.

It will be observed that 20 products, namely, aluminum scrap, automobiles and parts, breadstuffs, cotton cloths, films and plates, fish, fruits and nuts, handkerchiefs, laths, lace and lace articles, leather and tanned skins, meat and dairy products, nets and netting, paper and manufactures, perfumery, seeds, silk manufactures, vegetables, wool and linen yarns, show an increase from \$20,750,953 in 1915 to \$43,429,609 in February, 1916; and it is a most notable fact that the increase in imports between these two years is more than \$3,000,000 larger than the total imports of the same products in February, 1913, under the Payne law. Note, also, the increase of over 100 per cent in the value of imports between February, 1913, under the Payne law, and February, 1916, under the Underwood law.

It also seems important to call attention to another comparison, which is that in February, 1915, but six of these same products showed an increase; and, furthermore, at no time since

the foreign war began, or, in fact, since the Underwood law became operative, have more than half of the number of these products shown an increase over the previous year.

Nineteen products, to wit, aluminum manufactures, clocks, cutlery, eggs, embroideries, enameled ware, glassware, plate glass, leather gloves, hides and skins, cotton knit goods, linoleum and oilcloth, shingles, artificial silk, cotton stockings, tinplate, watches, wood pulp, wool manufactures, reveal a small decrease of \$2,193,716 from \$17,461,862 in February, 1915, to \$15,268,146 in February, 1916; the imports of the last-named products in February, 1916, being practically the same as they were in February, 1913, under the Payne law.

The total imports of the entire 39 products were in February, 1916, valued at \$58,697,755; in February, 1915, \$38,212,820; and in February, 1913, \$34,977,736, the increase between February, 1915, and February, 1916, being \$20,484,935, and the increase in February, 1916, over February, 1913, under the Payne law, being \$23,720,019.

The fact can not be denied that, beginning with October, 1915, imports of the above-named products have nearly doubled as compared with the imports of similar products in months previous to the beginning of the foreign war, and if such a volume of merchandise can be sent to this country during the war, American producers are not to be blamed for demanding some form of legislation which will protect home industry now as well as after the close of the war. The figures are as follows, which I ask to have inserted without reading.

The VICE PRESIDENT. In the absence of objection, it is so ordered.

The table referred to is as follows:

Imports of merchandise and agricultural products in February, 1916-1915, under the Underwood law, and February, 1913, under the Payne law, using for comparison products having the most severe foreign competition.

Products.	1916 value.	1915 value.	Difference.	1913 Payne law.
<i>Increase.</i>				
Aluminum scrap.....	\$134,412	\$96,016	\$38,396	\$291,776
Automobiles and parts.....	76,289	39,019	37,270	99,602
Breadstuffs.....	1,458,507	1,111,720	346,787	1,141,588
Cotton cloths.....	909,657	619,771	289,886	727,121
Films and plates.....	98,921	67,075	31,846	126,963
Fish.....	1,349,184	1,296,739	52,445	1,155,691
Fruits and nuts.....	3,338,100	2,233,639	1,104,461	2,523,651
Handkerchiefs (linen).....	144,136	106,872	37,264	102,415
Laths.....	89,365	48,969	40,396	71,939
Lace and lace articles.....	1,170,615	874,642	295,973	1,561,418
Leather and tanned skins.....	1,388,814	775,529	613,285	755,549
Meat and dairy products.....	2,328,570	2,104,431	224,139	933,065
Nets, or nettings.....	181,530	56,511	125,019	78,071
Paper and manufactures.....	2,136,035	1,948,217	187,818	1,581,723
Perfumery, etc.....	236,207	160,284	75,923	112,563
Seeds.....	3,500,999	2,011,966	1,579,033	1,569,228
Silk manufactures.....	3,334,284	1,657,688	1,676,596	2,009,108
Vegetables.....	1,069,533	757,556	311,977	848,255
Wool and Angora hair.....	20,263,826	4,724,549	15,539,277	3,651,824
Yarns (linen).....	130,625	59,765	70,860	62,287
Total (20 products).....	43,429,609	20,750,958	22,678,651	19,403,935
<i>Decrease.</i>				
Aluminum manufactures.....	7,787	15,887	8,100	78,373
Clocks.....	7,399	57,020	49,621	50,369
Cutlery.....	44,711	172,411	127,700	77,541
Eggs.....	15,433	55,944	40,511	299,069
Embroideries.....	299,654	684,025	384,371	880,693
Enameled ware.....	19,493	44,099	24,606	63,353
Glassware.....	192,227	296,709	104,482	444,344
Plate glass.....	1,545	2,115	570	19,603
Gloves (leather).....	342,867	525,192	182,325	782,973
Hides and skins.....	10,315,625	11,042,256	726,631	8,924,537
Knit goods (cotton).....	28,913	226,263	197,353	43,825
Linoleum and oilcloth.....	67,164	103,143	35,979	158,531
Shingles.....	125,130	169,578	44,448	51,157
Silk (artificial).....	257,326	209,844	52,518	248,153
Stockings (cotton).....	10,193	164,582	154,389	263,163
Tin plate.....	19,447	20,922	1,475	27,973
Watches.....	248,162	263,065	14,903	182,237
Wood pulp.....	1,414,932	1,654,607	239,675	1,623,362
Wool manufactures.....	1,520,118	1,654,197	134,079	1,352,542
Total (19 products).....	15,268,146	17,461,862	2,193,716	15,573,900
From increase list.....	43,429,609	20,750,958	22,678,651	19,403,935
Total (39 products).....	58,697,755	38,212,820	20,484,935	34,977,736

FEDERAL RESERVE ACT.

Mr. OWEN. Mr. President, I desire to give notice that tomorrow, after the morning business, I shall ask to call up for consideration the bill (H. R. 13391) to amend an act approved December 23, 1913, known as the Federal reserve act, by adding a new section.

FLOOD CONTROL.

Mr. CLARKE of Arkansas. Mr. President, I have a matter to present that I think comes under the head of morning busi-

ness; that is, the reference of a House bill, which was laid upon the table to await the convenience of the Senator from Nevada [Mr. NEWLANDS]. We are now ready to take up that matter, and I move that House bill 14777, known as the flood-control bill, be laid before the Senate, and that it be referred to the Committee on Commerce.

The VICE PRESIDENT. The Chair lays before the Senate the bill referred to by the Senator from Arkansas.

H. R. 14777. An act to provide for the control of floods in the Mississippi and Sacramento Rivers was read twice by its title.

Mr. CLARKE of Arkansas. I move that the bill be referred to the Committee on Commerce.

Mr. NEWLANDS. Mr. President, as a substitute for that motion, I move that the bill be referred to the Committee on Interstate Commerce.

The VICE PRESIDENT. Is this matter to be discussed by unanimous consent?

Mr. CLARKE of Arkansas. I ask unanimous consent that the Senator from Nevada may be allowed to occupy a reasonable time in the discussion of the motion. I am sure he will not take a great while on the issue involved in the motion.

The VICE PRESIDENT. The Chair is of opinion that this is one of the questions that should not be debated during the morning hour. Otherwise the morning hour, of course, could be entirely consumed with a discussion of a question of reference.

Mr. CLARKE of Arkansas. I am satisfied with that; but I ask that the Senator from Nevada be allowed to occupy a few moments.

Mr. JONES. I should not have any objection if the matter might be considered after morning business has been finished. There is morning business to be presented, and if we begin a discussion of this matter before that business has been presented, the discussion will probably run until 2 o'clock.

Mr. VARDAMAN. I object, Mr. President.

The VICE PRESIDENT. Objection is made. The motion of the Senator from Arkansas [Mr. CLARKE] is to refer the bill to the Committee on Commerce, and that is—

Mr. NEWLANDS. Do I understand that that motion is not debatable, Mr. President?

The VICE PRESIDENT. It is not debatable before 2 o'clock.

Mr. NEWLANDS. Then I ask the Senator from Arkansas to allow it to be postponed until 2 o'clock.

Mr. CLARKE of Arkansas. The Post Office appropriation bill being the unfinished business, we shall gain nothing by that.

Mr. NEWLANDS. All I wish is to occupy 25 or 30 minutes in order to present this matter. Indeed, I shall take a shorter time.

Mr. CLARKE of Arkansas. I ask unanimous consent that the Senator from Nevada be allowed 15 minutes in which to discuss the motion. I trust that certainly no friend of the Mississippi River will object to that.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and the Senator from Nevada is allowed 15 minutes.

Mr. NEWLANDS. Mr. President, as a matter of precedent, it, of course, must be admitted that it has been the custom to refer bills of this kind to the Commerce Committee. I submit, however, that the Interstate Commerce Committee was organized for an object, and that was to promote and to regulate interstate commerce; that included in that is interstate transportation; and that that regulation extends not only over the question of freights and fares, but the jurisdiction extends to the instrumentalities themselves through which transportation is conducted.

I assume that it will also be admitted that a river is an instrumentality of commerce, just as is a railway; that a river must be in a measure artificialized in order to make it a perfect instrumentality of commerce; and that the committee which has jurisdiction over interstate railways should also have jurisdiction over interstate rivers.

Mr. BRANDEGEE. Mr. President—

Mr. NEWLANDS. I will state to the Senator from Connecticut that I have only 15 minutes.

Mr. BRANDEGEE. I do not ask to take half a minute. I wish to ask the Senator only one question.

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

Mr. NEWLANDS. I do.

Mr. BRANDEGEE. The Senator from Nevada is aware that Rule XVI of the Senate specifically provides that river and harbor bills shall be referred to the Committee on Commerce, is he not? The amendment to that rule was passed in 1899. So that when the Senator says that by the creation of the Com-

mittee on Interstate Commerce the Senate intended that river and harbor appropriations should be referred to the Interstate Commerce Committee, I do not think he can be correct, because the rule specifically provides otherwise.

Mr. NEWLANDS. Well, Mr. President, when the rule refers to river and harbor bills, I assume that it refers to the customary appropriation bill, known as the river and harbor bill, and that it does not refer to general legislation with a view to perfecting the rivers as instrumentalities of commerce.

Mr. President, why is it that our rivers have not been perfected as instrumentalities of commerce? Why is it that for a hundred years or more we have been engaged in the so-called work of improving our rivers, and that as yet we have hardly a single perfected waterway? Certainly the task is not an impossible one, because other countries have demonstrated its possibilities. They have perfected waterways in Germany, in France, in Austria, and in Russia, artificialized to the highest degree, with a view to maintaining, as far as practicable, a standard flow, so that vessels of standard draft can navigate them at all seasons of the year, with perfected terminals, with perfected transfer facilities, with perfected coordination between rail carriers and water carriers. Not only are these waterways themselves artificialized, but they are so connected by artificial canals as to create a network of waterways resembling the network of railways and almost as extensive, and they work in cooperation with railways in the transportation of bulky and cheap products in such a way as to diminish the cost of transportation, and, above all, to diminish the capital expense of building railways in order to meet the demands of cheap and bulky commodities.

Why is it, then, that we have not as yet entered upon the threshold of river development? My answer is that we have connected them in the same bill with harbor development thus far, and that harbor improvement is a matter upon which not only the people have been united but railroads have operated in cooperation with the people, for every harbor is a railway terminal, and this development is absolutely essential in order to promote railway business; while the river has thus far been regarded not as the terminal of the railway, but a rival of the railway, and thus all legislation tending to its perfection and development has been discouraged by the railroads.

This influence has worked secretly. There has been no manifestation of it except upon occasions; but we know that it exists; we know that wherever river transportation has been started it has been waylaid and sandbagged by the rail carriers, and that they have been absolutely unfriendly thus far to any policy which would enable the water carrier to work in cooperation with the rail carrier. I do not mean to say that that feeling is as strong and pronounced now as it was some years ago, for then railways, built in advance of the requirements of commerce, were so eager to get business that they were desirous of monopolizing the cheap and bulky transportation as well as the valuable transportation. They needed volume, and the only way to get volume was to invade the domain of the water carrier; but, with the increase of population and the increase of commerce, we have found that gradually the valuable transportation is meeting all the capacity of our railroads, and that the railroads are becoming congested, and in many cases are absolutely unable to carry the bulky products, heavy in weight and large in size, which require cheap rates. So the railroads' opposition has gradually diminished; but it remains as a tradition that in some way water transportation means injury to rail transportation; and we know how difficult it is to fight against a tradition; how it will hold men in its grasp, even though reason should say it is an entire absurdity, and we have not as yet gotten away from the traditions of the past.

It is my hope that the railroad men of this country, the big men in transportation, will realize that water transportation can be so conducted as to aid railway transportation and to save them the enormous expenditure that will otherwise be necessary in the future in the capitalization of railways in order to meet the demands of the country for the transportation of cheap and bulky commodities.

Mr. President, tradition has also held in its grasp the Commerce Committee of the Senate. It has been so accustomed to treating our rivers in almost a contemptuous fashion that it is hard for it to get out of the habit. Look over our legislation regarding rivers and harbors and you will find that almost all of the appropriations have gone to the harbors—and I have no doubt that for the most part the money has been very wisely expended there—that there has been with reference to our harbors a fixed and continuous policy which has resulted in their highest development; but with reference to rivers we find that our legislation has been halting, spasmodic, and changeable.

We had an illustration only the other day, when a new engineer officer upon the Missouri River proposed the entire abandonment of the scheme of development of that river, and his action was only beaten by an appeal to the Board of Review. That action would have simply duplicated the action of 5 or 10 or 15 years previous when, after conducting the development of that river, the revetment of its banks for a considerable period, the United States abandoned that development upon the ground of economy. I have no doubt that Congress was conscientious in that view, but I have no doubt that the four railways, two on each side of the Missouri River, had a great deal to do with creating the public sentiment that called attention to the so-called extravagance of that expenditure.

What did that work involve? It involved revetting those banks with willow tapestry, or mats, in such a way as to prevent the banks from dissolving, the soil being almost like sugar and dissolving against the impact of the water; and we have to-day 30 or 40 miles of that revetment, constructed many years ago, which is as perfect to-day as when it was made, whereas the rest of the banks is subject to its caprice, the river making its way according to its whim, destroying whole farms and plantations to-day, and so shifting their position that the farm that is on the right bank to-day is on the left bank to-morrow.

The Interstate Commerce Committee is interested in the development of interstate transportation. Gradually the Senate has enlarged the area of its operations. Its name indicates its jurisdiction, but that jurisdiction has only been gradually assumed. In the first instance, that committee took charge of only the question of the regulation of rates, but it has now assumed jurisdiction over telegraph companies, over express companies, over oil carriers, and thus its assumption is approaching the full boundaries of its jurisdiction. It seems to me that this bill relating to the control of floods, presumably in the interest of interstate commerce and with a view of developing a stable stream, ought to go to that committee by reason of its jurisdiction. Such action would leave the Commerce Committee, the jurisdiction over all other commerce outside of interstate commerce. Foreign commerce would remain as the subject belonging to the jurisdiction of the Commerce Committee and the harbors as instrumentalities of foreign commerce would belong to its jurisdiction.

Mr. President, I assume that this power is being exercised under the interstate commerce power. I assume, though it is not stated in the bill, that the purpose is to promote commerce between the States, and I assume that it is not a mere scheme to reclaim private lands. If it is a scheme to reclaim private lands, then the jurisdiction belongs to the Conservation Committee, which was organized for the purpose of conserving the national resources of the country—a committee which thus far has not assumed much jurisdiction, but which was organized as a live committee, with a view to protecting and saving the national resources of the country. If the Senate should come to the conclusion that this jurisdiction does not belong to the Interstate Commerce Committee because it is a mere reclamation scheme for private lands, then I contend that the jurisdiction belongs to the Conservation Committee.

The VICE PRESIDENT. The motion of the Senator from Arkansas is in order.

Mr. WALSH. Mr. President, a parliamentary inquiry. I understood the Chair to intimate that the motion before us is not debatable, and I rose to inquire of the Chair whether that is correct? I invite his attention to subdivision 3 of Rule XIV, as follows:

No bill or joint resolution shall be committed or amended until it shall have been twice read, after which it may be referred to a committee; bills and joint resolutions introduced on leave, and bills and joint resolutions from the House of Representatives, shall be read once, and may be read twice, on the same day, if not objected to, for reference, but shall not be considered on that day as in Committee of the Whole, nor debated, except for reference, unless by unanimous consent.

Accordingly it would appear from the plain reading of this rule that the question of reference may be debated, but that the bill itself can not be debated except by unanimous consent; and I notice that that was the construction given to the rule by the Presiding Officer on March 28, 1914. I refer to a precedent found in the last volume of Gilfry, at page 134, as follows:

The VICE PRESIDENT. In this connection the Chair desires to make a statement. The Chair was in error in ruling that the question of the reference of a bill to a committee is not debatable. The Chair was under the impression that the question was one of those questions which, under Rule XXII, are not debatable; but the Chair finds that the question is debatable. Therefore the ruling of the Chair heretofore made in reference to the matter will not stand as a precedent.

The VICE PRESIDENT. On what page is that?

Mr. WALSH. On page 134.

I recall very distinctly, Mr. President, that this matter was the subject of some extensive consideration by the Senate in

connection with the question as to whether a motion to refer a petition was debatable. The occasion was the presentation of a vast number of petitions dealing with the subject of an embargo upon the export of munitions of war.

The VICE PRESIDENT. Was that during the morning hour?

Mr. WALSH. It was during the morning hour. On that occasion I recall that the Chair held that the rule of the Senate is that everything is debatable, and that when the contention is made that a particular matter is not debatable reference must be made to a specific rule so holding; and my recollection is that the Chair on that occasion ruled that the subject of the reference of petitions to the Foreign Relations Committee, or to some other committee to which reference was made, was a proper subject for debate.

It does seem to me, Mr. President, that if the rule were otherwise as to a bill which has passed the House of Representatives and has come here for consideration by the Senate, it ought not to apply to a measure in that parliamentary stage; and it seems to me that the language of the rule clearly implies that the question of reference is debatable. If it is so, I should like to say just a few words upon the matter of the reference of this bill.

The VICE PRESIDENT. The Senator may proceed while the Chair gets the RECORD of that time. The Chair was under the impression that until the morning business was concluded, at least, these motions were not debatable, as otherwise they would deprive the Senate of the morning hour; but the Senator from Montana may proceed. The Chair would like to verify the time in the proceedings when the ruling was made.

Mr. WALSH. I desire to say, in the nature of a suggestion in the inquiry the Chair is prosecuting, that the handing down of communications from the House of Representatives, and particularly of bills coming from the House of Representatives, is not one of the things contemplated to be done during the morning hour.

The VICE PRESIDENT. The general rule is that they are always in order.

Mr. WALSH. They are always in order. What I mean to say is that it is not a part of the business of the morning hour; and it would seem to me, accordingly, that that part of the business of the Senate would not be governed by the rules relating to the transaction of morning business. It seems to me quite obvious that if a bill happens to be handed down by the Chair after 2 o'clock, it should have exactly the same status as if it were handed down by the Chair before the hour of 2 o'clock. In other words, it ought not to be, and I think the rules did not intend to put it, in the power of the Chair to make a reference debatable or not debatable as the communication was handed down before or after the hour of 2 o'clock.

The VICE PRESIDENT. The rules do put it in the power of the Chair, because the Chair is not under any compulsion to hand down a bill at any particular time; and this particular bill has been held up by the Chair on the request of the chairmen of the Committee on Commerce and of the Committee on Interstate Commerce upon the theory that they would agree as to where it should go. The Chair would not have interrupted the morning business and handed it down at this time if the Chair had believed it was going to cut out the morning business and lead to this discussion. But the bill is now before the Senate for its consideration as to reference.

Mr. WALSH. Then, I desire to say that in my judgment this bill ought to go to the Committee on Interstate Commerce. The reasons which have been presented to the Senate by the distinguished Senator from Nevada, it seems to me, are entirely unanswerable. The only jurisdiction that Congress has to deal with this subject at all, as a matter of course, rests upon the provision of the Constitution which gives to Congress the power to regulate commerce between the several States. Power is also granted to the Congress to regulate commerce with foreign countries, and that is something that is an entirely separate and distinct grant of power. But obviously, Mr. President, the right to control floods in our rivers beyond question is referable to the power to regulate commerce between the several States; and in that view of the matter it seems to me that it is eminently proper that a measure of this kind should go to the committee that deals with that particular subject.

But quite separate and apart from that, Mr. President, there is a reason which it seems to me ought to appeal to the Members of the Senate—a reason that the distinguished Senator from Nevada quite obviously felt some delicacy in advancing. That is that, as we know, he has for years advanced the idea, which appeals to the imagination and to the larger vision of every representative upon this floor, that the only proper way, or at least the advisable way, of taking care of this situation is to take care of floods at their source, and that in addition to the construction of levees and other works of like character, in order to confine

the floods within the banks of the rivers and prevent the inundation of the adjacent country and the destruction of property of illimitable value some effort ought to be made to capture the excess waters at their source and utilize them there for some valuable purpose contributing to the development of industry and to the general advancement of the public interest, rather than to allow them to come down where they do their work of destruction.

I hope that some day or other—and now is the accepted time, in my humble judgment—that idea will have consideration by a friendly committee. The Interstate Commerce Committee, it seems to me, is by all means the proper committee for the consideration of this measure, in view of the foundation of the only jurisdiction which we have in the premises. I hope very sincerely, indeed, that the Senate will take that view of it, and allow the bill to go to the committee of which the distinguished Senator from the State of Nevada is the chairman, in order that the ideas that he has so often and so forcibly and, as it seems to me, so persuasively urged upon this body may be developed and presented in some proper form to the Senate.

Mr. CLARKE of Arkansas. Mr. President, may I have unanimous consent to occupy five minutes?

The VICE PRESIDENT. The Chair finds it will be compelled to reverse its ruling that this matter is not debatable, in order to maintain consistency.

Mr. CLARKE of Arkansas. While I should not care to be diverted on to a discussion of that point, I think the Chair's original ruling was right. I do not think the incident which occurred in connection with the reference of a petition has any application here.

The VICE PRESIDENT. By the argument heretofore made, the Chair finds it was once before compelled to back down on that proposition.

Mr. CLARKE of Arkansas. The rule expressly says that motions made before 2 o'clock to proceed to the consideration of anything shall not be debatable.

Mr. GALLINGER. Mr. President, I simply call attention to the second paragraph of Rule VIII. I will not argue that it directly applies to this matter, but it seems to me it does:

All motions made before 2 o'clock to proceed to the consideration of any matter shall be determined without debate.

The VICE PRESIDENT. That was the rule upon which the Chair based the ruling this morning; but the Chair ruled that way once before, and then, on a pretty full discussion, the Chair was compelled to take it back. This is not a motion to proceed to the consideration of a bill or a resolution. It is a question of reference of a House bill the Chair has handed down during the morning hour, and for reasons already stated.

Mr. CLARKE of Arkansas. No; that was a motion to refer a wagonload of petitions on the preparedness question, that had taken a different turn, and came under a different provision. But if I may be permitted to occupy the floor for five minutes, I can say all I have to say about this matter in that time.

It is an embarrassing thing for me to be insisting that a committee with which I am connected should be selected in preference to any other committee to consider any matter that must ultimately be disposed of here; but I do not see any reason why the committee should be deprived of its traditional jurisdiction simply because some one can say that in tracing the matter back to its origin the commerce clause of the Constitution is the foundation for its consideration at all. If that were true, the whole river and harbor bill would go to that committee. The fact of the business is that the Committee on Interstate Commerce is a law committee. It prepares laws. It is a kind of a judiciary committee for the preparation of the laws and regulations regulating interstate commerce.

The bill that is now under consideration—and that is all I intend to say—is an improvement bill. It is a river and harbor bill, and what is done is to be done under the direction of the Mississippi River Commission. I do not know how to distinguish it from the same matter appearing in the text of the river and harbor bill; and there is nothing in the way of an idea in this bill that is not repeatedly contained in the river and harbor bill. It simply isolates two particular projects and adopts them, and directs their continuous development and improvement. If there is any argument in the fact that the interstate-commerce provision of the Constitution is the foundation for jurisdiction, then there is not any reason why the Commerce Committee should exist at all. Besides that—

Mr. WALSH. Mr. President, if the Senator will pardon me, I intended to make the distinction. Of course, we have rivers and harbors. Every harbor on the coast is developed in view of the foreign commerce, and that gives the jurisdiction to the Commerce Committee; and inasmuch as the work is of the same character, it all goes to that committee. But here is a case that

refers to the improvement of rivers alone, and has not any reference to foreign commerce at all.

Mr. CLARKE of Arkansas. This bill relates to the improvement of two specific rivers. It has not got the word "transportation" in it.

I believe I will submit the matter.

Mr. NEWLANDS. I ask for the yeas and nays.

Mr. RANDELL. Mr. President, I should like to say just a word, if there is no objection. For many, many years all questions relating to the Mississippi River and to the Sacramento River, and all questions relating to floods, have been referred to the Committee on Commerce. There has been no deviation from that rule. This is a question of the control of Mississippi River floods; and not a single measure relating in any way, shape, or form to the floods of the Mississippi River has been referred to any other committee than to the Committee on Commerce.

A number of petitions, memorials, and other matters relating to the Sacramento River were referred to the Committee on Commerce in the Sixty-first Congress. The Committee on Commerce reported in favor of the passage of laws requiring an examination, survey, and report of the Sacramento River. Those reports were made and they are now being acted on in the pending bill.

Everything that the Mississippi River Commission has had to do with since its creation in 1879 has been referred to the Committee on Commerce. This is simply an extension of the powers of that commission. It would be a most unusual proceeding to take out of the hands of the Committee on Commerce the jurisdiction which it has had for certainly more than a third of a century, for everything, let me repeat, in connection with the Mississippi River Commission has been handled by that committee for more than a third of a century.

I can see no reason in the world for differentiating this from the ordinary river and harbor matters. As the chairman of the committee has so well said, if we are going to differentiate it because of commerce, then you must take away from the Commerce Committee all river matters, for surely they are purely commercial matters. They relate to commerce and to nothing else but commerce.

I sincerely hope that the Senate will not, by its vote, take away from a committee a jurisdiction which it has enjoyed for more than a third of a century.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Bankhead	Hardwick	Overman	Sutherland
Borah	Hughes	Owen	Taggart
Brandeggee	Husting	Page	Thomas
Chamberlain	Jones	Pittman	Thompson
Chilton	La Follette	Polindexter	Tillman
Clark, Wyo.	Lane	Ransdell	Townsend
Clarke, Ark.	Lea, Tenn.	Reed	Underwood
Culbertson	Lodge	Saulsbury	Vardaman
Cummins	McLean	Sheppard	Wadsworth
Curtis	Martin, Va.	Simmons	Walsh
du Pont	Myers	Smith, Ariz.	Warren
Fall	Nelson	Smith, Ga.	Williams
Gallinger	Newlands	Smith, Md.	
Harding	Norris	Sterling	

Mr. SUTHERLAND. I desire to announce that my colleague [Mr. Smoot] is unavoidably absent from the Senate. I will let this announcement stand for all subsequent roll calls during the day.

Mr. GALLINGER. I rise to announce the enforced absence of the Senator from Maine [Mr. BURLEIGH] on account of illness. I will let this announcement stand for the day.

The VICE PRESIDENT. Fifty-four Senators have answered to their names. There is a quorum present. The question is on the motion of the Senator from Arkansas to refer the bill to the Committee on Commerce.

Mr. NEWLANDS. Is not the question on my substitute?

The VICE PRESIDENT. There can be no substitute for a motion of this kind.

Mr. WILLIAMS. Mr. President, before the Senate votes on this matter I want to read a part of Rule XVI, on page 17, in which it undertakes to tell specifically to what committees bills shall be referred. After saying that appropriation bills shall be referred to the Committee on Appropriations, it says:

Except the following bills, which shall be severally referred as herein indicated, namely: The bill making appropriations for rivers and harbors, to the Committee on Commerce.

You can not refer any bill making an appropriation for any river or harbor to any committee except the Committee on Commerce without first changing that rule. All sorts of general arguments founded upon general ideas reaching conclusions by

inference are as nothing compared with the specific designation in the rule of the jurisdiction of a committee. When the rule states that appropriation bills shall be referred to the Committee on Appropriations, except certain measures, and then says river and harbor appropriation bills shall be referred to the Committee on Commerce, and then goes on afterwards and says the Agricultural appropriation bill to the Committee on Agriculture, the Indian appropriation bill to the Committee on Indian Affairs, and so on, that settles it. It is like a man getting up and arguing an important point from some principle of common law and then finding himself faced with a statute.

Mr. NEWLANDS. Mr. President, I insist that it is perfectly clear from this rule that the bill does not go to the Committee on Commerce by a reason of the rule. What does the rule refer to?

All general appropriation bills shall be referred to the Committee on Appropriations, except the following bills, which shall be severally referred as herein indicated, namely: The bill making appropriations for rivers and harbors, to the Committee on Commerce; the Agricultural bill, to the Committee on Agriculture and Forestry.

Reference is made to one of those particular bills.

Mr. WILLIAMS. Will the Senator pardon an interruption there?

Mr. NEWLANDS. Certainly.

Mr. WILLIAMS. Does the Senator contend that if the Senate chose to bring in three bills covering the general subject matter of appropriations for rivers and harbors instead of bringing in one, each one of them would not be a bill making appropriations for rivers and harbors? Does the Senator contend that this particular bill is not a bill making appropriations for rivers and harbors?

Mr. NEWLANDS. I do contend that it is not a bill making appropriations. It is a bill authorizing appropriations to be made. It is a bill laying the foundation for appropriations hereafter to be made in the river and harbor bill.

Mr. WALSH. Will the Senator from Nevada allow me?

Mr. NEWLANDS. Yes.

Mr. WALSH. I will answer that in that event it will not be a general appropriation bill. This is not a general appropriation bill at all, neither is the bill making appropriations for rivers or harbors. There are no harbors in it.

Mr. NEWLANDS. Mr. President, it is perfectly clear that the rule refers only to all general appropriation bills and provides that they shall all be referred to the Committee on Appropriations except certain general appropriation bills, and what are they? First, the bill making appropriations for rivers and harbors.

Mr. TOWNSEND. Mr. President, I rise to a question of order.

The VICE PRESIDENT. The Senator will state it.

Mr. TOWNSEND. I understand we have granted 15 minutes for the discussion of this question by the Senator from Nevada, and everybody has been discussing it. If it is in order, I wish to make the point of order that further debate is out of order, and that we proceed to vote on the question. There are a lot of things we want to take up, and we do not want to spend all the morning out of order in discussing a question of this kind.

Mr. NEWLANDS. I understood that the Chair declared debate to be in order.

The VICE PRESIDENT. The Chair stated that the motion is debatable, and the Chair also stated that he would not have handed the bill down had the Chair known that the entire morning was to be taken up in the discussion as to what is a general appropriation bill.

Mr. NEWLANDS. I will bring my remarks to a conclusion within two minutes because I understand, of course, that the Senate is eager to get to other business.

The rule has been invoked, but I say that rule has no application whatever to this bill, first, because it refers only to a general appropriation bill and distinguishes that bill as the bill, the bill making appropriations for rivers and harbors, the nature and character of which we all understood, and, second, because this is not an appropriation bill, but simply a bill authorizing work to be done for which appropriations can hereafter be made. I pause there.

Mr. BRANDEGEE. Mr. President, I wish to state briefly why I shall vote as I feel compelled to vote on the Senator's motion. In the first place, I think the motion to refer the bill is debatable under Rule XIV, that portion of it which says that motions when a bill is introduced shall not be debated except a motion to refer. I think that clearly—

The VICE PRESIDENT. The Chair has already regretfully conceded that point.

Mr. BRANDEGEE. Irrespective of the regret of the Chair I wanted to express that opinion.

As to the other claim of the Senator from Nevada, that this matter of river control and the regulation of commerce upon

rivers should be referred to the Committee on Interstate Commerce because it deals with the commerce clause of the Constitution or is authorized by it, I do not think that that argument is well taken. If it is, it would result in all the bills which refer to the development of any river that ran from one State into another being taken away from the Committee on Commerce and sent to the Committee on Interstate Commerce. If they have jurisdiction over all questions that affect interstate commerce, even to the bridging of rivers, and so forth, it is entirely, I think, in direct contradiction to the universal practice of the Senate.

I am not debating whether the Senate ought to change its rule or its custom in that respect, but if the contention of the Senator from Nevada is correct it seems to me it would leave the jurisdiction of the Committee on Commerce confined solely to harbors and to such rivers as are not interstate.

Mr. NEWLANDS. I will ask the Senator whether he does not think that ought to be the case. Does not the Senator realize that almost all the Senators on that committee come from the seacoast, where they have harbors, and that the interior of the country has very little representation upon the committee?

Mr. BRANDEGEE. I think the subject is a very large one. If the mere creation of the Interstate Commerce Committee by the Senate, without any definition of its jurisdiction, ipso facto gives it jurisdiction over every subject in relation to interstate and foreign commerce, it would also include harbors if they were used for foreign commerce, and you would have the Committee on Commerce with no jurisdiction at all.

Mr. NEWLANDS. But the Senator must bear in mind that the committee—

Mr. BRANDEGEE. The Senator never asked me to yield and he never addresses the Chair when he interjects a speech into mine. I will yield if the Senator will ask me to yield.

Mr. NEWLANDS. The Senator will recall that this is not a Committee on Interstate and Foreign Commerce, but it is simply confined to interstate commerce.

Mr. BRANDEGEE. It is interstate commerce, but the harbors along both the Atlantic coast and the Pacific coast are used in the coastwise trade, of course, from State to State. The Interstate Commerce Committee is a pretty busy committee. It has now, by the custom of the Senate, if for no other reason, jurisdiction over all matters relating to interstate railways, safety appliances, and all such matters as that, and legislation concerning interstate commerce. It is a pretty busy committee, and it has a tremendously important jurisdiction now. If it is the desire of the Senate to confer the jurisdiction of the Committee on Commerce upon the Committee on Interstate Commerce, in addition to what it now has, it is a large subject, and I would not want, on what debate has now been had, to reverse the policy of the Senate and change the custom of the Senate. Therefore I shall vote for the motion of the Senator from Arkansas to send the bill to the Committee on Commerce.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas to refer the bill to the Committee on Commerce.

Mr. NEWLANDS. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JONES. I wish to suggest that there are seven members of the Commerce Committee who can be strictly said to be river members.

The VICE PRESIDENT. The Secretary will call the roll on agreeing to the motion of the Senator from Arkansas.

The Secretary proceeded to call the roll.

Mr. CHAMBERLAIN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. OLIVER]. In his absence I withhold my vote.

Mr. DU PONT (when his name was called). I inquire whether or not the junior Senator from Kentucky [Mr. BECKHAM] has voted?

The VICE PRESIDENT. He has not.

Mr. DU PONT. As I have a general pair with that Senator, I withhold my vote.

Mr. HARDWICK (when his name was called). I transfer my pair with the Senator from Kansas [Mr. CURTIS] to the Senator from Indiana [Mr. KERN] and vote "yea."

Mr. OVERMAN (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. WARREN]. Not seeing him in his seat, I withhold my vote.

Mr. THOMPSON (when Mr. SAULSBURY's name was called). I desire to announce that the junior Senator from Delaware [Mr. SAULSBURY] is absent from the Chamber and that he is paired with the junior Senator from Rhode Island [Mr. COLT].

Mr. SIMMONS (when his name was called). I transfer my pair with the junior Senator from Minnesota [Mr. CLAPP] to the junior Senator from California [Mr. PHELAN] and vote "yea."

Mr. SMITH of Maryland (when his name was called). I am paired with the Senator from Vermont [Mr. DILLINGHAM]. I transfer that pair to the Senator from Illinois [Mr. LEWIS] and vote "yea."

Mr. THOMPSON (when his name was called). I am paired with the Senator from Illinois [Mr. SHERMAN]. In his absence I withhold my vote.

Mr. TILLMAN (when his name was called). Transferring my pair with the Senator from West Virginia [Mr. GOFF] to my colleague [Mr. SMITH of South Carolina], I vote "yea."

Mr. TOWNSEND (when his name was called). I have a pair with the junior Senator from Florida [Mr. BRYAN], but under the terms of that pair I feel at liberty to vote. I vote "yea."

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the Senator from New York [Mr. O'GORMAN] and vote "yea."

The roll call was concluded.

Mr. LODGE. Mr. President, my colleague [Mr. WEEKS] is absent from the city. He has a general pair with the Senator from Kentucky [Mr. JAMES].

Mr. GALLINGER. Mr. President, I have been requested to announce the following pairs:

The Senator from Maine [Mr. BURLEIGH] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from North Dakota [Mr. GRONNA] with the Senator from Maine [Mr. JOHNSON]; and

The Senator from North Dakota [Mr. McCUMBER] with the Senator from Colorado [Mr. THOMAS].

Mr. THOMPSON. I transfer my pair with the senior Senator from Illinois [Mr. SHERMAN] to the junior Senator from South Dakota [Mr. JOHNSON] and vote "nay."

Mr. OWEN. I transfer my pair with the Senator from New Mexico [Mr. CATRON] to the Senator from Nebraska [Mr. HITCHCOCK] and vote "yea."

Mr. LODGE (after having voted in the affirmative). Mr. President, I have learned that the Senator from Georgia [Mr. SMITH], with whom I am paired, has not voted. I transfer that pair to the Senator from Utah [Mr. SMOOT] and will allow my vote to stand.

The result was announced—yeas 41, nays 16, as follows:

YEAS—41.

Bankhead	Hollis	Reed	Taggart
Brandegee	Hughes	Shafroth	Tillman
Broussard	Jones	Sheppard	Townsend
Chilton	Lippitt	Shields	Underwood
Clarke, Ark.	Lodge	Simmons	Vardaman
Culberson	McLean	Smith, Ariz.	Wadsworth
Fall	Martin, Va.	Smith, Md.	Williams
Fletcher	Nelson	Smith, Mich.	Works
Gallinger	Owen	Sterling	
Harding	Page	Sutherland	
Hardwick	Ransdell	Swanson	

NAYS—16.

Borah	Husting	Myers	Poindexter
Clark, Wyo.	La Follette	Newlands	Stone
Cummins	Lane	Norris	Thompson
Gore	Lea, Tenn.	Pittman	Waish

NOT VOTING—39.

Ashurst	Dillingham	Lee, Md.	Robinson
Beckham	du Pont	Lewis	Saulsbury
Brady	Goff	McCumber	Sherman
Bryan	Gronna	Martine, N. J.	Smith, Ga.
Burleigh	Hitchcock	O'Gorman	Smith, S. C.
Catron	James	Oliver	Smoot
Chamberlain	Johnson, Me.	Overman	Thomas
Clapp	Johnson, S. Dak.	Penrose	Warren
Colt	Kenyon	Pheasant	Weeks
Curtis	Kern	Pomerene	

So the motion of Mr. CLARKE of Arkansas was agreed to; and the bill was referred to the Committee on Commerce.

Mr. NEWLANDS. Mr. President, I ask that the bill (S. 5736) to promote interstate commerce, agriculture, and the general welfare by providing for the development and control of waterways and water resources, for water conservation, for flood control, prevention, and protection; for the application of flood waters to beneficial uses; and for cooperation in such work with States and other agencies, and for other purposes, on the same subject be taken from the table and referred to the Committee on Commerce.

The VICE PRESIDENT. The bill will be referred to the Committee on Commerce.

CONCENTRATION AND MANEUVER CAMP, WASHINGTON.

Mr. JONES. Mr. President, there is a resolution on the table which went over the other day at the request of the Senator from New Hampshire [Mr. HOLLIS]. I have talked with that Senator, and he has stated to me that he has no objection to the resolution. I ask, therefore, that it may be considered at this time.

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

There being no objection, the resolution (S. Res. 203) submitted by Mr. JONES on May 18 (calendar day May 26), 1916, was considered by unanimous consent and agreed to, as follows:

Resolved, That the Secretary of War be directed to transmit to the Senate, as soon as possible, copies of the following reports and memoranda with reference to the American Lake concentration and maneuver camp in the State of Washington, to wit:

Report of Gen. Funston for the year 1903.
Report of Capt. S. A. Cloman in 1907.
Report of Col. Woodbury in 1907, about April 4.
Report of Lieut. A. M. Ferguson of August 1, 1907.
Reports from the Secretary of the Interior and the Acting Commissioner of Indian Affairs under date of May 27, 1907.
Report of the board of Army officers composed of Gen. Murray, Gen. Maus, and Capt. Craig, March 4, 1912.
Memoranda submitted by Gen. Duvall May 10, June 8, and September 26, 1907.
Report of Gen. Randall.

OREGON & CALIFORNIA RAILROAD LAND GRANTS.

The VICE PRESIDENT. If there be no further resolutions, morning business is closed.

Mr. CHAMBERLAIN. Mr. President, I move that the Senate proceed to the consideration of House bill 14864, relative to the land grants to the Central Pacific Railroad.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 14864) to alter and amend an act entitled "An act granting lands to aid in the construction of a railroad and telegraph line from the Central Pacific Railroad, in California, to Portland, in Oregon," approved July 25, 1866, as amended by the acts of 1868 and 1869, and to alter and amend an act entitled "An act granting lands to aid in the construction of a railroad and telegraph line from Portland to Astoria and McMinnville, in the State of Oregon," approved May 4, 1870, and for other purposes, which had been reported from the Committee on Public Lands with amendments.

Mr. CHAMBERLAIN. Mr. President, I ask that the formal reading of the bill be dispensed with, that the bill be read for amendment, the committee amendments to be first considered.

The VICE PRESIDENT. Is there objection?

Mr. BORAH. Mr. President, just a moment, before that is agreed to. I desire to ask the Senator from Oregon if this is the bill which has to do with the disposition of the lands which were in litigation and which were known as the railroad lands of Oregon?

Mr. CHAMBERLAIN. This is the bill, I will say to the Senator.

Mr. BORAH. The Senator does not expect to dispose of this bill by 2 o'clock, does he?

Mr. CHAMBERLAIN. I understand that when the Post Office appropriation bill, which is the unfinished business, comes up the chairman of the Post Office Committee will ask to have it laid aside for the continuation of the discussion of this bill.

Mr. BORAH. Well, Mr. President, I do not desire to delay this bill; but there are some features of it which have been brought to my attention within the last day or two that I should like to know more about before I vote on the bill.

Mr. CHAMBERLAIN rose.

Mr. BORAH. Is the Senator from Oregon going to discuss the bill?

Mr. CHAMBERLAIN. Yes.

Mr. BORAH. Very well. I may learn from the Senator what I desire to know.

Mr. CHAMBERLAIN. I may defeat the bill by discussion, as is sometimes done.

Mr. BORAH. That is not ordinarily the effect of the Senator's speeches.

The VICE PRESIDENT. Is there objection to the request of the Senator from Oregon that the formal reading of the bill be dispensed with and that the bill be read first for committee amendments? The Chair hears none.

Mr. CHAMBERLAIN. Mr. President, possibly before the bill is read for committee amendments, I had better make a general statement in reference to the legislation and the condition of the land grant which is involved in the legislation.

Mr. President, as preliminary to the discussion of the measure, I ask permission to have printed in the Record a letter from the Attorney General to me under date of March 7, 1916, and an inclosure which that letter brought to me, being a report to the Attorney General by Mr. S. W. Williams, who was appointed as the agent of the Department of Justice to visit Oregon some time last September to examine into the condition of the lands included within this grant and to make a report thereon to the Department of Justice.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Nebraska?

Mr. CHAMBERLAIN. I do.

Mr. NORRIS. I have no desire to delay the bill more than would be involved by a legitimate discussion; but I notice that the Senator has asked that the matter to which he refers be printed in the Record. If he expects to dispose of the bill to-day, it seems to me it ought to be read.

Mr. CHAMBERLAIN. I should be very glad, indeed, to have the letter and the report read, and if the Senator so requests I will ask that they be read.

Mr. NORRIS. So far as I am concerned, I should like to hear read the letter and the report to which the Senator refers, because it seems to me that there are some very important matters in this bill to which the Senate ought to give its attention, and Senators would get no benefit from the information contained in the letter and report if they could not read them in the Record until after the bill had been passed.

Mr. CHAMBERLAIN. I will say to the Senator that I intended to cover in what I had to say about the bill practically what is contained in the letters and report; but I agree with the Senator that, in view of the importance of this legislation, it might be well to read the communications to the Senate, and thus save very much that I might have to say in the discussion of the measure. The report is full and complete and is by quite a distinguished lawyer in the Department of Justice, a man who is entirely disinterested, who himself went over the ground, and from actual contact with individuals in the State, commercial associations, and other bodies, and from an inspection of the lands reported to his chief on this whole subject.

Mr. NORRIS. May I ask the Senator, further, does it refer to or does it have a bearing upon the bill which passed the House, or has it particular reference to the Senate committee amendments which have been proposed?

Mr. CHAMBERLAIN. It is a general report on the condition of the Oregon railroad grant before any bill was prepared or introduced in either the House or the Senate.

Mr. NORRIS. I hope the Senator will have it read, then.

Mr. CHAMBERLAIN. I will be glad to have it read, Mr. President, because, as I have said, it is a full report on the whole subject.

Mr. BORAH. Mr. President, before the reading commences, may I ask the Senator from Oregon if that feature of this bill in which the port districts in Oregon are interested have been taken care of satisfactorily to them?

Mr. CHAMBERLAIN. They have, I will state to the Senator. That is a Senate committee amendment.

Mr. BORAH. And it is satisfactory to those who represent the port districts?

Mr. CHAMBERLAIN. We had a hearing, Mr. President, at which a representative of the port districts was heard, and it is satisfactory to him, I believe.

Mr. BORAH. Do the amendments which the committee have reported to the bill cover the situation satisfactorily?

Mr. CHAMBERLAIN. Yes, sir. I will say that the Senate has made very few amendments, and that that is one of the principal amendments.

Mr. President, I ask that the letter from the Attorney General and the report of Mr. S. W. Williams be read to the Senate.

The VICE PRESIDENT. In the absence of objection, the Secretary will read as requested.

The Secretary read as follows:

DEPARTMENT OF JUSTICE,
Washington, D. C., March 7, 1916.

HON. GEORGE E. CHAMBERLAIN,
United States Senate.

MY DEAR SENATOR: In accordance with the request contained in your letter of the 4th, I am inclosing herewith a copy of the report of Mr. S. W. Williams on the Oregon & California Railroad land grant.

Mr. Williams was sent to Oregon for the purpose of securing all available information in regard to the matter for the use of this department in such action as it might be called upon to take in the litigation which, as you know, is still pending, or in regard to any legislation that might be considered looking to a disposition of the case. His report, therefore, contains not only such facts as he could ascertain in regard to the character of the lands, the views of the people living in that section of the country, etc., but also his recommendations as to the manner of settling the litigation and the disposition which should be made of the lands involved. I must, therefore, ask you to regard this report as the work of Mr. Williams and not as expressive of the views of the department, because, as stated in my report to Senator MYERS on Senate bill No. 30 in regard to this matter, I do not consider it within the province of this department to express views as to the policy to be pursued by Congress in regard to the disposition of the public lands.

Should you have occasion to refer to the report, or publish any part of it, I rely upon you to make it very plain that the views expressed are the views of Mr. Williams and not necessarily the views of this department.

Faithfully, yours,

T. W. GREGORY,
Attorney General

REPORT OF S. W. WILLIAMS, ATTORNEY, DEPARTMENT OF JUSTICE, ON
THE OREGON & CALIFORNIA RAILROAD LAND GRANT.

NOVEMBER 30, 1915.

THE ATTORNEY GENERAL.

SIR: I have the honor to submit herewith the report of my investigation of the situation resulting from the Government's litigation involving the Oregon & California Railroad land grant.

HISTORY OF THE LAND GRANT AND THE LITIGATION ARISING THEREFROM.

For convenience I shall, as an introduction to this report, summarize very briefly the history of the land grant and the litigation growing out of it.

By the act of July 25, 1866 (14 Stat., 239), Congress authorized such company organized under the laws of Oregon as the legislature of that State might designate, to construct and maintain a railroad and telegraph line beginning at the city of Portland, in Oregon, and running southerly through Willamette, Umpqua, and Rogue River Valleys to the southern boundary of Oregon; and to aid in the construction of the railroad and telegraph line, and to secure the safe and speedy transportation of the mails, troops, munitions of war, and public stores over the line of road, the act granted every odd-numbered section of public land, not mineral, lying within 20 miles on each side of the railroad line—there being a provision for securing indemnity within an additional belt of 10 miles on each side, for such odd-numbered sections, within the 20 miles or granted limits, as had been previously disposed of, reserved, or occupied by settlers.

The act of Congress further provided that the company seeking to avail itself of the grant should file its assent to the terms of the act in the Department of the Interior within one year from the date of the act, and should complete the first section—or 20 miles of road—within two years, and upon failure to do either, the grant should be void. For reasons not necessary to state here, no properly organized and designated company accepted the terms imposed by Congress within the time allowed, and by the act of April 10, 1869 (16 Stat., 47), Congress renewed the grant, but in so doing provided that the lands granted should "be sold to actual settlers only, in quantities not greater than 1 quarter section to each purchaser and at prices not to exceed \$2.50 per acre."

The grant as thus amended was accepted by the Oregon & California Railroad Co., and in the course of time the railroad was constructed from Portland to the California line.

By the act of May 4, 1870 (16 Stat., 94), Congress made a like grant to the Oregon Central Railroad Co. (a predecessor of the Oregon & California Railroad Co.) for the construction of a railroad and telegraph line from Portland to Astoria and from a point near Forest Grove to the Yamhill River, near McMinnville. It is sufficient to say that the terms of this grant were also accepted by the railroad company, and 47 miles of road were constructed; and that under both grants the total quantity of land accruing to the Oregon & California Railroad Co. was approximately 3,300,000 acres.

At first and for a number of years there were substantially no demands for the granted lands except for the purpose of settlement by persons of limited means able to purchase only in small quantities, and until about the year 1894 nearly all of the sales made by the company were of that character. However, when the value of timber lands became known, the demand rapidly increased and the railroad company in making sales did not observe the conditions imposed by the granting acts, but, on the contrary, sold to whom it saw fit, in such quantities as the purchasers would buy and at the highest prices obtainable until about the year 1903, when the company practically refused to make any further sales whatever. At that time the company had sold more than 740,000 acres and had contracted for the sale of more than 80,000 acres in addition.

While there seems to have been no concealment of its action by the railroad company in disposing of the lands contrary to the terms of the grant, so far as I have been able to ascertain the matter was first called to public notice by Mr. W. B. Sherman, of Grants Pass, Oreg., when, on September 11, 1906, he made a public address at a State fair at Salem before a meeting of the Oregon Development League. In this address he referred to the contract between the Government and the railroad company and commented upon the conditions under which the lands were granted. This address was given wide publicity by the Oregon newspapers. I am also informed that even prior to that time the matter was discussed more or less in litigation in the State courts, involving certain of the granted lands.

In February, 1907, the Legislature of Oregon, responding to repeated demands of the people, adopted and communicated to the Federal Government a memorial pointing out the violations of the granting acts, and on April 30, 1908 (35 Stat., 571), Congress adopted a joint resolution authorizing and directing the Attorney General of the United States to institute and prosecute such suits in equity and actions at law as he might deem adequate and appropriate to enforce all the rights and remedies in any manner arising or growing out of the matter.

Pursuant to that authority and direction the Attorney General caused a bill in equity to be filed in the United States district court for the district of Oregon to have it judicially determined whether the railroad company had not forfeited its unsold lands (approximately 2,300,000 acres) by reason of having violated the terms under which it had received them from Congress. In the bill thus filed the Government contended that the terms of sale imposed by the granting acts constituted a condition subsequent, breach of which on the part of the grantee operated to forfeit the grant; and the bill accordingly contained a prayer that the lands described therein (all the unsold lands, whether patented or unpatented) be declared forfeited to the United States. The bill also contained in the alternative prayers to the effect that a receiver be appointed to sell the lands and account for the proceeds as the court should direct; or that a mandatory injunction be issued directing the railroad company to sell the lands in conformity with the terms by which they were granted.

The railroad company demurred to the bill of complaint. The case was exhaustively argued and briefed, and in a lengthy opinion District Judge Wolverton overruled the demurrer on April 24, 1911. (186 Fed. Rep., 861.) Upon this the railroad company filed an answer and a vast deal of testimony was taken, most of which, however, consisted of conflicting testimony regarding the character, adaptability, and value of the lands. The case was then heard on the merits and a decree entered July 1, 1913, declaring the lands forfeited to the United States.

The railroad company appealed to the circuit court of appeals, and that court, after argument, certified certain questions to the Supreme Court. Upon motion of the Government, in which all parties concurred, the Supreme Court ordered up the entire record and, therefore, had the whole case before it when its decision was rendered on June 21, 1915. (238 U. S., 393.)

The Supreme Court held that the provisions of the acts of 1869 and 1870 declaring that the granted lands should be sold to actual settlers only in limited quantities and at a price not exceeding \$2.50 per acre, did not constitute a condition subsequent and that a violation thereof did not work a forfeiture of the grant, but that they were enforceable covenants. The Supreme Court therefore reversed the action of the district court and remanded the case for the entry of a decree enjoining the railroad company from making further sales in violation of the law. The Supreme Court further decided that, in view of the present value of the lands for their timber, any attempt to sell them now in accordance with the terms of the granting acts would invite more to speculation than to settlement, and for that reason the court ordered a further injunction against any sale or disposition whatever either of the lands or the timber for a period of not less than six months from the entry of the decree "until Congress shall have a reasonable opportunity to provide by legislation for their disposition in accordance with such policy as it may deem fitting under the circumstances and at the same time secure to the defendants all the value the granting acts conferred upon the railroads."

It should be stated here that from the time it received patents for the lands the railroad company paid taxes thereon to the State and counties—at first on the basis of a low valuation, but later on a greater value—in most instances far above \$2.50 per acre; and when the decree of forfeiture was entered the company had paid taxes to the amount of nearly \$2,000,000. Upon the entry of the forfeiture decree by the district court in 1913 the railroad company paid no further taxes on the lands, by reason of which the counties affected suffered material loss in revenue. The situation became so acute during the past summer that the governor of the State called a conference to be held at Salem on September 16 for the purpose of considering the matter and formulating a definite policy regarding the lands and the manner in which they should be disposed of. This conference was attended by public men of the State, by delegates appointed by the county courts, and others who appeared in an advisory capacity, among them the Commissioner of the General Land Office of the United States and Mr. F. P. Dunne, attorney for the Southern Pacific Railway Co., which corporation now controls the Oregon & California Railroad Co.

After a session of two days the conference adopted the following resolution:

"Whereas the people of the State of Oregon by their representatives, duly assembled at Salem, Oreg., September 16 and 17, 1915, have been brought together by a common inspiration to consider the material welfare of Oregon, made imperative by the rendition of the opinion of the Supreme Court of the United States in the case of the Oregon-California Railroad Co. et al. v. The United States, popularly known as the land-grant case; and

"Whereas in said case the Supreme Court has construed the acts of Congress of the United States, approved July 25, 1866, as amended by the act approved June 25, 1868, and April 10, 1869, and the act of May 4, 1870, to be not only laws but enforceable and continuing covenants; and

"Whereas said acts contain conditions for the sale of the lands granted thereunder, requiring the said lands to be sold to actual settlers in quantities not greater than 160 acres and for sums not exceeding \$2.50 per acre; and

"Whereas the said conditions plainly imply an obligation upon the grantee in said grant to sell said lands to actual settlers who comply with the conditions of said grant, and bring themselves within the conditions of said grant as actual settlers; and

"Whereas it is apparent that the grantees in said grant, by the acceptance of said grant, plainly agreed to convey the said lands according to the terms of said grant to such settlers upon the payment of the amount specified in said grant, and to make such conveyance upon the full performance of the terms of said grant by said actual settlers; and

"Whereas the Supreme Court in its opinion of June 25 [21], 1915, held that Congress should have a reasonable opportunity to provide by legislation for the disposition of said lands in accordance with such policy as it might deem fitting under the circumstances, and at the same time to secure to the defendants in said cause all the value the granting acts conferred upon the said defendants, at all times keeping in view the policy which will insure actual settlement of the lands rather than speculation; and

"Whereas the United States Government has heretofore created national forests within the State of Oregon, occupying approximately one-third of the area of the State of Oregon, and thereby militating greatly against the growth and development of the State of Oregon; Therefore be it

"Resolved, That it is the sense of this conference that the Congress of the United States should enact laws defining and settling who shall be considered an actual settler under the terms of said acts, and what shall be considered an actual settlement, and requiring the grantees under said act to perform the terms and conditions of said act, and sell and dispose of said lands according to the true intent and purpose of said acts to such actual settlers; and be it further

"Resolved, That we are unalterably opposed to any further increase of forest reserves in the State of Oregon; and lastly, be it

"Resolved, That we urge upon Congress the enactment of legislation which shall provide for the immediate sale of said grant lands in quantities of not greater than 160 acres to any one person, and to actual settlers, at a price not in excess of \$2.50 per acre, and to provide against all fraud in the settlement and disposition of said lands."

Such was the situation when I was ordered by the department, on September 21, 1915, to proceed to Oregon and investigate the matter as fully as might be.

CHARACTER AND EXTENT OF THE INVESTIGATION AND FACTS ASCERTAINED.

Leaving Washington on September 24 I proceeded directly to Portland, where I remained several days conferring with the United States attorney, Chief of Field Division of the General Land Office located there, United States Senator CHAMBERLAIN, ex-Governor West, of Oregon, and others. Mr. Louis L. Sharp, Chief of Field Division of the General Land Office, furnished me valuable information respecting the character of the lands, etc., and to enable me to make all possible use of the limited time at my disposal he detailed Special Agent Leonard Underwood to accompany me on the various trips I proposed to make over the land grant. Owing to Mr. Underwood's general information in regard to the lands, his acquaintance with the country and the people, I succeeded in seeing more of the lands and in interviewing more people having personal, intimate knowledge of the situation than I could have otherwise done under the circumstances.

From Portland I went to Oregon City where I met and interviewed a number of the county officials of Clackamas County, and where later a meeting of the Commercial Club was called to discuss the matter.

I should state here that in those towns of Oregon that I visited, the Commercial Club is an important factor. It is an organization combining the functions of a social club with those of a business men's association. Usually most of the prominent or well-known men in the town belong to it, and frequent meetings are held for the purpose of considering public matters and all questions of local interest.

The people of Oregon City seemed to be of the opinion that the grant lands should be sold for their actual value and that the railroad company should receive not more than \$2.50 per acre, while the difference between that sum and the selling price should be given to the State. They made it plain beyond all question that they desired that none of the lands be included in a forest or other reservation for national purposes.

From Oregon City I drove out into the grant lands in Tps. 5 and 6 S., R. 2 E., in the western slope of the Cascade Mountains. The land here is fairly well timbered, but rough and steep in most places. The soil seemed to be excellent, and I saw land similar in topography that was cleared and in use as pasture. I also inspected portions of the grant lands in the vicinity of Wilhoit Springs in secs. 5 and 15, T. 6 S., R. 2 E. Here I had a conversation with the postmaster, W. F. McLaren, who said that he thought the Government should insist upon the railroad company selling the land in accordance with the terms of the grant, but that if Congress should act and dispose of the lands they should be sold for their actual value; that he would be glad to buy the tract adjoining his place at \$40 per acre, as it was worth that much for its timber alone.

After spending two days at Oregon City and on the grant lands in that vicinity on the east side of the Willamette River, I went to Willamina, on the other side of the river, and from there drove out to the grant lands in T. 4 S., R. 7 W., using an automobile as far as it could conveniently proceed up the mountains. Mr. Underwood and I then walked several miles higher up the mountains. The land here was burnt over some 50 years before and practically all the timber has been destroyed, there being only small second growth in places, with some scattering large trees. The land for the greater part is steep, but not so much so as to be unfit for use. Substantially all of it is good for grazing and a large part can be cultivated. This is shown by the fact that practically on the very top of one of the mountains I found an extensive field. Mr. Underwood took several photographs of the lands here and elsewhere, which I shall submit with this report.

While I saw only a small part of the grant lands in this vicinity, I was informed by Mr. Underwood, who had been over most of the lands there, that what I had seen was a fair sample of all.

From Willamina I went to Salem, the State capital, where I met and interviewed both county and State officials, and where I also had an opportunity of meeting members of the Commercial Club. I had the pleasure of a conference with the governor, who freely expressed his views on the situation. He said that the principal consideration was the early settlement of the lands, and to that end he thought it best to first classify them and dispose of the nontimbered lands at \$2.50 per acre to actual settlers in tracts not exceeding 160 acres, while the timber should be sold for its market value; that the timber was largely inaccessible and until railroads or roads were built it could not be used. He seemed to think that the railroad company should receive \$2.50 per acre for the land and possibly a portion of the surplus derived from the sale of timber, the other part to go to the State and to be placed in some irrevocable fund to be available to men who might enter the land at a low rate of interest on long terms. In conclusion, the governor expressed himself as unalterably opposed to the lands going into any sort of a reserve.

From Salem, with B. B. Herrick, jr., county surveyor, I visited the grant lands in Tps. 7 and 8 S., R. 1 E., where I interviewed an old settler, Samuel T. Arnold, who had been living there for 28 years. He stated that most of the railroad land in that vicinity was rough, containing little timber; that nearly all of it was good for grazing and some, perhaps, for cultivation, while portions were too steep for any use whatever. For example, he said that less than 10 per cent of section 11 in that township had any value at all except, possibly, for power purposes, as the Silver Creek here falls abruptly over a bluff 186 feet to a pool below. I found people residing on the very tops of some of the mountains in T. 8 S., R. 1 E., among them H. J. Winter, who has been living on a homestead there for 24 years, the land having been entered by his father. The soil here seemed to be fertile and produced fine fruit trees and vegetables. Winter informed me that most of the land could be used, and in that vicinity all of it was worth \$2.50 an acre, much of it a great deal more.

While in Salem, I had an interview with a timber cruiser for the Hammond Lumber Co., which company is now operating timber in that part of the country. This man informed me that much of the timber was so overripe as to be worthless, and he estimated that in places the loss was as great as 50 per cent. Those attending the meeting at the Commercial Club, in Salem, were unanimous only on one question, namely, that they did not desire the lands to be included in a forest reserve. There was a variety of opinion expressed as to the disposition that should be made of the lands, some suggesting that the lands be sold for the highest prices obtainable and the railroad company paid \$2.50 per acre, while the balance should go to the State. The chief concern of the people here, as elsewhere, is that the lands remain on the tax rolls, so as to return their due proportion of revenue to the State and counties in which they are located.

Among those interviewed at the State capital and who furnished me much valuable information was Mr. F. A. Elliott, the State forester, who at one time was employed by the Southern Pacific Railroad Co., and who has been practically over all of the grant lands. In his opinion there are some 400,000 acres of these lands that are hardly worth the taxes at the present time, and the balance is valuable chiefly for the timber. Mr. Elliott exhibited to me statistics showing that of the owners of timberlands in the State less than 25 per cent live upon the lands so owned, and he said that while the railroad lands would be taken up by alleged settlers if they were afforded the opportunity, in his judgment, less than 5 per cent would remain after making proof. Mr. Elliott also corroborated what was told me by the cruiser for the Hammond Lumber Co., that a large part of the timber was past maturity and should have been cut long ago, much of it being now worth little or nothing. At Salem I saw several men of more or less prominence who did not hesitate to say that the railroad company had earned the grant by constructing the road, and that it would not be inequitable for Congress to grant the land to the company outright. Such men, however, constitute a small minority of those whom I saw.

From Salem I went to Albany, the county seat of Linn County, where I talked with a number of attorneys, business men, and several of the county officials, including the sheriff, county commissioner, justices of the peace, county clerk, county attorney, and circuit judge. The majority of those I saw were opposed to the railroad company's receiving more than \$2.50 per acre for the lands. They seemed to be willing, however, to waive the requirement of actual settlement and have the lands sold for their value, the proceeds in excess of \$2.50 an acre to be given to the State. Here, as elsewhere, the people were particularly anxious to see the lands opened to settlement and be made subject to taxation.

I arrived at Eugene, the county seat of Lane County, on October 11, and remained there and in the vicinity for three days. A meeting was held at the Commercial Club, where I had an opportunity of conferring with a number of prominent men of the town in all walks of life. Here, too, I found strong sentiment favorable to the disposition of the lands at their actual value; also, a disposition to be just to the railroad company, and here, also, I found unanimous opposition to the inclusion of any of the lands in a forest reservation.

From Eugene I visited the grant lands in T. 16 S., R. 2 W., on the western slope of the Cascade Mountains and found them rough and steep, with a fair growth of timber. While these lands are rough, they could be devoted to agricultural purposes, chiefly for grazing, when cleared. I saw where two homestead entries had been made on intervening even-numbered sections and abandoned after proof. I ascertained here that the ownership of the Oregon & California Railroad Co., of the alternate odd-numbered sections and the refusal of the company to dispose of such lands seriously interferes with the operation of adjacent lands owned by other parties, rendering it necessary for those owning the even-numbered sections to make long detours in order to operate their timber.

From Eugene I also inspected the grant lands on the west side of the Willamette Valley and on the east slope of the Coast Range Mountains, in township 19 south, range 6 west, walking through sections 2, 3, 9, 10, and 17 of the township. Here I found some excellent timber; and while generally speaking the land is rough and steep, there are comparatively level areas which can be cultivated to advantage when the timber is removed. I saw improved places in section 10 which had been acquired under the homestead laws. I was informed by men who had lived in the neighborhood for years that a large part of the land is suitable for settlement and cultivation.

Leaving Eugene I crossed entirely over the Coast Range Mountains, going even to the coast, stopping for a day at Noti, a small station on a new line of road which is being constructed from Eugene across the Coast Range Mountains, thence down the coast to Marshfield. At Noti I personally inspected the settlement claims of five men who are actually residing upon the grant lands and received definite information as to some six or eight others in that vicinity but whose places I did not have time to inspect personally. Some of these men have several acres in cultivation, and additional lands are now being cleared. They have resided there for periods of from five years to five months. The greater part of the land here is rough and well timbered, though the settlers whom I saw insisted that it is suitable for cultivation. These men are actually residing on the lands with their families, hoping to acquire title in some way and anxiously awaiting a definite determination of the matter by the proper authority, believing that in the end they will be protected.

I made somewhat copious notes of the improvements I found upon these claims and the circumstances of the people, but do not embody them herein because to do so would add to the length of this report, which I fear will be too long even without the recital of such matters.

I reached the coast at Florence, a small town at the mouth of the Siuslaw River, and from there was taken by boat and stage line to Marshfield, the largest town on Coos Bay. While Marshfield is not within the limits of the Oregon & California land grant, it is not far from the terminus of the old Coos Bay wagon road, running from Roseburg to Coos Bay; and inasmuch as I was instructed to ascertain all I could concerning that grant, which is also in litigation, I considered it advisable to visit Marshfield.

At this place is located the mill of the C. A. Smith Lumber Co., which has a capacity of 450,000 feet daily. The company also has another mill of 250,000 capacity, which was not running at the time of my visit on account of the depressed lumber market. I was shown through the mill by officials of the company, who advised me that while several years ago the average lumber was selling for \$17 per thousand, it is now worth only \$9, there not being a great demand even at that price. I was informed that this company has \$33,000,000 invested in mills, logging equipment, lands, etc., a large part of the land having been purchased from the Oregon & California Railroad Co. I was further informed by officials of the company that there are a number of isolated tracts belonging to the Oregon & California Railroad Co. interspersed with private holdings which are now being operated, and that if the timber on those tracts is not cut at the present time, while the companies are operating in that vicinity, it will be practically lost, as there is not sufficient timber to justify a separate operation.

From Marshfield I reached Coquille, the county seat of Coos County, by rail. Here I called at the courthouse and met a number of county officials, and later in the day interviewed others having an interest in the matter. Most of those whom I saw had no well-defined plan to offer as to the disposition of the land, except ex-County Judge John H. Hall, who said that the railroad company should be paid the price of \$2.50 per acre and a reasonable sum for the taxes it had paid to the State and counties; that the agricultural lands should be given to the settlers and the Federal Government to sell the timber on the remaining portion of the lands for its full value. Here I learned that for a number of years after the grant was made the lands could not be sold for as much as \$2.50 per acre, as they were chiefly timberlands, and nobody seemed to want timber. The people here were chiefly interested in seeing that the county should receive the taxes that it had been accustomed to receive from the railroad company before the decree of forfeiture was entered. In the early days the lands were taxed on a low assessment—\$1 per acre—but afterwards this was greatly increased. In 1905 some sections were assessed at from \$4 to \$6 per acre, while in 1914 the same lands were assessed as high as \$40 an acre. As stated earlier in this report, the railroad company has not paid taxes for the past three years. The taxes due Coos County amount to considerably more than \$100,000, and the county has found it necessary to draw warrants to meet its expenses.

From Coquille I traveled by automobile to Roseburg, most of the distance being over the old Coos Bay wagon road where it crosses the Coast Range Mountains in Coos and Douglas Counties. I found very

few settlements along this line of road. The land is exceedingly rough and steep, though very heavily timbered in places.

From my talks with those I met I concluded that, while many alleged settlers seem anxious to establish homes on the land, their chief object is to secure the lands for their timber value. It is not unusual to find quarter sections in this vicinity that contain more than 10,000,000 feet of timber, which, at a dollar a thousand, is worth \$10,000.

I spent two days at Roseburg, the county seat of Douglas County, and the location of the local land office for that district. Here I met the register and receiver, who gave me valuable information concerning the character of the grant lands in that district and the views of the people in regard to their disposition. I also interviewed a number of the county officials and attended a meeting held at the Commercial Club, where the matter was discussed at length. There are some 650,000 acres of grant lands in this county, having the assessed valuation of nearly \$6,000,000, or an average of more than \$9 an acre. In the year 1902 the railroad company paid taxes amounting to a little more than \$19,000 on its holdings in this county. In 1904 it paid a little less than \$23,000, while in 1913 the company's taxes amounted to more than \$97,000. For the three past years the county has received no taxes on the unsold grant lands, and its present claim against the company is therefore approximately \$300,000.

At the meeting held in the Commercial Club most bitter opposition was voiced to the inclusion of any of the unsold grant lands in a forest reserve, and it was because of the latent fear that if the Government should take over the lands it would place them in a forest reserve that many of those present urged that the railroad company be forced to comply with the conditions of the grant; and they did not hesitate to say that they preferred a repeal of the proviso which restricts the railroad company in its disposition of the lands to any action that might result in the inclusion of the lands in a national forest.

Roseburg is the home of Mr. Binger Hermann, former Commissioner of the General Land Office and at one time a Representative in Congress from that district. I called upon him and had a pleasant interview, but while he seemed greatly interested in the matter and possessed a clear understanding of the question he was not disposed to commit himself definitely to any of the several plans that were suggested for the solution of the situation. He did admit, however, that he belonged to the old school of men who believed that upon the construction of the railroad the company acquired complete title to the lands granted, and that no suit would ever be brought to forfeit the grant or to enforce the provisions of the act. By this I do not desire to convey the impression that since the decision of the Supreme Court construing the grant Mr. Hermann still feels that the railroad company should be granted the lands free of restraint as to sale, because, as indicated above, he did not definitely commit himself.

From Roseburg I returned to Portland October 22 and remained several days, having conferences with men interested in the disposition of the lands, including Mr. Glenn E. Husted, formerly a special assistant to the Attorney General engaged in the litigation, United States Senator LANE, the official of the local land office, the United States attorney, and others.

On October 25 I visited the logging operations of the Nehalem Timber & Logging Co. in T. 4 N., Rs. 2 and 3 W. That company was then engaged in cutting and removing timber that it had purchased by order of the court on certain of the lands involved in the suit. Here are situated the improvements of certain alleged settlers represented by former Representative A. W. Lafferty. I inspected the improvements on four of the claims, but found none of the parties residing there, and I was reliably informed by the men engaged in the logging operations that none of the alleged settlers in that immediate vicinity were then residing upon their claims. At only one place did I see any evidence of cultivation, and the area was quite small. Most of the houses, however, were well constructed and entirely habitable. To convey an idea as to the value of the timber on some of these lands it might be well to state that the timber on one quarter section claimed as a settlement claim was purchased by the Nehalem Timber & Logging Co. under the order of the court mentioned for the sum of \$17,000 or thereabouts. The land here is very steep and rough in places. There are few settlers on the intervening even-numbered sections, and along the logging road running out to the lane from Scappoose I saw very little being done in the way of clearing the cut-over land. I was told that such land was sold by the logging companies after they had removed the timber for about \$7 per acre to real estate men, who were charging their purchasers a great deal more, in some instances as high as \$75 per acre.

On the occasion of this trip I was accompanied by Mr. John Pearson, of Portland, a director of the Nehalem Timber & Logging Co., and Supt. James Redey, who extended me every possible courtesy, and thus enabled me to see a great deal in a very short time.

On returning to Portland from my visit to the grant lands near Scappoose, in Columbia County, I had further interviews with men interested in the situation, including ex-Gov. West, former United States Attorney John M. Court, and the local officials of the Forest Service and General Land Office, after which I proceeded to Grants Pass, the county seat of Josephine County, in the southern part of the grant.

I found the people of Grants Pass greatly concerned over the situation. Only a little more than 25 per cent of the land in this county is subject to taxation, and until the railroad company ceased paying taxes in 1913 the taxes paid by it constituted about 13 per cent of the county's revenues.

As soon as my purpose was made known, some of the gentlemen whom I met, including county officials, secured automobiles and we drove through the grant lands in T. 36 S., R. 6 W.; T. 37 S., Rs. 7 and 8 W.; and Ts. 38, 39, and 40 S., R. 8 W., proceeding as far as the so-called Logan Gold Mine, located on an old donation claim in sec. 27, T. 40 S., R. 8 W. The lands through which I passed are only fairly well timbered. The soil is not so fertile as that in the northern part of the grant, and I saw few settlements except in the valleys, much of the land being steep, rocky, and barren. I learned that there were a number of squatters or settlers residing on the grant lands in this vicinity, but the improvements that I saw were not extensive. I also ascertained that considerable interest is being manifested in copper and gold mining in that section. I was told that the Logan mine produced \$50,000 in gold the year before. All industry here, however, is seriously hampered for want of transportation facilities.

In the evening a public meeting was held at the courthouse, attended by some 30 or 40 men. The subject was discussed at length, and at the conclusion a resolution adopted indorsing the resolution adopted by the land-grant conference at Salem in September. I was convinced, however, from the remarks made by a number of those present that what the people really desire is to see the lands opened to settlement and development in the most expeditious manner possible, and they will be

satisfied if the lands are sold by the Government, reasonable compensation given the railroad company, and the surplus used to develop the counties in which the lands are situated.

From Grants Pass I went to Medford, the largest town in Jackson County, and also visited Jacksonville, a very old town and the present county seat. At Medford I had an interview with Mr. W. I. Vawter, who was president of the conference held at Salem in September. He confirmed the impression which I had received soon after reaching Oregon and which had been growing stronger from day to day, that the people in that section of the State were chiefly concerned in seeing that the lands yield their due proportion of revenue to the State and counties; that they be developed as rapidly as possible; that they be disposed of for something like their real value, and that in the settlement of the matter the railroad company be treated justly and equitably.

At Jacksonville, the county seat, I met several of the county officials and procured statistics as to the grant lands, the taxes due, and unpaid thereon. Jackson County is on the southern border of the State, and this completed my examination of the lands.

STATISTICS.

Before making such recommendations as the circumstances seem to warrant, I desire to invite attention to the following statistics, a presentation of which I feel is necessary to make this report readily intelligible or in anywise complete.

The unsold grant lands are situated in 18 counties in the State of Oregon, apportioned among the different counties, as shown by the following table, which also shows the assessed valuation of the lands reported by the Oregon State Tax Commission for the year 1915. In addition to the lands shown by the table there are some 200 acres in the State of Washington:

Area and assessed valuation, by counties, for 1915 taxes.

County.	Acres.	Valuation.	Average per acre.
Benton.....	54,110.05	\$815,725	\$15.08
Clackamas.....	94,601.29	1,101,520	11.64
Columbia.....	18,037.90	726,040	40.25
Coos.....	121,053.00	1,442,445	11.92
Curry.....	11,885.00	128,600	10.82
Douglas.....	640,509.00	5,916,600	9.24
Jackson.....	446,389.91	4,297,620	9.63
Josephine.....	187,080.00	1,754,770	9.38
Klamath.....	42,984.00	423,490	9.85
Lane.....	301,997.03	3,356,955	11.12
Lincoln.....	15,946.00	103,120	6.47
Linn.....	63,032.48	752,485	11.94
Marion.....	32,051.00	390,775	12.19
Multnomah.....	9,287.00	205,050	22.08
Polk.....	37,458.00	621,160	16.58
Tillamook.....	29,781.00	164,045	5.51
Washington.....	19,212.18	169,590	8.83
Yamhill.....	29,974.42	194,280	6.48
Total.....	2,155,449.26	22,564,270	10.47

The foregoing table shows that the lowest valuation per acre is in Tillamook County, where the lands have an average value of \$5.51 per acre, while the highest is in Columbia, where the assessed value exceeds \$40 per acre. It will be observed that the total number of acres shown in the table, together with the area in the State of Washington, will not equal 2,300,000 acres. This is due to the fact that a considerable area of land has not been patented by the United States—possibly two or three hundred thousand acres, some of which is in dispute. I am informed that the grant has not been finally adjusted in the General Land Office, and for that reason no exact statement can be now made on this feature of the case. The figures given, however, are approximately correct.

The following table will show the taxes levied against the unsold land of the several counties for the years 1913, 1914, and 1915, the figures for the first two years being taken from a letter written to the State tax commission on August 7 of the present year by William M. Colvig, tax and right-of-way agent for the Southern Pacific Co., while the figures for the year 1915 are taken from the Oregon Voter of September 11, 1915, furnished, as I understand, by the State tax commission.

County.	1913 tax.	1914 tax.	1915 tax.
Benton.....	\$19,986.12	\$21,080.21	\$21,133.08
Clackamas.....	29,513.40	29,396.62	29,133.08
Columbia.....	15,042.62	16,815.96	16,815.96
Coos.....	49,367.23	39,341.44	39,560.95
Curry.....	2,230.15	2,314.38	2,023.05
Douglas.....	96,230.35	(1)	96,230.35
Jackson.....	71,097.95	65,760.27	65,784.27
Josephine.....	34,477.89	37,540.40	37,540.40
Klamath.....	10,359.50	10,698.78	10,698.78
Lane.....	80,413.07	73,060.78	72,925.97
Lincoln.....	2,146.82	2,440.41	2,440.41
Linn.....	13,854.09	11,550.56	11,550.56
Marion.....	7,827.77	7,532.79	7,532.79
Multnomah.....	2,279.52	3,194.38	3,207.32
Polk.....	13,528.44	15,103.39	15,099.77
Tillamook.....	3,444.95	3,064.52	3,064.52
Washington.....	4,570.53	3,861.72	3,861.72
Yamhill.....	4,363.25	4,128.95	4,128.95
Total.....	459,733.65	346,885.56	442,731.93

¹ Not assessed.

At the time of filing its answer to the Government's bill, the railroad company had sold, in round numbers, 820,000 acres of land and had received from sales of land and other sources the sum of \$5,506,870.97, as follows:

From sales of land.....	\$4,338,822.53
From sales of timber on lands.....	18,850.25
From forfeited contracts.....	\$8,205.06

From lease of lands	\$5,532.07
From timber used by railroad company	18,850.25
From timber deprecations	10,687.92
From interest on contracts	1,025,922.89
Total	5,506,870.97
The company also claimed to have made disbursements as follows:	
To advertising	\$34,784.85
To law expenses	218,415.25
To grading lands	142,651.40
To United States surveys	145,977.26
To salaries and office expenses	624,344.19
To stationery and printing	18,369.89
To taxes on lands	1,827,776.94
	3,011,776.94
Total receipts	5,506,870.97
Total disbursements	3,011,776.94
Credit balance	2,495,094.03

The figures given above are taken from the railroad company's answer and exhibits filed therewith, as shown by the record in the case in the Supreme Court at the following pages: 6836, 1583, and 915. In its answer the railroad company also claimed that it was entitled to a credit of \$1,000,000 in consideration of the free use of the railroad by the Government in the transportation of troops and munitions of war (R., 935). If we deduct this sum of \$1,000,000 from the credit balance shown above, it will leave a net surplus of \$1,495,094.03, received from the sale of lands, etc. I am informed that since the Supreme Court's decision was rendered, the railroad company has made a further estimate of the value of the transportation afforded to the Government for troops, munitions, etc., fixing the same in excess of \$2,000,000, or a million dollars greater than was estimated at the time its answer was filed, and that it also claims to have paid taxes aggregating \$2,757,647.84.

From the information contained in reports submitted by a timber cruiser of the General Land Office, based upon a fair, if not low, estimate, the unsold grant lands contain more than 44,000,000,000 feet of timber, which at an average price of 50 cents per thousand, which is also low, would amount to more than \$22,000,000. Judging from the prices at which cut-over lands in that part of Oregon are now being held, I feel safe in saying that such portions of the lands as are now chiefly valuable for the timber—and by that I mean having more than 1,000,000 feet to the quarter section—can be sold after the timber is cut and removed for at least \$5 per acre. There are probably more than a million acres of such lands.

VARIOUS PLANS SUGGESTED FOR THE SOLUTION OF THE SITUATION.

I shall not attempt to discuss or even present all the plans suggested but shall content myself with a brief discussion of the resolution adopted by the land-grant conference, after which I shall propose a line of action which I feel will best meet the situation and which, if adopted, will, in my judgment, be eventually approved by a majority of those most vitally concerned.

I do not hesitate to say that little or no weight should be given to the resolution adopted by the land-grant conference at Salem last September. In the first place, from what I could ascertain, the conference was not a representative body. By this I mean that if the delegates had been elected by all the people interested the conference would probably have been controlled by other men; in saying which I intend no reflection whatever either upon the men who attended the conference as delegates or upon those who appointed them. I am also informed that the resolution adopted was opposed by some who voted for it simply because they realized that the conference would not agree upon anything else, and they felt that any action was better than no action.

In the next place, a very large portion of the lands involved are at the present time so greatly valuable for their timber that it would be merely folly to dispose of them at \$2.50 per acre. While I know that such lands would be promptly entered by alleged settlers for the avowed purpose of settlement and cultivation, I also know that such persons would be moved by the present timber value of the lands rather than by their future possibilities for agricultural purposes. Many men would willingly live a few years in almost any part of the country merely for the sake of acquiring title to timber worth from five to ten thousand dollars, and while such men might make a pretense of compliance with the requirements of the homestead law, their chief object would be the acquisition of the timber.

Then, again, these lands are worth a great deal more now than they were when the grant was made or even 15 or 20 years after the grant was made. This enhancement of the value is due to the development of the country, and, in my judgment, rightfully belongs to those responsible for that development. Should the lands be opened to entry at the nominal sum of \$2.50 per acre under any of the methods heretofore adopted for the opening of lands, there is no assurance that the men directly responsible for the present value of these lands would be able to reap any direct benefit. On the contrary, it is not unlikely that strangers or those residing in other parts of the country would be the fortunate ones, and thus be given something which has been produced by others.

Moreover, in a sense this land grant is in debt. For a period of years it has been contributing its share of the revenue received by the State and counties in which it is situated. For the past three years it has contributed nothing to the support of the State or counties. The accumulated taxes amount approximately to \$1,000,000 for that period of time. It may be that the State and counties can compel the payment of these taxes, though based on a valuation far in excess of \$2.50 per acre. Upon that question I do not venture any opinion further than to say that whatever may be the legal rights of the parties, it does not seem entirely equitable to demand the payment of a tax which in two or three years at most will amount to the owner's entire interest in the subject matter. Should these lands be disposed of at \$2.50 per acre, as suggested by the land-grant conference, it will be impossible for the railroad company to receive an average of \$2.50 per acre for the entire quantity of unsold lands, because a large part of the lands, probably three or four hundred thousand acres, is not worth anything like that sum, and it may be years before they could be sold for any price at all. Having this in mind and realizing that it has for years paid a tax based on a value far in excess of \$2.50 per acre, the railroad company might refuse to pay the taxes which have accumulated for the past three years and thus bring on extended and expensive litigation, which would defeat

the object most desired, namely, a prompt and early settlement of the entire matter.

Finally, I am convinced that a majority of the people concerned do not desire that these valuable timberlands be disposed of at a nominal sum. This plan is favored either by those who desire to get something for nothing or those who by reason of their supposed familiarity with the subject matter hope to reap a profit from locating others upon the lands. I have little sympathy with either class, and, as already indicated, I do not believe that a majority of the people in that part of the country want this plan adopted. We know from the decision of the Supreme Court in this case that the so-called actual settler, much less the mere paper applicant, has no legal rights whatever, while the previous operations of locating agents in connection with this land grant are to be condemned rather than rewarded, for they merely induced men to incur unnecessary and useless expense. Others of them have "located" numbers of different people on the same tract of land and have received fees for services that were worth absolutely nothing. Of such it would be difficult to say too much in the way of condemnation.

RECOMMENDATIONS.

The litigation over these lands has been pending since May, 1908, or more than seven years; and for several years before that the lands were withdrawn from sale. Inasmuch as these lands constitute a great part of certain of the counties, it will be seen at once that their withdrawal from the market necessarily retarded the development of the counties affected. The failure of the lands to return any revenue whatever for the past three years has seriously added to the embarrassment of the situation. In certain of the counties the taxpayers say that the burden has become so great that they can not bear it much longer.

The people, therefore, are more interested in securing a prompt and definite settlement of the situation than they are in any particular plan or method. Because of the lack of revenues, for which they hold the litigation entirely responsible, many of them feel that their condition would have been better if the Federal Government had never interfered in the matter.

Whether Congress may now, without consulting the railroad company, provide for a disposition of the lands contrary to the terms of the granting acts I am not prepared to say. It would seem, however, from what was said by the Supreme Court in its decision that such legislation might be upheld, provided only it secured to the railroad company all the rights conferred by the granting acts, apparently \$2.50 per acre for the lands granted. Be that as it may, I feel that the Government and the railroad company should reach terms of settlement by which the former should be revested with title to the lands and the latter paid such a sum of money as may be agreed upon. I can conceive of no legal objection to such a plan if authorized or ratified by Congress.

In my opinion, the railroad company should be paid a sum equal to \$2.50 per acre for the unsold lands, irrespective of their present market value. This is more than it can receive if forced to sell the land in accordance with the terms of the granting acts. Still, it is only a small part of the present value of such lands. Under such an arrangement the railroad company would receive something like \$5,750,000, while the lands and timber together are worth five times that sum.

Such an agreement as I have suggested should, of course, provide for the settlement of all matters involved; credits claimed by the railroad company for payment of taxes, the furnishing of transportation to the Government, and the expenses of administration, on the one hand, and those claimed by the Government, on the other, consisting chiefly of the money received by the railroad company under sales made for a greater price than that authorized by the statute. For a portion of the taxes paid by the railroad company it is entitled to no credit whatever, because it was but just and proper that it should pay taxes at least on a valuation of \$2.50 per acre. Neither is the company entitled to any consideration for the transportation it afforded the Government, because it agreed to do that when it accepted the lands on that condition. However, the settlement of a question so large and important as this should not be endangered by minor considerations, and I think, therefore, that the claim of the Government, on the one hand, and that of the railroad company, on the other, on account of past transactions should be set off against and balance each other without considering whether the one is greater or less than the other. Provision should also be made for the early payment of the taxes which have been allowed to accumulate for the past three years, and, inasmuch as the railroad company has for years paid taxes on a valuation greatly in excess of \$2.50 per acre, it would seem to be only fair that the taxes now due should be paid from proceeds derived from the sale of the lands.

Such a plan should at once appeal to the railroad company, because it would enable the company to secure considerably more than it could receive from a sale made under the provisions of the granting acts, and at the same time would relieve the company of any further costs on account of the administration and sale of the lands. It would also put at rest for all time the question of the payment of the accumulated taxes.

Assuming, therefore, that such settlement as that suggested can be effected with the railroad company, I think that Congress should approve it, and at the same time provide for the disposition of the lands and timber substantially as follows:

Under a division of the lands into three classes, namely, mineral, timber, and agricultural lands, they will practically classify themselves, and the prolonged delay and great expense (probably \$500,000) incident to classification will thus be avoided.

Mineral lands should include all lands chiefly valuable for minerals. Timberlands should include all nonmineral lands which contain 1,000,000 feet board measure of timber to the quarter section, or 160 acres. Agricultural lands should include all lands not within either of the two other classes.

Under such an arrangement close inspection of the land will be necessary only where the quarter section contains a little more or a little less than 1,000,000 feet of timber, because where land is well timbered, or where it contains little or no timber, the class to which it belongs can be determined upon the most casual observation.

The mineral lands should be disposed of under the existing mineral-land laws.

Timberlands should not be disposed of until after the timber has been removed, when they should ipso facto become agricultural lands, and be disposed of as such. Timber on these lands should be sold at public auction or under sealed bids to the highest bidder for cash, any person or corporation being allowed to purchase as many acres as it may see fit. Purchasers should have an indefinite time in which to cut and remove the timber at their pleasure, and in the meantime the land upon which the timber is standing should be subject to the possession and control of the person purchasing the timber. By this means I

believe that the timber alone can be sold for a sum as great as could be secured under a sale of the land and timber, especially if the sale of land and timber together is made in limited quantities. A measure such as this should, of course, be safeguarded by provisions authorizing the officers making the sales to reject bids where the prices offered are grossly inadequate. It will be years before much of this timber is cut, but when it is cut the land will still belong to the Government and will afford homes for thousands of people.

I have limited timberlands to such as contain more than a million feet of timber to the quarter section, for the reason that a quarter section of land in that part of the country that does not contain more than that quantity of timber is not regarded as good timberland. At the present price of timber it is worth about \$500, which it will be seen is but \$100 more than the payment which the entryman is required to make in paying \$2.50 per acre for the land. In such a case a man will not enter the land for its timber value alone, because even under favorable circumstances he can only receive a small increase over the money he pays for the land, and, in addition thereto, he must reside upon it for five or six years, as the law may require.

The agricultural lands should be disposed of to actual settlers under laws somewhat similar to the present homestead laws, but persons entering such lands should be required to pay \$2.50 per acre therefor. The term of residence and cultivation should not be shortened, but, if any change is made, it should be lengthened and entrymen should not be required to cultivate any given area of the land entered, but the area to be cultivated should be determined by the circumstances of each particular case.

Some protection should be afforded those who are actually residing upon the lands. By this I mean such as are now living there with their families, which is not intended to include persons who may have at one time constructed some sort of habitation upon the land and thereafter abandoned it. Actual residents, however, should be required to pay \$2.50 per acre for the lands entered, and they should not be allowed to acquire lands that are highly valuable for their timber. Where the lands occupied are timberlands within the definition given above the settlers should be confined to the smallest legal subdivision upon which their improvements are located, or it may be that they should also be allowed to purchase the timber in excess of a million feet to the quarter section at its appraised price. The chief objection to this, however, is that most of the settlers will not be able to secure the money necessary to pay for any considerable quantity of timber. A provision that will protect the settler in the possession of the 40-acre tract that he is actually occupying is all that he can equitably claim and more than he has any legal right to demand.

I realize that the method suggested herein for the disposal of the timber will meet with criticism upon the ground that it will enable individuals and corporations to acquire large holdings of timber. The answer to that is that it is wholly impossible to operate to advantage a small body of timber in country as rough as this. The timber, consisting chiefly of fir, is heavy, some of it measuring as much as 10 feet in diameter and growing 200 to 300 feet in height. It stands upon steep mountain sides and in the bottom of deep canyons. It can be handled only by expensive machinery, and transported only by specially constructed logging roads. A small quantity can be handled by no one with a profit, even though the stumpage should cost nothing, and it is only the well-equipped individual or corporation that can afford to undertake operations on a large scale.

Therefore it is immaterial whether the timber be sold originally in large or small quantities, because it must inevitably be owned or controlled in large quantities before it can be successfully operated. Again, it is altogether impracticable to operate in any given section of the country unless the operator owns or controls practically all the timber in the area involved; the growth is such that it is impossible to cut only the matured trees of a certain size and leave the younger timber standing, because the greater part of it would be destroyed by the cutting and logging operations.

True, the timberlands may be sold, more or less advantageously, under the timber-and-stone laws now in force; but if that should be done, the purchaser from the Government will be limited to 160 acres, and in almost every instance, the land will be entered for speculative purposes, because, as stated, a small area can not be profitably operated, and the person buying only 160 acres from the Government will necessarily hope to dispose of the land to a lumber company at an advanced price—otherwise, he would not make the purchase.

Feeling that these lands should be sold for their real value, as nearly as may be, in the first instance, and intermediate profits thus avoided, I can not recommend that they be disposed of under the timber and stone act.

DISPOSITION OF THE PROCEEDS.

The money derived from the sale of the lands and timber should be used first to pay the railroad company the sum agreed upon. This, at \$2.50 per acre, will amount to something like \$5,750,000.

The taxes due the State and counties for the past three years should next be paid. These accumulated taxes amount to approximately \$1,000,000, which, when added to the sum to be paid the railroad company, will make nearly \$7,000,000.

The greater part of the proceeds arising after making payments as above should be divided between the State and the several counties in which the lands are situated, to be used for public purposes, such as schools, construction of roads (of which most of the counties involved are badly in need). I would suggest that 35 per cent be given to the State and 40 per cent to the respective counties. This leaves a balance of 25 per cent, which should be retained by the United States to cover expenses of administration, etc.

By the adoption of the plan I have suggested, the lands and timber will bring something like their real value. Alleged settlers will not be permitted to acquire valuable timber tracts under the pretense of seeking homes; the proceeds will go where they rightfully belong—to those whose efforts have developed the country in which these lands are situated and have thus given the lands their present high value—and the railroad company will receive more than it could possibly receive if compelled to comply with the terms of the granting acts.

I fully realize that the course outlined by me will not meet with the approval of all concerned, but that will be true of any plan within the range of human ingenuity. Objections will come from various sources; from the railroad company, which pretends to believe that it is entitled to the full value of the timber; from applicants, would-be applicants, and alleged settlers who desire much, giving little or nothing in return; from speculators and locators, who will be denied the opportunity of enriching themselves at the expense of others less well informed; and finally from those who, in the utmost good faith, feel that some other method of disposing of the lands and proceeds would better serve the public interests. All these, save the last, should be dismissed

with a word, while as to those who differ from proper motives, it may be said that very few of them can be found who will agree among themselves upon any well-defined plan.

My conclusions have been reached after an earnest and unprejudiced inquiry, the sole purpose of which was to ascertain the best possible solution of the situation. In going through the country and talking with the people in all walks of life, I was brought face to face with conditions, and the deep interest manifested by practically every man I met impressed me greatly. I was made to realize how much a wise and just settlement of the matter means to the people of western Oregon, who have suffered from the improper administration of this land grant and the litigation resulting therefrom; and, in my judgment, theirs is the interest most deserving of consideration. My recommendations are intended chiefly to serve that interest, and I firmly believe that an early settlement along the lines indicated will not only relieve the present business depression for which this litigation is in a large measure responsible, but it will restore the confidence of the people and go far toward inducing a lasting prosperity.

Respectfully submitted.

S. W. WILLIAMS.

During the reading of the foregoing report,

The PRESIDING OFFICER (Mr. WORKS in the chair). 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 (H. R. 10484) making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1917, and for other purposes.

Mr. BANKHEAD. I ask unanimous consent that the unfinished business be temporarily laid aside.

The PRESIDING OFFICER. The Senator from Alabama 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. I ask that the Senate may resume consideration of House bill 14864.

The PRESIDING OFFICER. The Chair lays the bill before the Senate.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 14864) to alter and amend an act entitled "An act granting lands to aid in the construction of a railroad and telegraph line from the Central Pacific Railroad, in California, to Portland, in Oregon," approved July 25, 1866, as amended by the acts of 1868 and 1869, and to alter and amend an act entitled "An act granting lands to aid in the construction of a railroad and telegraph line from Portland to Astoria and McMinnville, in the State of Oregon," approved May 4, 1870, and for other purposes.

The PRESIDING OFFICER. The Secretary will resume the reading of the report.

After the reading had been concluded,

Mr. NORRIS. Mr. President—

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

Mr. CHAMBERLAIN. I yield.

Mr. NORRIS. I realize that this matter ought to be disposed of without delay, but I am impressed with the importance of it. The report of Mr. Williams read by the Secretary indicates that the measure ought to have very careful consideration.

I wish to ask the Senator from Oregon if he is willing to let the bill go over until to-morrow until Senators have had an opportunity to look into it somewhat? During the reading of the report there were very few Senators in the Chamber, and those of us who were here and listened to it I think feel as though we ought to look into it even beyond what the report would indicate. There are many million dollars involved and the rights of a great many people are involved. While I know the bill ought to be disposed of without delay, I do not believe that we ought to be precipitate about it. I do not believe that Senators as a rule are posted on the details of the transaction. I am a member of the committee that reported this bill, and I have never heard of it being considered in the committee. I suppose it may have been considered at some time when I was not present. I have, however, talked with a great many Senators, and none of them seem to be ready now to express an opinion as to the merits of the proposition involved.

Mr. CHAMBERLAIN. I will ask the Senator from Nebraska, in all frankness, if he thinks the Senators who are absent will look into the bill between now and to-morrow morning?

Mr. NORRIS. I think some of them will. I have talked with some Senators who have mentioned the matter to me who are not now in the Chamber who have expressed an interest in the bill and a desire to examine it.

Mr. CHAMBERLAIN. Mr. President, I will say to the Senator from Nebraska that I am never disposed to rush anything through the Senate; but the bill which formed the basis of this legislation was introduced in the Senate by me in December last. It was Senate bill No. 30. There were a number of bills

on the same subject introduced in the other House at about the same time, but none of them seemed to appeal to the House Committee on the Public Lands. The result was that, at the request of the committee, the chairman of the committee in the House introduced a bill which I had introduced here with certain amendments recommended by the Department of Justice, and that was the basis of the bill now before the Senate.

The House hearings covered a period of weeks. The committee, I am informed, sat in consultation with officers of the Government in the preparation of the bill. The Senator will find that all of the departments had practically agreed upon this bill as it now is. The report will show not only that they have agreed in writing about it but that they sat in consultation with the members of the subcommittee when the bill was finally prepared.

Mr. NORRIS. The Senator means, does he not, that the representatives of the Government and of the various departments agreed with the provisions of the bill as it passed the other House? There are, however, some very important amendments which have been reported by the committee, which will change the bill very materially. That is the reason, or it is one of the principal reasons, why I should like to have the bill go over until we can get a little more information regarding it.

Mr. CHAMBERLAIN. Of course, I do not want to appear insistent about this; but this matter has been agitated for years. It is a matter about which people are pretty generally advised; and the decision of the Supreme Court leaves in doubt how soon Congress must act in the matter. It is contended by some who have read that decision with a great deal of care that this Congress must act on that bill before the 9th of June.

Mr. NELSON. Mr. President, will the Senator from Oregon yield to me a moment?

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

Mr. CHAMBERLAIN. I yield to the Senator.

Mr. NELSON. The decision of the Supreme Court of the United States in this case was rendered on June 21, 1915, and the concluding part of the opinion reads as follows:

If Congress does not make such provision, the defendants may apply to the district court within a reasonable time, not less than six months, from the entry of the decree herein, for a modification of so much of the injunction herein ordered as enjoins any disposition of the lands and timber until Congress shall act, and the court, in its discretion, may modify the decree accordingly.

To my mind, that makes it clear that we ought promptly to act in this case if we intend to do anything.

Mr. CHAMBERLAIN. I will say to the Senator that the decision of the Supreme Court was not entered of record in the lower court until the 9th of December, in order that this very question might be avoided. Having been entered on the 9th of December, in the view of many—I am not prepared to say that I am in entire accord with that view—Congress must act before the 9th of June. We are going to adjourn here—

Mr. NORRIS. I do not want the Senator to get the idea that I am trying to delay action on this matter, but the very position of the Senator is one of the reasons why I now ask delay. The Senator is going to contend, I presume, for these amendments. I may be wrong, but, as I understand, the Senator himself has said that the representatives of the Government, perhaps from the Department of Justice and the Department of the Interior, sat with the House committee and helped to frame the bill, and I presume approved the bill as it passed the House. If the Senator from Oregon wanted to have the bill passed through the Senate as it passed the other House, without these amendments, I would be willing to take the judgment of the House, of the House committee, and of the representatives of the Government—they all having agreed on the House bill; but the Senator from Oregon is not going to do that, as I understand.

Mr. CHAMBERLAIN. Mr. President, there are very few amendments proposed by the Senate committee, and I think a discussion of them will develop just what the Senate committee had in view when those amendments were proposed. If the Senate feels, after a discussion of the amendments, that they ought not to be embodied in the bill, there will be time enough to vote them down.

Mr. NORRIS. Oh, yes.

Mr. CHAMBERLAIN. I am frank to say to the Senator that this is a most complicated proposition. Not only has it puzzled the Public Lands Committee of the other House, but it has puzzled lawyers for and against this legislation.

Mr. NORRIS. That is one reason why I should like to put it over one day.

Mr. CHAMBERLAIN. I know that, Mr. President, but the matter will not be any better understood after delay than it will be after a discussion here.

Mr. NORRIS. Let me say to the Senator from Oregon that several Senators have expressed to me a wish that the bill go over in order that they may look into it. I feel that way myself. I do not want anybody to charge—I do not think anybody will charge—that there is any attempt on the part of anyone to delay the bill; but here we have a proposition which the Senator from Oregon himself says is very complicated, one in which representatives of the Government, perhaps of the Agricultural Department, of the Interior Department, and of the Department of Justice, sat for days and weeks with the members of the House committee in framing a bill. They framed a bill and passed it through the House. Now, the bill comes to the Senate; some very material amendments are put on; and the bill is brought up here to-day, without, I presume, more than one or two Senators in the body having read the bill as proposed to be amended.

Mr. CHAMBERLAIN. Well, I call the Senator's attention to this fact, Mr. President: The Senator stated awhile ago that, if the matter came here in exactly the same shape as it passed the other House, he would not object to it. Practically the only material change in the bill is the change of the section of the House bill which requires a sale on time, to one which we propose shall be made for cash. That is practically the serious change in the bill. That can be discussed without—

Mr. NORRIS. Will the Senator from Oregon be in favor of rejecting all other amendments except that one?

Mr. CHAMBERLAIN. No, Mr. President, I am not going to agree to that.

Mr. NORRIS. Well, I do not ask the Senator to do that; but he says that is the only material change which has been made.

Mr. CHAMBERLAIN. If the Senator from Nebraska will just be patient and content himself for one moment I will try to explain what the other proposition is.

Mr. NORRIS. Oh, well, I was afraid I was going to delay the bill by being too impatient, so I will content myself and listen to the Senator.

Mr. CHAMBERLAIN. Mr. President, as I have said to the Senator from Nebraska, the only material and essential change is the one requiring the sale of these lands for cash. That is the essential change. On that proposition the Secretary of the Interior at first advised that that was the best way to make the sale, but later acceded to the terms contained in the House bill.

The only further change that amounts to anything is the one changing the way in which these funds shall be divided. Those are the two essential changes.

I am insisting that because of the fact that so much of the public land in Oregon has been withdrawn from settlement and sale and included in the reserves for so many years, she ought to be very liberally treated in regard to this, and particularly in view of the fact that the railroad company has not complied with the terms of any of these granting acts and has withheld this land from settlement and sale. The only question on that amendment is whether the Senate is willing to be liberal to the State of Oregon or not. It does not involve any essential changes, and the committee made just as few changes in the bill as it was possible to make.

Mr. NORRIS. Mr. President—

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

Mr. CHAMBERLAIN. I yield.

Mr. NORRIS. I did not want to ask the Senator a question. I understood the Senator was through. If he is not, I shall wait until he has concluded.

Mr. CHAMBERLAIN. I thought the Senator only desired to ask a question. If the Senator wants to go on with the discussion, I am prepared to discuss it.

Mr. NORRIS. I am not anxious to go on with it; but the Senator and myself have been discussing the proposition of putting the bill over until to-morrow. I want to call attention to what I believe to be some very material changes that have been made by some of these amendments, but I have not had time even to satisfy myself that in all respects I am ready to do so now.

Mr. CHAMBERLAIN. I am not usually unreasonable, Mr. President, but I do think it is hardly fair for the Senator from Nebraska to ask that the bill go over, in view of the discussions which have been had in reference to the matter. The Senator knows how this bill was taken up through the courtesy of the Committee on Post Offices and Post Roads; that the Post Office appropriation bill was laid aside in order that action might be hastened on this bill and the bill passed within the time required by a decree of the Supreme Court.

Mr. NORRIS. Mr. President, that brings me to the proposition that, because the Post Office bill was laid aside, probably

it is going to be contended that we ought to pass this bill without any discussion, and that we should adopt these amendments without giving them any consideration, because otherwise we would have to take some time, and we would be trespassing, it would be said, upon the courtesy of those Senators who have charge of the Post Office appropriation bill.

Mr. President, I now assert, again, that I am just as anxious to give speedy consideration to this bill as is any other Senator; but I am not going to be compelled to subside and to say nothing simply because the Post Office Committee has courteously extended to the Senate the right to consider this bill for a few moments. As to such a bill as this, involving several million acres of land, the interest of a great many citizens in Oregon, and several million dollars in money, it does not seem to me that it is an unreasonable request that a proposition involving all these things should at least lie over one day so as to give Senators an opportunity to investigate it. I do not believe I am unreasonable in asking that the bill be now postponed. I have only asked, as a matter of fact, a courtesy; and it seems to me it ought to be granted.

I am not going to be offended if the Senator insists on going ahead; I do not imagine that my request is necessarily law, but as I caught the purport of the bill from its reading, the House bill disposes of the proceeds in a different manner from what the Senate bill does. After the railroad company has been paid \$2.50 an acre, after Oregon has been paid the taxes which are still unpaid against portions of this land, and all the other necessary expenses, the net proceeds will be divided, if the House bill should prevail, by giving to the State of Oregon 20 per cent for its schools; then giving 30 per cent to the counties in which the land is located for roads and bridges; then giving 40 per cent to the Reclamation Service and 10 per cent to the Government of the United States. If I am not wrong, that is what would happen if the House bill were enacted into law; but if the amendment of the Senate committee is adopted, Uncle Sam will get 10 per cent, the Reclamation Service will get 10 per cent, and the remainder will go either to the State of Oregon or to the counties where the land is located. It strikes me that is a very important proposition. Perhaps it is right to do as the Senate committee amendment provides, but it ought not to be done hastily; it ought not to be done without the Senate knowing just what it is doing.

Mr. WALSH. Mr. President—

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

Mr. NORRIS. I yield to the Senator.

Mr. WALSH. I rise to inquire of the Senator from Nebraska, who is a member of the Public Lands Committee, if the different distribution proposed by the amendment was the subject of special discussion and consideration by that committee?

Mr. NORRIS. As I stated awhile ago, I never heard the bill discussed in the committee. I presume it was taken up at some time when I was not present. However, I am informed by the Senator from South Dakota [Mr. STERLING]—and since he reminds me of it, I think I was present when that was done—that the bill was referred to a subcommittee. I do not remember anything about it since then. If anything happened except that in the committee when I was present, I do not know what it was.

Mr. CHAMBERLAIN. Mr. President—

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

Mr. NORRIS. I yield the floor.

Mr. CHAMBERLAIN. Mr. President, I do not feel, under the circumstances, that the bill ought to be laid aside. Of course, the Senator can consume the time if he wants to do so, but I feel it is my duty, as representing in part the State of Oregon, to insist, so far as I can, that the Senate proceed with this matter.

Mr. President, the reading of the report of Mr. Williams, who was the representative of the Department of Justice, avoids the necessity of any lengthy address to the Senate as to the conditions in Oregon, and I shall attempt to be as brief as it is possible to be in giving those Senators who may care to listen to me my views of the subject.

The essential thing in these land grants was the condition imposed upon the railroad company to sell the land to actual settlers at a price not to exceed \$2.50 an acre and in amounts not in excess of 160 acres. As has been stated in the report of Mr. Williams, that condition was contained in all the granting acts, except the first. The conditions of the first act, the act of 1866, were not complied with, and in the act of 1868, when an extension of time was asked, this provision was first inserted in the granting act by way of addition to it. The same provision was inserted in the act of 1869 and also in the act of 1870.

So, Mr. President, it was the purpose of Congress that these lands should be granted to the railroad company on condition that the company would utilize them for the purpose of the development of the State while, at the same time assisting the company in the performance of a great quasi public work.

The terms and conditions of this grant on the part of the railroad company were practically observed until 1894. Very few, if any, sales were made from 1868 until 1894, which violated the terms of the grant. The lands were sold to actual settlers at \$2.50 an acre, in amounts not in excess of 160 acres.

About that time timberlands commenced to go up in price, and then opportunities offered to the railroad companies to sell in larger amounts and for higher prices, and they began to sell without any regard to the conditions of the grant. They violated all the terms thereof, not only as to the price of \$2.50 an acre, but as to the limit of the number of acres that might be sold to one purchaser. Furthermore, the lands were not sold to actual settlers, because most of the purchasers were men who did not even live in the State. Those practices were continued up until about 1903.

Mr. WALSH. Mr. President—

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

Mr. CHAMBERLAIN. I yield.

Mr. WALSH. I should like to ask the Senator from Oregon whether the amount which would otherwise be due to the railroads on new sales is to be withheld until the equilibrium is restored, which was disturbed by the extra prices for which they sold the land which they did dispose of?

Mr. CHAMBERLAIN. The Senator will find that section 7 provides for the institution of suits to bring about an accounting for the extra amount the railroad company had received where they have made illegal sales. That is a matter to be accounted for between the Government and the railroad company under the terms of the bill itself.

In 1903, while Mr. Harriman was in control of the Southern Pacific system, he absolutely withheld these lands from sale and settlement and positively refused to make any disposition of them under the terms of the grant. The people of Oregon became indignant at the treatment they were receiving at the hands of the railroad company after the Government of the United States had been so generous to it in aiding in the construction of the railroad. It retarded the development of the State.

It must be remembered, Mr. President, that the railroad company was granted every alternate odd section for 20 miles on each side of the line of railway under the terms of the granting act. I call the attention of the Senate to the map on the wall. The line of the railroad company runs down the center of the white part of the map between the two green sections. The lands which were granted to the railroad company, and which are the lands involved in this matter—not all of the lands of the original grant, but the lands that are undisposed of—are checked in red on that map. Not only was the railroad company granted the odd sections within the limits of 40 miles along the line of the railroad, but if any of those lands had been taken up by homesteaders, or if they had been lost to the railroad company for any reason at all, the company had a right to select alternate odd sections 10 miles farther along the exterior limits of the primary grant. The result was, Mr. President, that the company finally had the cream of the land within the primary grant of 20 miles on each side of the railroad track and also the right of indemnity selection for 10 miles on the outside of the primary grant and on each side thereof.

It was my good fortune to be governor of my State from 1902 until 1908, during the time this agitation commenced. I had something to do with the agitation, Mr. President—a good deal to do with it. I did not hesitate to talk about it before chambers of commerce and before audiences of our people, endeavoring to show that the railroad company because of the violation of the terms of the grant ought to be brought to task in some way or other, and that the power either rested with Congress itself or with the courts.

Mr. Williams in his report—which has been read at the desk—calls attention to the fact that when the matter first began to be discussed in the papers of Oregon some time in 1907 the question became a very serious one. The withdrawal of these lands from taxation in the State threatened the county governments. They did not have area enough on which to levy taxes to support the county governments.

In 1907 I happened to be president of the National Irrigation Congress which met in Sacramento, I took occasion to address an immense audience on the subject of the grant of lands in California and Oregon and talked of the manner in which the railroad was ignoring its duty to the public. I suggested

then that the lands ought either to be forfeited by an act of Congress or by some proceeding in the courts, but advised the people of California and Oregon at that meeting that if that could not be done, if the Congress was unwilling to do its duty, and the courts were not appealed to to do their duty, the people of Oregon and California ought to get together in assemblies and mass meetings and formulate some sort of an amendment to their constitutions, under the terms of which the New Zealand system of taxation might be put in vogue in the States, and lands assessed in an ascending ratio; that is, the more land a man owned the more taxes he would have to pay; so that when it came to holding one or two or five million acres of land as did the railroad company, no corporation and no individual could afford to hold it. The suggestion was thought of enough importance by the railroad company to induce it to bring Mr. Harriman to Sacramento to reply to the suggestions which I had made. He came and was invited to address the Irrigation Congress on that subject, and in his usual philanthropic way—*de mortuis nil nisi bonum*—I shall be as mild as I can—he served notice on the convention that he did not intend to sell any of that land. It did not make any difference to him what the terms of the grant were. He was holding the land in reserve for philanthropic purposes, for the benefit of future generations; and he said he was going to buy timber while it was cheap on lands which were in the hands of private owners and utilize it for railway construction and other public purposes, and was going to sell the lands within this grant when he got ready to sell them.

Then what happened? The people of Oregon were determined that something should be done, and ought to be done, to compel the observance on the part of this great railway corporation of the terms and conditions under which they held the grant. The Legislature of Oregon soon after memorialized Congress on the subject, and a joint resolution was adopted by Congress in 1908 authorizing the Department of Justice to institute proceedings in the courts for the purpose of forfeiting the grant because of the continued violation of its terms. Pursuant to the authority granted by that joint resolution, which is set out in the report of both the House and the Senate Committee on Public Lands in connection with the pending bill, a suit was instituted by the Attorney General of the United States against the Southern Pacific Railroad Co. and others for the purpose of forfeiting the grant because of the violation of its terms. It was tried in the District Court of the United States for Oregon, and the reports of that trial, Mr. President, cover 20 bound volumes, copies of which are accessible to Senators. Every phase of the subject, from the time the grant was first made up to the time the suit was instituted, was gone into. There is absolutely nothing that was not discussed, not only from the individual viewpoint of the citizens of the State and of the officials of Government, but from the viewpoint of the railroad company as well; and the distinguished judge who heard the case and saw the witnesses face to face determined that the railroad company had violated the terms of the grant, and that the conditions contained in it were conditions subsequent, the violation of which entitled the Government to a forfeiture of these lands. While I do not propose to criticize the Supreme Court of the United States, I say that there is more reason and more sense and more logic in the decision of the distinguished judge of the lower court than there is in the decision of the Supreme Court of the United States.

The case went to the court of appeals, and, without any trial before that court, was certified up to the Supreme Court of the United States. That court reversed the decision of the distinguished judge of the District Court of Oregon, and held that these conditions in the grant were not conditions subsequent, that entitled the Government to a forfeiture upon the violation thereof, but they were enforceable covenants. But realizing the injustice that had been perpetrated on the people of the State of Oregon by the continued violation of the terms of this grant, Mr. President, the Supreme Court held in effect that in view of the fact that this violation of the terms of the grant had been persisted in for 40 years, Congress had the jurisdiction and power to deal with the subject as it pleased, saving to the company, however, the value of the undisposed portion of the grant. In other words, while holding in effect that the terms of the grant were violated, the railroad company, nevertheless, was entitled to \$2.50 an acre.

This bill has been formulated along the lines of the decision of the Supreme Court of the United States. I will say to the Senator from Nebraska that I am not entirely satisfied with this bill. If I had the sole say in penning a statute on the subject, the railroad company would get very much less out of these lands than it will get under the terms of this bill. But the bill is here after a thorough hearing and discussion by the distinguished members of the Public Lands Committee of the

House as the best thing that can be done with a complicated subject, and with some slight amendments I think it ought to be enacted by Congress.

Mr. President, I am not going to call attention to the terms of the decision of the court. It is set out at length in the report of the committee and I hope the Senators have all read it. I say that I am not satisfied with the bill as it passed the House, for it is not generous enough to the State of Oregon. The bill introduced by me—S. 30—provided for a distribution of the fund on the basis of 40 per cent to the school fund of the State, 40 per cent to the counties for roads and highways, and 20 per cent to the United States. The House changed that distribution. I think that all of the proceeds except the expense of administration ought to go to the State of Oregon, and I am going to give my reasons for this opinion.

The green area on that map [referring to a map on the wall] represents the lands of Oregon that are held in reserve and absolutely withdrawn from taxation. Those are within forest reserves in the Cascade range of mountains and along the Pacific coast. Those are the only reserves I have had extended on the map, because they are in close proximity to the railroad lands, in order to show the Senate at a glance the small amount of land left to the people of Oregon for the purpose of taxation in the western part of the State. Off to the right, Mr. President, is another map—I will say that it is an official map, too—which shows other reserves in Oregon which are withdrawn from settlement as well as from taxation.

Mr. BORAH. Mr. President—

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

Mr. CHAMBERLAIN. I do.

Mr. BORAH. Do I understand that the green on that map represents the lands withdrawn from taxation, aside from any lands which are involved in controversy under this bill?

Mr. CHAMBERLAIN. Those green portions are simply lands in the Federal reserve.

Mr. BORAH. They have nothing to do with the lands involved in this bill?

Mr. CHAMBERLAIN. Nothing at all.

Mr. BORAH. How much acreage does that green portion cover?

Mr. CHAMBERLAIN. I have not made any estimate of it.

Mr. BORAH. It is a very large tract?

Mr. CHAMBERLAIN. A very large tract. It is practically the whole Cascade range of mountains, from the northern boundary of the State to the California line.

Mr. BORAH. Are those all timber lands?

Mr. CHAMBERLAIN. Most of it, I will say, is timber.

Mr. President, there [pointing to the map] is a county in the southwest part of the State, the very southwestern county in the State. The Senators will notice a little white strip along the Pacific coast. There is a county that carries on its municipal functions on a strip of land 6 miles wide and about 100 miles long.

Mr. BORAH. Where is the rest of it?

Mr. CHAMBERLAIN. In the Federal reserve. I am not kicking about that, Mr. President.

Mr. BORAH. I should like to kick for the Senator.

Mr. CHAMBERLAIN. I am just calling attention to facts which, in my opinion, entitle Oregon to a little more consideration than the House gave her.

Mr. BORAH. What county is that?

Mr. CHAMBERLAIN. That is Curry County.

Mr. BORAH. Is that green land in Curry County land which could be reduced to cultivation?

Mr. CHAMBERLAIN. I think much of it could. It probably could not be reduced to cultivation under some of the rules that the Forestry Service has adopted, saying that land which had a slope of 26 per cent was not fit for agricultural land. Why, Mr. President, I know of lands in Oregon that slope 45°, and have splendid orchards on them, and the land is worth \$250 an acre; and yet, if you should apply that rule to some of those lands, they would not be agricultural lands.

Mr. BORAH. If the rules of the department had been in effect in the days of the "fathers," the original thirteen Colonies could not have been settled.

Mr. CHAMBERLAIN. I doubt if they could have been.

Mr. BRANDEGEE. What is the red color on the map?

Mr. CHAMBERLAIN. The red color is the land involved in this bill. Was the Senator here when I began my remarks?

Mr. BRANDEGEE. No; I was not.

Mr. CHAMBERLAIN. The original granting act gave to the railroad company every alternate odd section of 640 acres for 20 miles on each side of the railroad from the California line to the Washington line; and then the grant provided that if

there was any loss in these lands, if some unfortunate settler had happened to go in there and had taken up a piece of the land under the homestead law, or if there was a loss through any other cause whatsoever, the railroad company could go 10 miles farther on each side of the primary limits of the grant and select indemnity lands for those lost. So the Senator will see that it was possible for the railroads to go a distance of 30 miles on each side of the track and acquire lands through the heart of the richest country under the sun. The road runs through the Rogue and Willamette River Valleys from the California line to Portland, Oreg., the richest part of the State.

Mr. CLARK of Wyoming. Mr. President, will the Senator yield for a question?

Mr. CHAMBERLAIN. Certainly.

Mr. CLARK of Wyoming. What is the Senator's idea of the value of these lands at the present time?

Mr. CHAMBERLAIN. These grant lands?

Mr. CLARK of Wyoming. Yes; that is, those that are proposed to be restored by this bill.

Mr. CHAMBERLAIN. Of course, there is a great diversity of opinion about that. There is some of it that is not worth a cent, but the timberlands are very valuable, and it was stipulated at the trial that these lands and the timber on them were worth approximately \$35,000,000.

Mr. CLARK of Wyoming. I have read the bill only hastily. In the case of the timberlands, the timber is to be taken off by the Government, as I understand, and sold?

Mr. CHAMBERLAIN. Yes, sir; to be sold by the Government.

Mr. CLARK of Wyoming. Does the State secure anything from the sale of that timber, or does the State receive the amount which the Senator has spoken of by the sale of the land after it is denuded of timber and made agricultural in quality?

Mr. CHAMBERLAIN. The bill provides for the distribution of the funds arising from the sale of the timber, and it is proposed that the State shall share in the distribution. After the timber has been cut, the land is subject to entry by homesteaders.

Mr. CLARK of Wyoming. They do not have to pay the \$2.50 an acre?

Mr. CHAMBERLAIN. No, sir; but the Senator will notice that the last section of the bill provides how this fund is to be divided. The State does get something under that, and I will call the Senator's attention to it in a little while.

Mr. President, there is one county, to which I have called your attention, in the southwestern portion of the State which, by reason of these forest reserves, finds it almost impossible to carry on its government, and yet the people there are industrious and enterprising. They are developing the country, and they only want an opportunity to do better for the State and for the country.

Going farther north, Mr. President, you will see some counties on the map still farther up, along the coast, that have a very small area subject to taxation. Taking the reserves and the railroad lands together, it is almost impossible for the county governments to exist. In addition to the usual taxes the people have, under legislative authority, formed themselves into port districts and annually impose taxes upon the properties in the districts for the purposes of river and harbor improvement. They have contributed dollar for dollar with the Government for these purposes in order to assist in the development of the State. There was no provision made in the House bill for those port districts, although under its terms much of the area within these districts is to be withdrawn from the taxable area.

Mr. SMITH of Michigan. In developing what—the ports?

Mr. CHAMBERLAIN. In developing the rivers and harbors. I will call the Senator's attention to the port of Coos Bay. The people within it have taxed themselves \$600,000 for the purpose of deepening the harbor so that seagoing vessels might come in and take away their lumber and other products. The Government of the United States has appropriated a like sum. I simply call attention to the fact that the people there are entitled to some consideration in this legislation, for the reason that a part of the taxable area is to be withdrawn.

Mr. BORAH. Mr. President, am I correct in assuming that this bill withdraws all this Government land from taxation? It does not restore it to taxation, does it?

Mr. CHAMBERLAIN. That brings up the question that I will discuss in a few moments. That is one of the changes the committee has made in the House bill. Under the House bill all of the timber which is to be sold on a 10-year credit might be withdrawn from taxation for a period of 10 years; and the change that the Senate committee has made in the House bill is to bring

the timber when sold under the taxation laws of the State by requiring the sales to be made for cash.

Mr. SMITH of Michigan. If those lands are withdrawn in accordance with the terms of the House bill, then all the expense and the bonded debt that has been incurred by these municipalities in the improvement of their harbors is lost, is it not?

Mr. CHAMBERLAIN. Yes, sir.

Mr. SMITH of Michigan. How does the Senator propose to care for those communities?

Mr. CHAMBERLAIN. I will say to the Senator that in the amendment that we propose here, on page 16, the percentages are specified, and I will ask the Senator kindly to look at that.

Mr. BORAH. The bill provides that—

Of the remainder, 10 per cent shall be paid into, reserved, and appropriated as a part of the fund created by the act of Congress approved June 17, 1902, known as the reclamation act, to be expended on approved projects within the State of Oregon; 10 per cent of such remainder shall become a part of the general fund in the Treasury of the United States.

What was the necessity of turning over 10 per cent to the United States?

Mr. CHAMBERLAIN. I do not think they ought to have anything.

Mr. BORAH. As I understand, the Nation recovers about a million dollars, anyway.

Mr. SMITH of Michigan. It is possible that the condition of the Federal Treasury might justify some contribution of that kind.

Mr. BORAH. Whatever may be the justification with reference to the condition of the Treasury, I do not think that was the moving animus of retaining this 10 per cent. It was for another reason, I presume.

Mr. CHAMBERLAIN. Oh, it was for administrative expenses, Mr. President.

Mr. BORAH. I do not want to take the Senator out of the line of his discussion; but, with reference to this taxation, why was it thought necessary to restore the old five-year law with reference to homesteads?

Mr. CHAMBERLAIN. It is because of the difficulties of living on that land.

Mr. BORAH. Is it because they could not make sufficient cultivation to satisfy the three-year homestead law?

Mr. CHAMBERLAIN. This bill not only extends the time but it relieves them of the amount of work that they have to do.

Mr. BORAH. But what I do not understand is why, at this advanced age and rapid rate of living, you should require men to remain upon a homestead for a term of five years before giving them a title. We have passed beyond that, and have passed a law which permitted them to have title in three years.

Mr. CHAMBERLAIN. The Senator remembers that the three-year homestead law requires quite an extended cultivation.

Mr. BORAH. I know it does; but—

Mr. CHAMBERLAIN. There is not any of this land in the case of which the settlers could comply with that provision of the law.

Mr. BORAH. Exactly; but there has been a bill pending before Congress, passed by the Senate, and lodged somewhere else for the last three years, providing that in lieu of this cultivation a certain amount of improvement could be done, and should be estimated at so much per acre; and I do not see why that kind of a proposition should not have been placed in the bill, and the residence period limited to three years. Five years is a long time for a man who is trying to make a home to be without title. So long as he is without his title he is practically without standing in the credit world, and he must pay high interest if he gets credit at all. These long terms of penal servitude to show good faith are all wrong.

Mr. CHAMBERLAIN. I am not at variance with the Senator on that proposition. We thought we had relieved the homesteader of the serious part of the settlement of these lands when we said that he would not have to cultivate as much. It is just left to the discretion of the Secretary of the Interior.

Mr. NELSON. Mr. President, I want to call the Senator's attention to the fact that these homestead lands are to be paid for at the rate of \$2.50 an acre. They only pay 50 cents an acre down, and the other \$2 are paid when they make the final proof, and there is no interest to be paid on it; so that they have a benefit from that.

Mr. BORAH. Mr. President, as a practical proposition I do not think that is very much of a benefit. You put a man out upon a homestead and compel him to go along in life without the title to his land upon which to base his security and his credit to do business, and at the end of five years he will not have any \$2 an acre with which to pay. It is impossible. You might just as well ask a business man down here in Wash-

ington to enter upon a business course without title to his goods or title to his property, and expect him to maintain and sustain his credit for five years and then get out, as to ask a man to go on one of these homesteads and remain there for five years and have any credit at the end of the five years.

Mr. CHAMBERLAIN. I am inclined to agree largely with the Senator about that; but I will say to the Senator that whenever he has attempted to reform the homestead law so as to relieve the condition of the settlers I have usually favored it with him.

Mr. BORAH. I was not criticizing the Senator's position at all. I understand that this provision with reference to the five-year homestead law came from another source entirely; but I should be glad to join in an effort, if it would not jeopardize the Senator's bill, to reform that particular feature.

Mr. JONES. Mr. President, in that same connection I want to ask the Senator if this provision does not do away, so far as these settlers are concerned; with the provision in the three-year homestead law under which they have five months' leave of absence each year?

Mr. CHAMBERLAIN. I think not.

Mr. JONES. The Senator thinks that right is preserved?

Mr. CHAMBERLAIN. I think so. I think it is preserved to them. I think it is placed more largely in the discretion of the Secretary of the Interior. If the Senator has any doubt about that, after reading it carefully, I should like him to suggest an amendment.

Mr. JONES. Yes; because I think it very important that in the case of these lands, especially, they should not be required to stay on the land continually, because they will have to get out somewhere where they can work and make something with which to maintain themselves.

Mr. CHAMBERLAIN. I think that is true.

Mr. JONES. My recollection is that that provision is in the three-year homestead law, and is not contained in the general homestead law except as it is contained in the three-year homestead law; but I will look that up.

Mr. CHAMBERLAIN. I wish the Senator would.

Mr. President, we have digressed a little bit from the proposition I was undertaking to establish, and that was that justice demands the greatest liberality to the State. If the Senators will turn to the bill as it passed the House they will find that the timber on lands of class 2 is to be sold on a credit of 10 years, payable in installments. Everybody who buys the timber under these conditions would probably buy on credit instead of for cash and take a chance on the market advancing so as to realize a greater profit. The bill as it was originally prepared by me and introduced in the Senate provided for the cash sale of this timber, with the provision that as soon as the timber was sold a patent was to be issued for the timber apart from the land and the timber made subject to assessment. The report of Mr. Williams shows that the people of Oregon are insisting that this property shall be subject to taxation. Some of the counties can not stand having these lands withdrawn even for a period of 10 years, and the period of practical withdrawal of three years by the railroad companies which have refused to pay the taxes for that length of time has almost bankrupted some of those counties. Now, the department says that if you sell the timber on credit you will get more for it than if you sell for cash. That may be true; but in the meantime no taxes are being collected by either the counties or the State.

Mr. BORAH. Mr. President, I do not believe I understand the Senator with reference to this question of taxation. Is the provision with reference to taxation to which he refers the provision which appears on page 16?

Mr. CHAMBERLAIN. Oh, no. On pages 6 and 7 is the House provision, which provides for the sale of the timber on credit. The amendment proposed by the Senate committee is found on page 8. It provides for a cash sale, and subjects the timber, when sold for cash, to the jurisdiction of the taxing power.

Mr. BORAH. I see the point of the Senator.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER (Mr. WALSH in the chair). Does the Senator from Oregon yield to the Senator from Washington?

Mr. CHAMBERLAIN. I yield.

Mr. POINDEXTER. I should like the Senator, before he leaves that particular point, to explain why lands sold on the plan provided for in the House bill, to be paid for in 10 annual installments, can not be made subject to taxation. If they are sold under those conditions, and if the bill should provide that the lands shall be subject to taxation, they will be subject to taxation until they are forfeited and taken back by the Government.

Mr. CHAMBERLAIN. I will say to the Senator that the title to the land is in the Government of the United States.

Mr. POINDEXTER. It need not be, Mr. President. In the first place, we are speaking of the sale of timber, not land. The title to the land is in the Government of the United States according to the bill, but that is a matter which can be regulated by the bill. What I am trying to ascertain is whether the Senator contends that it is impossible for Congress in this bill, if this timber is sold on time, to provide also for its taxation?

Mr. CHAMBERLAIN. Let me have the Secretary of the Interior answer that for the Senator, because the bill as I originally introduced it provided for the cash sale, just as this amendment of the Senate committee provides. That bill was referred by the Public Lands Committee to the Secretary of the Interior, and here is what he said about that very proposition:

The Secretary of Agriculture will recommend that the timber be disposed of at such times, in such quantities, and under such terms as the Secretary of the Interior may prescribe. If it were not for the fact that such a provision would, in effect, prevent the State and local authorities from taxing such timber, I would be inclined to favor the plan.

That is what the House did.

Mr. POINDEXTER rose.

Mr. CHAMBERLAIN. I will ask the Senator to let me conclude without interruption, because it is a continued story with reference to that.

Under it—

Says the Secretary of the Interior—

the Government will receive larger prices for the timber than is possible where full cash payments are required and where the timber after such sale will be subject to local and State taxation. Extended consideration has been given and an attempt made to work out a plan whereby the lands could be sold in the manner provided for in the bill—

That was the original bill for cash sale—

upon deferred payments, but so many obstacles have presented themselves that I have concluded it is better to sell the timber for cash, as is proposed in the bill, and issue a patent for the timber than it would be to make such sales on time.

I hope the Senator will listen to this, because it answers him completely:

Unless it is otherwise provided, the lands would not be subject to taxation as long as the interest of the Government remains unsatisfied. Moreover, if sold upon time payments the Government would lose control over the timber, but in order to protect its interests it must stand ready to protect the timber against loss by fire, etc. If provision was made for taxing the timber prior to the time it was fully paid for, the Government would inevitably be drawn into controversies concerning local and State tax rates and other kindred questions, and might be compelled to satisfy tax liens to protect its interests. The plan proposed by the Secretary of Agriculture is workable, but it will deprive the States and counties of taxing privileges. I therefore follow the general plan for disposing of the timber proposed by the bill under consideration.

The Secretary of the Interior finally, while not surrendering his opinion on that subject as to the merits of the two propositions, in his report on the bill before the House committee, says this in reference to the sale of timber:

In my report on Senate bill No. 30 I commented at considerable length on the relative advantages to the United States and the State in the sale of the timber for cash or on deferred payments, it being concluded therein that to avoid expensive administrative duties on the part of the one and enable the other to tax the timber after its sale, without any subsequent complications resulting from the unsatisfied claims of the United States, the sale of the timber for cash, followed by a patent to the purchaser, afforded the only remedy, though it was admitted that better prices for the timber would probably be secured on deferred payments.

Now, here is what the Secretary says:

The scheme now proposed in this bill—

That is the House bill, and the one sought to be amended by the committee of the Senate—

The scheme now proposed in this bill, by which patents will issue from time to time on the payment of the full purchase price of any legal subdivision, and the postponement of the right of the State to tax the timber until after the issuance of the patent, seems to meet in substantial form the objection that I entertained at that time to the sale of the timber on deferred payments. The measure as now presented therefore meets with my approval.

In other words, the Secretary of the Interior says that, while he favored a cash-basis proposition for timber sales, he was willing to assent to the proposition contained in the House bill because, as a purchaser of timber paid for a subdivision at a time, he could get a patent for the part paid for, and this could be taxed by the authorities. The result of such a plan must inevitably be that all this railroad land will be withheld from taxation for at least 10 years. Some one suggested to me that a good, shrewd timber purchaser could escape taxation entirely in the following way: He is not allowed to cut timber until he pays for a small subdivision—we will say 40 acres. He buys timber on a thousand acres and he proceeds to pay for and to cut the timber on 40 or 80 acres between the 1st of April and the 1st of the following March.

Mr. SMITH of Michigan. He pays for the 40 acres.

Mr. CHAMBERLAIN. Yes. Let me show you how he can dodge taxation. The assessment roll is returned on the 1st of March. He will pay for it the 1st of April. He is entitled to a patent to the timber if he asks for it. Instead of doing that he cuts 40 acres of timber before the 1st day of the next March, and there is nothing left to tax. He has cut off the timber between the taxing period, has sold it, and there is nothing to tax.

There is only one criticism I have to make of the amendment proposed by the Senate committee, and I did not see how to avoid it, and that is that it leaves it optional with the purchaser of timber when he will take it off. I insist that under this provision for a cash sale the purchaser must sell in the first normal market, otherwise the taxes will consume his investment. Taxes come pretty high. Some of that timbered land has been taxed as high as \$40 an acre.

Mr. CLARK of Wyoming. There are thousands of acres in patent now.

Mr. CHAMBERLAIN. Yes; and it was taxed very high in the hands of the railroad company.

Mr. CLARK of Wyoming. Timberland?

Mr. CHAMBERLAIN. Timberland; and the authorities assess the timberland at what it is actually worth. So if a purchaser bought 100,000 acres of timberland and determined to hold it for an indefinite time, it would eventually destroy his investment. In other words, he is bound to take advantage of the normal market in order to save himself.

So, Mr. President, I do not believe that any purchaser would hold this timber indefinitely. He would sell it in order to protect himself against taxation. It does seem to me that what people out there want most are two things. They want that country developed; they want settlers on the land; they want mills on it; they want the country to thrive; and while it is being developed, Mr. President, they want to have the money with which to carry on the governmental affairs.

This bill provides that the timber shall be sold on a cash basis, and the only serious question in it is as to whether you want to adopt a policy of reservation and conservation, applied to these grant lands, or whether you want to place them in a position where they will assist in the payment of the expenses of the State.

Mr. CUMMINS. Mr. President, there is one point I do not quite understand. That is the difficulty about uniting the two plans—to sell for cash and to sell on time?

Mr. CHAMBERLAIN. That is what the House bill tries to do.

Mr. CUMMINS. There is no difficulty about bringing it within the taxing power of the States even if sold on time?

Mr. CHAMBERLAIN. Bringing the timber itself.

Mr. CUMMINS. Bringing the timber itself. The very moment you sever the two interests, timber becomes personal property; it is no longer real estate; and if the title passes it at once becomes subject to taxation in the hands of whoever buys it, even though it is sold on time. All the Government would have to do would be to take such security for the payment of the purchase price as to make it reasonably certain that it will ultimately get its money.

Mr. CHAMBERLAIN. Let me ask the Senator: Suppose 160 acres of timber are sold on credit; it is taxed; and after the first year failure is made by the purchaser to make any payment; where does the tax come in?

Mr. CUMMINS. You tax the timber just as you collect any other tax.

Mr. CHAMBERLAIN. The Government owns the timber.

Mr. CUMMINS. No; the Government does not own the timber. This is not an ordinary transaction. The Government proposes to separate it from the soil and sell the timber. If the Government wants to sell the timber on time it can part with its title at the same moment, and it can take from the purchaser such security as in its judgment is necessary to insure final payment of the price, whatever it may be.

Mr. CHAMBERLAIN. So you have the security aside from the timber itself.

Mr. CUMMINS. Certainly. No one is going to buy this timber who is not able to give security of some kind.

Mr. CHAMBERLAIN. There is no suggestion of that kind in the House provision.

Mr. CUMMINS. None.

Mr. CHAMBERLAIN. It may be the Senator can work out some provision that would test that, but those who worked out this House provision say that there would be none.

Mr. NORRIS. Mr. President, does the Senator see anything in the House bill in regard to the taxation of timber after it is sold.

Mr. CHAMBERLAIN. I did not put quite that construction on it, I will say, but it provides for taxation after patent issues.

Mr. NORRIS. It provides that patent shall issue when the sale is made and the money paid.

Mr. CHAMBERLAIN. Yes; when the money is paid.

Mr. CUMMINS. I was suggesting that the title could pass before the money is paid if the Government takes security for it; that is, if it wants to do so. If it does not, let it take its chances like any other seller of property.

Mr. NORRIS. There is this provision in the bill as passed by the House:

All timber sold under this act shall be subject to the taxing power of the States apart from the land as soon as patents are issued as provided for herein.

Mr. CHAMBERLAIN. That is right.

Mr. NORRIS. Provided that when anyone buys any of the timber the Secretary of the Interior shall give patent for the timber that he buys.

Mr. CUMMINS. In my opinion Congress has nothing to do with the taxing power of the States, and can neither enlarge it nor diminish it. Whenever the property becomes the property of a private owner, then it is subject to taxation. I can not believe that Congress could relieve it from taxation. But the status must be changed. It must become the property of the purchaser, and I assume that under the House bill it does not become the property of the purchaser until the patent issues, and therefore until that time comes it is by operation of fundamental law relieved from State taxation.

I think one of the great necessities of that part of the country is to see to it that no property that has hitherto been subject to taxation shall be removed from taxation. It has a hard enough time now, and I would think it a very bad policy to remove any part of this property from taxation.

Mr. CHAMBERLAIN. I am glad the Senator feels that way, because he describes the situation exactly.

Mr. CUMMINS. That is perfectly obvious to anyone who looks at the situation. It is true of the whole western country. So large a part of the property has been taken away from the power of taxation and taken away from the power of anybody to acquire it that the burden of maintaining those governments out there is becoming very severe. Congress ought to take notice of that situation if it wants that country developed.

Mr. FALL. The people of Oregon, under the provisions of this bill, would be relieved from the situation in which the people of the other States find themselves in reference to taxation, even if they could not tax these lands for this timber, because they get a portion of the proceeds from the sale of the timber. In other portions of the West we can not tax the Government lands taken up under the homestead or any other act of Congress nor do we get any part of the proceeds of the sales.

Mr. CHAMBERLAIN. Yes; you do.

Mr. FALL. We get for United States purposes, supposed to be returned; we get for school purposes.

Mr. BORAH. It seems to me that one of the virtues in this bill is the precedent which it will establish.

Mr. FALL. Precisely; and I am in favor of it. I wanted to emphasize the fact that this is a departure in the right direction. I am thoroughly in favor of the measure.

Mr. CLARK of Wyoming. I suppose the Senator from Oregon is thoroughly in favor of a bill of the character we have here?

Mr. CHAMBERLAIN. I am.

Mr. FALL. I am glad the Senator from Oregon is in accord with me on this proposition. I remember that four years ago we were not in accord at all. He was thoroughly imbued with the idea of the department in the administration of the forest reserves, and I took the opposite view. I am glad to find he has worked around to my view.

Mr. CHAMBERLAIN. Please understand—

Mr. FALL. I do not want to commit the Senator.

Mr. CHAMBERLAIN. We have an entirely new proposition here. Here is land that has been in private ownership and has been subject to taxation for a number of years and then it comes back and the title is vested in the Government. But I will say to the Senator I have a little more sympathy for his views than I used to have because of some recent experience.

Mr. FALL. I am glad to know that experience, if not my argument, has brought the Senator to a realization of the case. If my argument had no effect on him, I am glad that experience has modified his views to some extent. But I want to make this suggestion, that in consideration of the fact that Oregon does get a portion of the proceeds of the sales—

Mr. NORRIS. Getting all of it, practically.

Mr. FALL. Practically all of it.

Mr. CHAMBERLAIN. It ought to have it.

Mr. NORRIS. It gets practically everything.

Mr. FALL. I agree with the Senator there, it ought to it all; but in view of the fact that it does get a portion of it, and a large portion of it, does not the Senator really think if the land or the timber were sold on time and the State was not able to tax the timber it would get by virtue of an increased price by selling the land on time more than enough to make up the amount of the taxation which it would lose?

Mr. CHAMBERLAIN. That is the theory of the Forestry Service. I do not agree with that.

Mr. FALL. I want to suggest another thought to the Senator. A cash sale of timber of any amount will preclude the small purchaser or the poor man from buying timber.

Mr. CHAMBERLAIN. Oh, no.

Mr. FALL. Unless sold on time.

Mr. CHAMBERLAIN. If the Senator will examine the bill, he will see that it provides for preference being given to the small purchaser or the small subdivision.

Mr. FALL. The small purchaser for cash?

Mr. CHAMBERLAIN. Yes.

Mr. FALL. I do not know but the Senator may have small purchasers at hand who have the cash. I imagine that under the provisions of the bill there will not be very many small purchasers. However, I am in thorough agreement with the idea of getting the land into private ownership and getting revenue from it and getting all that can be gotten out of it.

Mr. CHAMBERLAIN. I want to say to the Senator that this matter has been receiving my attention for 9 or 10 years. I am frank to say I have never reached a solution of any part of it that was entirely satisfactory to me. One of the questions that has haunted me sometimes is as to just what the result would be; but I will say to the Senator that while there is a provision for bringing this land under the taxing power of the State it is only after payment has been made at the end of a year, say, if a man pays for a small subdivision, as I tried to explain awhile ago, the man who wants to avoid taxation will come pretty near doing so.

Mr. President, I do not think I want to take any more of the time of the Senate except to call attention to the distribution of the fund.

Mr. BORAH. Before the Senator goes into that, he knows something of the difficulty surrounding the formation of this bill and I do not because I am not a member of the Public Lands Committee. I am in favor of the bill and I do not want to be a part of any effort to imperil the bill, but unless the Senator believes that it would imperil the bill I should like to help reform this homestead proposition. The homestead law was supposed to be a poor man's law, but no man can take homesteads in this day under this law unless he has a bank account to start with. It is a rich man's law to begin with.

In view of the scarcity of land and the number of poor people who ought to have homes and who would go and get homes it seems to me every homestead law should be made truly and emphatically a poor man's law—that is to say, under which a man with the most limited means could go and acquire a home by his physical effort, his labor, and so forth. But if a man is to go on this land and stay for five years and then at the end of the time pay \$2 an acre he must have a competency when he goes on the land in the first place. He can never work it out to a fruition in title.

I think that the homestead residence ought to be reduced to three years and leave of absence ought to be provided for. I only hesitate to do it because, as I said, the Senator knows something of the different conflicting interests which it is necessary to reconcile, and if those favoring these provisions are insistent it might be dangerous to insist upon a change. But I feel the change should be made, and unless I become satisfied it would imperil the bill I shall offer some amendments. It would not only be better for the settler but it would be better for the State—it brings the lands under taxation sooner.

Mr. CHAMBERLAIN. I am not sure that it would. I have had no conferences with the Members of the House committee, although I have read the hearings. So far as I am individually concerned, I would have no objection to having an amendment of that kind added to the bill, and then, if the conferees outvote us, it would not be our fault.

I am in thorough accord with the Senator in his efforts made in the past and being made now to protect the homesteaders, because conditions are not as they were 25 years ago. When I first went out West in 1876 one could get a homestead almost anywhere and could make a living on it without much trouble, but you can not do it any more. A man who takes up a homestead now, whether it is in the arid region or not, has a pretty hard time to work out a living.

I want to say that the House committee worked industriously on the bill, and all of them gave it their undivided and con-

scientious attention and faithfully endeavored to reach a proper solution of the questions involved. The fact is they had extensive hearings, and every time I went over there I found that the full committee nearly was present, each and every one of them taking an active interest in the bill. When the Senate committee took it up they wanted to make just as few changes in it as possible, because the committee knew the painstaking care that had been exercised in the preparation of the bill, and the only changes made are practically the few to which I have called attention. We did not think the House committee had been quite generous enough to Oregon because of the conditions which I have undertaken to describe. Let me call attention to one thing.

The bill as passed by the House required that 40 per cent of the money that comes from the sale of this timber should go into the reclamation fund. Under ordinary circumstances I would not object to that very seriously, but let us see what Oregon has suffered under the proposition. Oregon ranks second in the list of 16 States that have contributed to the reclamation fund. There is no other State in the West that has contributed as much to the reclamation fund except North Dakota. Up to the end of last year North Dakota had contributed \$12,080,995.97 to the reclamation fund. Oregon contributed \$10,717,809.39—second on the list. When it comes to investing the proceeds of public lands that are in the reclamation fund to the development of irrigation projects in the States, Oregon ranks eleventh.

Mr. BORAH. Oregon has a great deal of rainfall.

Mr. CHAMBERLAIN. East of the Cascade Mountains conditions are like those in the Senator's State. There is a lot of arid land and very many reclamation projects that ought to be developed. The State itself has undertaken to develop one project and sought here a year or two ago, just as we have always sought in river and harbor improvements, to get co-operation between the Government and the State. The Senator will remember that the distinguished Senator from Utah said he would never consent to have cooperation between the State and the Federal Government in irrigation. Oregon puts up dollar for dollar for river and harbor improvement and is willing to put up dollar for dollar for reclamation.

Mr. FALL. Is it not a fact that the very showing the Senator has made proves that while, for instance, New Mexico and Arizona have contributed comparatively nothing, in view of what the great State of Oregon has contributed to the reclamation fund, they have had no means to dispose of their lands under the present law?

Mr. CHAMBERLAIN. I am not complaining of that—

Mr. FALL. The State of Oregon is so blessed that her people could acquire land and make homes in the State, and through the acquisition of the land Oregon has contributed a large amount to the reclamation fund. As the Senator is modifying his views I want to impress on him now the difference that exists due to the rainfall in the different States of the Union. We have had quite a large amount of money expended in New Mexico from the reclamation fund. We have availed ourselves very liberally of it, or at least the Government allowed us to use what was contributed by Oregon. New Mexico has thirty-odd million acres of land which, under the present law, can not be sold for the reclamation fund or any other fund.

Mr. CHAMBERLAIN. I am not complaining of the generosity of the Government to the Senator's State. I am glad that it has been generous. Arizona, for instance, has contributed \$1,318,630.05 to the reclamation fund and the Government has expended there for reclamation projects \$16,000,000. I am not complaining of that. What I am suggesting is that in view of the fact that Oregon has been the second largest contributor and stands eleventh as receiver of money for reclamation, when a condition arises in the State that is sui generis and there is an opportunity to expend the money within the boundaries of the State where the Reclamation Service holds a million acres that are susceptible of irrigation, she ought to have the benefit of it.

Mr. FALL. Mr. President—

Mr. CHAMBERLAIN. Pardon me just a moment. The House bill provides that 40 per cent of the proceeds shall go into the reclamation fund, and possibly all of it may go to New Mexico.

Mr. FALL. The fact, however, remains that while the entire area of New Mexico and the entire area of Arizona susceptible of cultivation, if cultivated at all, must be cultivated by irrigation, a large portion of the State of Oregon is so situated that it can be cultivated by virtue of rainfall without irrigation.

Mr. CHAMBERLAIN. The Senator misapprehends the conditions up there. Nearly the whole eastern part of the State is

in the semiarid region. In some of the counties they have only 8 inches of rainfall and in some of them from 8 to 13 inches.

Mr. FALL. What proportion is that of the entire State?

Mr. CHAMBERLAIN. It is practically a line running through the center of the State east and west from the Cascade Mountains to the eastern boundary of the State. It is practically half of the State.

Mr. FALL. I want to say to the Senator, under the theory which he has been advocating, every tree in New Mexico is taken away from the people of New Mexico and we have not anything left to sell.

Mr. NORRIS. Mr. President, as the Senator is aware, of course, the old reclamation law itself provides that officials shall, I think, at every 10-year period, as near as they can, equalize the expenditures for reclamation projects in various States. He realizes that it would be an impossibility by the use of the reclamation fund to make an accurate division between the States, and where one State gets more money during the first 10-year period the probabilities are that another State will get more in another period. When they start in with projects they necessarily have to finish them, and they can not begin more projects than they are going to complete.

Mr. CHAMBERLAIN. There is some force in that, too, but the Senator will remember that under the law as it was the major portion of the reclamation fund from any State had to be expended on feasible projects in the State. That law was subsequently changed. I was willing to have that change made, leaving it to the Reclamation Service.

Mr. NORRIS. I think the Senator was right in that. I think it is not difficult to see that that is really the only practical way to administer this fund.

It can not be divided equally, but I think they should do it as nearly as they can. If Oregon was not getting as much as she did get out of the fund within a certain period it was because projects had been commenced and money expended in other States, and when they are completed the probabilities are that in the next period Oregon will perhaps get more than her proportionate share. In other words, we can not keep an equal division of that fund between the States all the time, and the law never contemplated that it should be done.

Mr. CHAMBERLAIN. The old law has been changed, the Senator will remember. I was saying that I favored that repeal for the simple reason that if the major portion of the fund had to be expended in a State it resulted in the constant harassing by the Senators and Representatives from that State of the Reclamation Service to get them to spend the money on projects that were not feasible. So I favored the change in the law, leaving the discretion somewhere else. Yet every time I have been up for office in Oregon since then I have had to meet the charge that I had been "sleeping at the switch" and let the change be made. It was the honest thing to do, even if it did affect my State a little injuriously. It had the same effect on other States.

Mr. SMITH of Arizona. Mr. President, inasmuch as Arizona has been drawn into this debate, I feel that I ought to say a single word. I am glad to see the very generous spirit that is expressed in the Senate to-day. I have been trying ever since I have been here to get the kind of land that Oregon has been selling and contributing so generously to the Reclamation Service in an attitude where we could sell it at all or use it at all.

The result is that the State of Oregon had land that it could sell. The State of Arizona has never had any land that it could sell for the Government saw fit to take it and keep it. So it was not possible for us to contribute to the Reclamation Service when the Government had taken it either as forest reserves or for an unnecessarily large Indian reservation. What is left is lying there, not semiarid but actual arid waste and barren mountain, and the contribution that we could make the fund would amount to nothing. I am glad to see that the sentiment is growing in this body that justice shall be done the Western States. It is impossible that they can live with the Government holding all the valuable lands within them. Conservation for what? We can not use the timber. I am buying what timber I need at home from Oregon, while within sight of me is as fine timber as ever grew in the world. I can not touch it. That is the condition there, and it is that condition against which I have been complaining. I will gladly welcome the day when every man upon the other side of the Rocky Mountains may see the necessity of being at least fair, of giving those people a chance to live; and not conserve everything in their State for the other States which have disposed of all the lands that they ever had.

Mr. SMITH of Michigan. Mr. President, I should like to ask the Senator from Oregon a question.

Mr. NEWLANDS. Mr. President—

Mr. SMITH of Michigan. Does the Senator from Nevada desire to take the floor in his own right?

Mr. NEWLANDS. No; I wish to ask the Senator from Oregon a question.

Mr. SMITH of Michigan. Then, I will wait until the Senator does so.

Mr. NEWLANDS. I wish to ask the Senator from Oregon what is the estimated value of the lands that are to be sold?

Mr. CHAMBERLAIN. It was stipulated at the trial of the case that they were worth about \$35,000,000; but, of course, that is an estimate. It is impossible to tell exactly what they are worth.

Mr. NEWLANDS. Does the Senator from Oregon think that is above or below their value?

Mr. CHAMBERLAIN. I am inclined to think it is a little above their value.

Mr. NEWLANDS. Is it much above their value?

Mr. CHAMBERLAIN. Not a great deal. The land is assessed for \$22,000,000; and they have sought to assess the properties there at something like their value.

Mr. NEWLANDS. Now, then, assuming that the lands are worth, say, \$30,000,000, what proportion of that would go to the State of Oregon for reclamation purposes?

Mr. CHAMBERLAIN. I think the bill provides for only 10 per cent.

Mr. NEWLANDS. For reclamation?

Mr. CHAMBERLAIN. Yes.

Mr. NEWLANDS. Does the Senator mean 10 per cent goes to the reclamation fund or to the State of Oregon?

Mr. CHAMBERLAIN. It goes into the reclamation fund to be expended in Oregon.

Mr. NEWLANDS. But all of it has to be expended in the State of Oregon?

Mr. CHAMBERLAIN. Yes; it goes into the general reclamation fund of the Government, to be expended by it in Oregon.

Mr. NEWLANDS. About what per cent of that?

Mr. CHAMBERLAIN. Ten per cent.

Mr. NEWLANDS. Is that under the Senate amendment?

Mr. CHAMBERLAIN. That is under the Senate amendment, found on page 16 of the bill.

Mr. LA FOLLETTE. Mr. President—

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

Mr. CHAMBERLAIN. I do.

Mr. LA FOLLETTE. Would the Senator from Oregon, just on that point, permit me to call his attention to the fact that the House hearings show that the State forester of Oregon has estimated the timber upon this land at 40,000,000,000 feet?

Mr. CHAMBERLAIN. It is estimated by him at 44,000,000,000 feet, is it not—somewhere near that amount?

Mr. LA FOLLETTE. In round numbers, 40,000,000,000 feet. That timber is estimated at approximately worth a dollar a thousand, which would make the timber alone worth \$40,000,000.

Mr. CHAMBERLAIN. That is right. I will say to the Senator that they have estimates that would run it up as high as \$45,000,000.

Mr. LA FOLLETTE. Then, the estimate that the total value of the land is \$35,000,000 must be very low, indeed?

Mr. CHAMBERLAIN. But the Senator will understand that there is a great deal of that land that is not worth anything, and so the value of the entire property is problematical. All these estimates are more or less guesswork.

Mr. LA FOLLETTE. This timber estimate must be pretty accurate. A good estimator can practically get at the value of timber fairly well.

Mr. CHAMBERLAIN. Possibly. I think one of the agents out there estimated the timber at 50 cents a thousand stumpage, while the Senator from Wisconsin puts it at a dollar.

Mr. LA FOLLETTE. The testimony, I think, puts it at a dollar.

Mr. CHAMBERLAIN. It is a varying factor between 50 cents and a dollar, as to what the timber will bring. It is safe to say, however, that the land is worth between \$28,000,000 and \$40,000,000—somewhere along there.

Mr. SMITH of Michigan. Mr. President—

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

Mr. CHAMBERLAIN. I yield to the Senator from Michigan.

Mr. SMITH of Michigan. Mr. President, this bill is very evidently in the interest of the State of Oregon, appropriately so, in my opinion. Of course the citizens of that State should be the principal beneficiaries of this legislation.

The Senator from Oregon has called attention to the diligent work performed by the House committee, but I am impressed

very strongly with the equitable character of the Senate amendments, especially that part which provides a way in which the harbor districts may be partially compensated for loss of taxable property.

I do not want the Senator, and, of course, the Senator will not overlook this aspect of the situation. It is very evident that the work that has been done in the harbors will add to the value of this timber very greatly. They have bonded themselves and improved their ports, and are to improve their highways under this bill. Every dollar expended by those municipalities or political subdivisions will very largely increase the value of this timber, will it not?

Mr. CHAMBERLAIN. There is no question about that.

Mr. SMITH of Michigan. In other words, if these investments had not been made by the various port districts there would be no way to get these logs to market. Now the way is open, and the Senator's amendment proposes to take care of the municipalities that have obligated themselves far into the future in order that there may be ample harbor facilities. I want to commend that aspect of this bill. There is in it a sense of equity and justice which appeals strongly to me. I hope that when this bill gets into conference, if it should reach that stage, the Senate committee will insist with all their vigor that this equitable recognition shall become a part of the law.

Mr. CHAMBERLAIN. Mr. President, I am not going to take the time of the Senate any further. To save making a lengthy statement—I have imposed on the kindness of the Senate too long already—I am going to ask to have inserted in the RECORD, as a part of my remarks, a statement of Mr. Louis E. Bean with reference to these port districts. Mr. Bean appeared as a witness before the subcommittee and testified on the subject.

The PRESIDING OFFICER. Without objection, permission to do so is granted.

The matter referred to is as follows:

The pending legislation involving the Oregon and California land-grant lands is of most vital importance to Oregon as a whole, and more particularly to the counties and port districts in which these lands are situated. The organization which I represent is made up of the Oregon coast ports, which are quasi municipal corporations organized under the statute of our State, giving to local communities the authority and power to form port districts for the improvement and development of the rivers and harbors along the Oregon coast. Ten or eleven such port districts have been organized within recent years under this statute. These organizations met together, formed a federation for their own mutual benefit and advancement, and I am here to-day to try and point out to you gentlemen the justice of their cause.

The act under which these ports were formed was passed in 1909, immediately following which the several local communities along the Oregon coast, embracing undeveloped harbors of more or less importance, took advantage of the law and proceeded to organize their respective port districts. At that time very little harbor improvement had been made in Oregon, aside from that at the mouth of the Columbia River. Federal aid was denied to us because of the lack of present commerce, although we were, by nature, most richly endowed with vast undeveloped resources awaiting only the opening and development of our magnificent waterways leading to the Pacific. Our people are pioneers and recognize no obstacle or barrier. Consequently, being unable to obtain Federal assistance, took the question of harbor improvement into their own hands and by their own indomitable spirit, energy, and courage went to work to do that that had been done in other States by the Federal Government, a task that might be little expected of a less progressive people—to make harbors for themselves that the abundant undeveloped resources might be turned into present commerce and thereby enrich not only the local community but the Nation as well.

We have a number of these very important harbors along the Oregon coast south of the Columbia River, with a vast area of virgin forest, coal fields, and other undeveloped resources at their very doors, awaiting only the necessary improvement of these harbors to unlock to the markets of the world these resources.

Among these harbors are the Nehalem, the Tillamook, the Siuslaw, the Umpqua, the Coos Bay, and the Coquille. At all of these (and others) port districts have been organized for the purpose of constructing harbor improvements, so as to confine the currents of the waters to a fixed and definite channel and thereby to cut away the bar that separates the inner harbor or bay from the ocean itself, in order that the ships of all countries may enter our harbors, rest in peace while therein, load with our lumber and other products, and depart in safety.

The statute under which these ports were formed limit the amount of bonded debt that may be incurred for these improvements to 10 per cent of the total assessed value of all property within the port district. At the time of the formation of these ports, and on account of the undeveloped condition of our harbors, the assessed value of the taxable property was necessarily very low, in consequence of which, and the large sums of money that would be required to make these improvements, a bonded debt near, if not quite, the full limit allowed by law, was inevitable. The ports met this condition, however, sold their bonds, commenced and carried on their improvements to an extent sufficient to convince the Federal Government that these harbors were worthy projects and would develop sufficient commerce to warrant their full development and improvement. The first among these port districts to bond itself and undertake this harbor improvement unaided by Federal appropriation was the port of Siuslaw. In 1909 this port sold its first issue of \$100,000 of bonds and with the proceeds constructed several thousand feet of well-rocked jetty into the sea without Government aid.

At the commencement of this work the surveys on the bar showed but 8 feet of water at mean tide, and not permanent at that. At the completion of the expenditure of this sum by the port the depth of water had been materially increased. At this point the engineers of the War Department recommended to Congress that aid be given to the port, based upon which Congress appropriated \$215,500, with the provision,

however, that to become available, the port should appropriate a like sum, the port to have credit for the work already completed by it. The port accepted the terms, sold an additional issue of bonds to the amount of \$115,500, and paid the same over to the War Department. This sum was expended by the Secretary of War in further improvement on the bar, resulting in greatly increased depth of water, but yet the project was uncompleted.

Based upon the further recommendation of the department engineers, further appropriation was made by Congress in the sum of \$112,500, with the same provision that the port should appropriate a like amount. Again the local community acquiesced, sold a further issue of bonds, and paid over to the War Department the sum of \$112,500. This last appropriation has not been fully expended, but it is predicted that upon completion of the present contract, some time this year, a depth of water above 20 feet will be permanently obtained upon the bar.

Senator THOMAS. How far is that south of the Columbia River?

Mr. BEAN. About 150 miles, I should say, possibly a little farther. The port of Siuslaw, as I have enumerated, has contributed directly to this harbor improvement \$328,000, aside from the interest payments on its bonds and its current expenses. The total assessed value of the port of Siuslaw, as shown by the assessment roll, at the time of its organization, was, in round numbers, \$3,000,000. Ten per cent was the limit of bonded indebtedness fixed by law. Consequently, without the increased value, by reason of the improvements made, the port would have reached its full limit so provided, but fortunately, by reason of the improvement of the harbor, the taxable area has increased to \$4,500,000.

Senator THOMAS. The area, or value?

Mr. BEAN. The taxable value, Senator Thomas. The increase in the value of the property within the port district has been brought about by the improvement of the harbor; not only that, but the improvement of this harbor and the harbor at Coos Bay, which has been improved in like condition, but to a much greater extent, has been the means of bringing a first-class railroad from Eugene, by way of Siuslaw, to Coos Bay.

The total taxable valuation, as assessed of all property, real and personal, within the port Siuslaw district is \$4,500,000. Within the boundaries of this port district is a large area of these Oregon and California grant lands, approximating 126,000 acres, the assessed value of which upon the assessment roll is \$1,408,000.

Senator THOMAS. Is that in addition to the \$4,500,000?

Mr. BEAN. No, sir. The \$1,408,000 assessed against the grant lands is included in the total assessed value of \$4,500,000, and if deducted would leave upon the assessment roll as the full taxable value of the port district \$3,092,000, upon which to levy a tax annually sufficient to pay the interest and principal of the bonds now outstanding, amounting to over \$300,000. In other words, a levy of 6 mills on each dollar of property annually will be required to pay interest alone, to say nothing of the payment of the principal, which will soon commence to fall due. The other ports are in similar condition to the port of Siuslaw. The port of Coos Bay furnishes perhaps the best harbor on the Pacific coast between the Columbia River in Oregon and San Francisco, Cal. More than \$1,200,000 has been expended on the Coos Bay Harbor, the port of Coos Bay paying dollar for dollar with the Federal Government. The cities of Marshfield and North Bend are the principal cities on the bay. Regular steamship transportation is maintained between Coos Bay and Portland on the north and San Francisco on the south, and many cargoes of lumber are sent foreign annually. The country surrounding Coos Bay is rich in its coal fields, its forests, and its agriculture. The new Southern Pacific Railroad from Eugene by Siuslaw makes its terminus on the bay. Its harbor improvement is attracting new industries, and not in the far distant future Coos Bay is to be reckoned among the first-class harbors of the Pacific. The local community, the port of Coos Bay, has bonded itself for \$600,000 to make possible these conditions; 35,393 acres of these grant lands are within the boundaries of the port of Coos Bay, the present assessed value of which amounts to \$540,097.

The port of Umpqua, situate midway between the port Siuslaw and the port Coos Bay, is a most magnificent harbor. The Umpqua River, from which the port derives its name, is a large fresh-water stream extending to the summit of the Cascade Range of mountains, and is navigable for all purposes for a distance of 29 miles from its mouth. The taxable area of the port of Umpqua is over 700 square miles, or about 450,000 acres, 20 per cent of which can be converted into tillable agricultural land. The principal industries are lumber, agriculture, and fishing. It is estimated that the port district contains 15,000,000,000 feet of merchantable timber. The total assessed value of the port district is \$4,330,000, within which is 108,583 acres of these grant lands, assessed at \$1,117,520, or approximately one-fourth of the entire value of the port district. This port is now preparing for the improvement of its harbor, and to that end is now selling, or has sold, an issue of \$200,000 of bonds, expecting to join hands with the Federal Government in making the improvements on their harbor.

The port of Coquille has within its boundaries 65,078 acres of these grant lands, the assessed value of which amounts to approximately \$1,000,000.

The port of Bandon, at the mouth of the Coquille River, is an old and important harbor. This port has sold a large amount of bonds and expended the money derived therefrom in joint partnership with the Federal Government in the improvement of its harbor. Of these grant lands 7,854 acres are within the boundaries of this port district, the assessed value of which amounts to \$120,000.

The port of Bay City has only about 4,000 acres of these grant lands within its boundaries, the assessed value of which is \$21,000.

The several ports along the Oregon coast south of the Columbia River have issued and sold in the aggregate over \$2,000,000 of bonds and used the proceeds in joint partnership with the Federal Government, paying dollar for dollar in the improvement of these harbors.

The CHAIRMAN. \$2,000,000?

Mr. BEAN. Yes, sir; more than \$2,000,000. The money was paid over to the War Department and has been expended for harbor improvement under its direction. The improvement of these harbors by means of self-help by the local communities has tended greatly to the development of the commerce of the State and Nation and has directly made the value of these grant lands. If I am advised correctly, Oregon stands alone as the only State in the Union where deep-sea harbors have been made largely by the local community self-help.

The CHAIRMAN. In other words, you contribute a dollar for every dollar the Government contributes?

Mr. BEAN. Yes, sir; exactly: \$4,000,000 and more has been expended by the local communities and the Federal Government in the improvement of these harbors, but the improvement is not yet completed. Further large sums will be required in the future for the maintenance of these improvements and their further development. These port districts at the time of entering into this partnership, as it were, relied upon the taxable area within their respective boundaries as a fixed and immovable resource that would grow in value as the improvement of these harbors progressed. Also, the people who bought our bonds relied upon the value of these resources as a security behind the bonds.

Mr. NEWLANDS. Mr. President, if I may now pursue the inquiry I was making, I wish to say that, as I understand, certainly \$30,000,000 will be realized, and the House bill provided that of that \$30,000,000, 30 per cent should go for roads in the State of Oregon and that 20 per cent should go to schools in the State of Oregon, making 50 per cent, and that 40 per cent should go to the general reclamation fund. May I ask the Senator from Oregon, is that the entire disposition that is made of the fund by the bill as it passed the House—30 per cent for roads, 20 per cent for schools, and 40 per cent for the reclamation fund?

Mr. CHAMBERLAIN. That is all by percentages. Of course, the balance under that bill goes into the Treasury of the United States.

Mr. NEWLANDS. Ten per cent goes into the Treasury of the United States?

Mr. CHAMBERLAIN. No; the balance. But there is a percentage—the Senator read it, I think—and the percentages are fixed for everything but as to the United States Government, which gets the balance.

Mr. NEWLANDS. Yes. Now, as I understand, by the amendment offered in the Senate, 10 per cent of this fund of \$30,000,000 will go for reclamation projects in Oregon; 10 per cent will go to the United States; 30 per cent will go to certain counties; and 20 per cent to certain other counties, so that, under this amendment, of this \$30,000,000 Oregon, in one form or another, will get about 90 per cent, the United States will get about 10 per cent, and the general reclamation fund will get nothing.

Mr. CHAMBERLAIN. Oh, no. I will have to call the Senator's attention to the act of 1912.

The Government of the United States commenced a great many suits against men who had bought land from the railroad company in excess of 160 acres and in excess of \$2.50 an acre. By the act of 1912, which was passed by Congress, those suits were authorized to be compromised by the Attorney General upon the payment to the Government of \$2.50 per acre for all of this illegally sold land. So the Government has already gotten a large sum of money out of the railroad company.

Further than that—

Mr. NEWLANDS. Can the Senator from Oregon tell me how much the Government has gotten?

Mr. CHAMBERLAIN. I have not the statement at hand just now, but shall be very glad to furnish it to the Senator. I can easily get it from the Secretary of the Interior.

Mr. NEWLANDS. I shall be glad to get it.

Mr. President, I am sure that I shall be very glad to see Oregon benefited by this transaction; but the question arises in my mind as to whether or not the House plan did not present a more equitable distribution of this fund of \$30,000,000 than does the Senate committee plan. Under the House plan 40 per cent at least went into the general reclamation fund, which is applicable to irrigation enterprises in some 16 States, whereas under the Senate committee plan nothing whatever goes into the general reclamation fund. Ninety per cent of all of these moneys goes in one form or another to the State of Oregon.

It is true that Oregon has contributed very handsomely to the reclamation fund. It has contributed about \$10,000,000, I believe, or something in excess of that, while it has received for reclamation projects only about \$5,000,000. I assume that the reason that more than \$5,000,000 has not been expended in reclamation projects in Oregon is that it has been somewhat difficult to find feasible projects upon which that amount of money can be expended, and that arises from the fact that Oregon is regarded as a humid State. On the Pacific coast it is called the "Web Foot" State.

Mr. CHAMBERLAIN. Mr. President, let me put the Senator right.

Mr. NEWLANDS. It is true that, so far as the eastern part of it is concerned—I am going to refer to that—about a fourth of the State is exceedingly arid.

Mr. CHAMBERLAIN. A fourth of it is exactly like the State of Nevada.

Mr. NEWLANDS. A fourth of it is just as arid as is my State; and I assume that in that portion they have not been able to find the water that would enable them to establish a feasible project, and therefore the Reclamation Service has not constructed such works. I do not know, of course, as to that

with certainty, and yield to the superior information of the Senator from Oregon.

Mr. CHAMBERLAIN. Let me say to the Senator that he misunderstands the situation there. The Reclamation Service says that there are now a million acres of land in Oregon which can be irrigated from waters they now have; but Oregon has been limited in the fund they have available. Nevada has received \$5,000,000, or in excess of \$5,000,000, for expenditure on reclamation work; while Oregon has not received in excess of \$3,000,000.

Mr. NEWLANDS. Yes; and Oregon ought to have more expended—there is no question about that—if there are feasible projects there. Can the Senator explain why it is that the Reclamation Service, having received \$10,000,000 from the sale of lands in Oregon, has not found it advisable to expend thus far more than \$3,500,000 on irrigation projects there?

Mr. CHAMBERLAIN. I want to say to the Senator, that I sometimes think, under the old law, that possibly it is the fellow with the longest pole who gets the persimmons. There were some distinguished Representatives here who, under the old practice, used to get appropriations whenever they asked for them, and others would not. The Reclamation Service seemed to be partial to some States, and did not treat the others so liberally; but, as I have said, the Reclamation Service states that there are a million acres of land in Oregon which can be irrigated now.

Mr. NEWLANDS. Do they say that they have the water to irrigate that acreage?

Mr. CHAMBERLAIN. Yes.

Mr. SMITH of Arizona. Mr. President, I want to suggest, in that connection, that very probably, especially in the earlier days of the Irrigation Service, they were attempting to demonstrate the feasibility and profit of irrigating lands where crops different from the crops of the temperate zone could be raised. I imagine that, if Oregon has been neglected, it has been due to the fact that they were attempting to irrigate land where high-priced crops, such as oranges and other semitropical fruits, could be grown rather than land which would grow crops that would come in direct competition with products which were already being exported in large amounts from the country. I think that is probably the motive which animated the Irrigation Service.

Mr. NEWLANDS. If Oregon has been unfairly dealt with, all I can say is that I want to see her fairly dealt with; and if there are feasible projects in that State, which would justify an expenditure of \$10,000,000, I hope that ultimately Oregon will receive that amount from the fund to which she has contributed \$10,000,000; but it will be recollected that the purpose of the reclamation act was to regard the entire public domain as a unit; and it is a unit, regardless of State boundaries, and the purpose of that act was to sell lands that were salable and to devote the proceeds to the reclamation of the lands that were unsalable without water, wherever they might be in the arid regions.

Mr. FALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from New Mexico?

Mr. NEWLANDS. Yes.

Mr. FALL. I would have very much more at heart the question of the disposition of these lands if the statement which the Senator has just made correctly settled, to my mind, the proposition with reference to the disposition of the proceeds of the sale of the public lands. According to the Senator's statement, it would appear that 95 per cent of the proceeds of the sales of public lands in Oregon would go to the building up of irrigation enterprises in other States. That is not correct. Ninety-five per cent of the proceeds of the sales of such land is loaned, to be returned. It is purely an advance, and not a gift to the other States at all, or, rather, it is not a gift to the users under the reclamation projects.

Mr. NEWLANDS. That provision was repealed, as I understand. The Senator from Oregon, I think, so stated.

Mr. FALL. Oh, no.

Mr. NEWLANDS. I refer to the provision which compels the application of a majority of the proceeds of the sales of public lands in an individual State to reclamation projects within that State.

Mr. FALL. Every water user under every irrigation project is taxed for the cost of that project. Where does it go?

Mr. NEWLANDS. It goes into the general fund.

Mr. FALL. Then, I would rather have it go into the State fund of Oregon than into the general fund of the United States Government.

Mr. NEWLANDS. Not the general fund of the United States, but the general reclamation fund.

Mr. FALL. What is to become of that general reclamation fund?

Mr. NEWLANDS. It is to be spent on new projects wherever necessity for them arises, regardless of State boundaries.

Mr. FALL. And the users pay every dollar of it?

Mr. NEWLANDS. Yes.

Mr. FALL. Then it is only a loan in so far as the water users are concerned.

Mr. NEWLANDS. That is true.

Mr. FALL. That is the point I am making.

Mr. NEWLANDS. It constitutes a revolving fund, to be used over and over again on new enterprises.

Mr. FALL. It is simply reimbursable; that is, eventually, after it revolves until it has done all of this work—and the people are taxed under these projects to pay the money back so that the fund can continue to revolve—it settles finally, I presume, somewhere in the United States Treasury.

Mr. NEWLANDS. It can be used, of course, for other public enterprises or can go into the United States Treasury when the entire field of reclamation is covered.

Mr. FALL. The difference in this case is that under the peculiar condition of affairs in Oregon the greater portion of this fund, instead of going back to the United States Treasury at some time, will remain in the treasury of the State of Oregon, in which the lands are situated. That is the only difference so far as any benefit to the users under the irrigation enterprise is concerned.

Mr. NEWLANDS. Upon that theory, Mr. President, the entire reclamation fund would disappear, because the Senator contends—

Mr. FALL. Oh, no; it would not.

Mr. NEWLANDS. That the moneys in that fund should go to the State from which the moneys were received from the sale of lands, and hence they would absolutely disappear and the fund would be at an end.

Mr. FALL. If the Senator will allow me, I will call his attention to the distinction, as I see it. A very peculiar condition exists in the State of Oregon. It was one not contemplated under the general reclamation act. Under the general reclamation act, under the land-sales act, under the policy of the United States Government in disposing of its lands, 95 per cent of the proceeds of land sales goes to the reclamation fund. What does that amount to for 160 acres under the homestead act? For 160 acres, 95 per cent of \$21 at the outside, and only 95 per cent of \$14 in some instances, is all that goes into the reclamation fund. Now, under this proposition the 10 per cent of the proceeds which would be used in Oregon—and I think the Senator from Oregon has rather shown that the State is entitled to have it used there—would amount to something like \$32, from \$32 to \$40, for 160 acres, instead of the \$20 or \$21 under the ordinary land sales which would flow into the reclamation fund as contemplated under the reclamation act. The condition existing in Oregon is a peculiar one, and I am simply calling the Senator's attention to it.

Mr. NEWLANDS. Mr. President, I can not see any peculiarity in the conditions. All I see is that public lands are about to be sold for the sum of \$30,000,000; that under the law as it stands all of that \$30,000,000 would go into the general reclamation fund, to be applied to feasible projects in the entire arid region, regardless of State boundaries, the purpose of the Government being to use the money derived from the sale of salable land in making other public lands cultivable and homes for the people, and compelling those people whose lands are thus reclaimed to pay back in a period of 20 years the money paid for their reclamation into this fund, so that it can be used over and over again in the creation of new irrigation projects.

Mr. FALL. Mr. President, I do not think that the Senator understands the point made by me. He intimates that he does not understand that there is any distinction. Suppose that this bill simply proposed to return—as it does in one of its sections—these lands in Oregon to the United States; then they would become public lands of the United States, subject to the public-land laws of the United States. That means they would be subject to the homestead law and to the desert-land act; but, as a majority of these lands would not come under the desert-land act, we will say that they will be subject to the homestead law, under which for 160 acres the total sale price would be \$21, at the outside, of which the reclamation fund would get 95 per cent. The peculiarity of this condition is that, instead of being turned over to the United States and coming under the disposition of the general land laws of the United States, we are now enacting a special law under which the land shall be disposed of.

Mr. NEWLANDS. But these lands are to be sold, and the policy of the United States is to put all the proceeds from the

sales of public lands into the reclamation fund. I understand the Senator says that more is to be realized from the method of sale proposed than would be realized by opening the land to homestead and desert-land entry. That is probably so; but, as I understand, a very large portion of these lands are timberlands, and certainly the Government is not allowing timberlands to be entered under the homestead law.

Mr. FALL. It is not?

Mr. NEWLANDS. No; it is not.

Mr. FALL. Well, it should; and it is everywhere, except in the forest reserves, under the theory of which the lands are held in the United States Government.

Mr. NEWLANDS. Under the present policy of the Government all lands that are better for forestry than they are for cultivation are in forest reserves; and a good many lands that are not are also in forest reserves.

Mr. FALL. But Congress has by legislation prohibited the creation of further forest reserves. This land in Oregon, if it became public land, would be subject to entry under the public-land laws and would not be in a forest reserve. If it were in a forest reserve, it would be, as is the case with other forest reserves, of benefit to no one to any extent at all; but not being in a forest reserve, it would be subject to homestead entry. So the figures which I mentioned a little while ago would be applicable, and the reclamation fund would derive 95 per cent of \$21.

Mr. NEWLANDS. The lands would be subject to homestead entry if the United States Government were foolish enough to permit lands worth a very large sum for timber to be entered under the homestead law. The fact is, that the policy of the reclamation act is that the proceeds of the sales of all public land shall go into the general reclamation fund, to be devoted to projects throughout the entire arid region; and the effect of this bill is to take the 90 per cent of \$30,000,000, that would go into the general reclamation fund, and apply that sum to the wants of Oregon alone. I say that that is not within the spirit of the reclamation act and is not fair nor just.

Mr. NELSON. Mr. President—

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

Mr. NEWLANDS. Certainly.

Mr. NELSON. I want to call the Senator's attention to the fact that the reclamation act, under which the proceeds from the sale of Government lands go into the reclamation fund, contemplated the disposal of the public lands in the ordinary way. These lands in Oregon are not ordinary public lands. If they were simply public lands, I know of no general law under which the public could go on them and sell the timber separately, and afterwards the lands be subject to homestead entry, as provided for in this bill.

If these were public lands to-day, I do not see how, under the general land laws, anything could inure to the reclamation fund. They would be open to homestead settlers, and unless they commuted their interest and paid for the land the Government would be getting nothing, and nothing would go to the reclamation fund. There might be special cases—for instance, if there was a mining claim inside of this—where something more would inure.

In this case, however, here is a grant of lands made by the Government years ago, with the conditions of which the railroad company have failed to comply. The grant was given to the company on the basis that they were to realize \$2.50 an acre out of it. That was the condition on which they got the grant—that they were to dispose of it to actual settlers at \$2.50 an acre. They violated those conditions. They violated them entirely. On account of that violation and on account of the decision of the Supreme Court that we have had in respect to this matter, we propose now to cure that entire matter. The Government proposes to assume a sort of a trust in respect to these lands, resume the possession of them, and classify them into three classes of lands—lands with water-power sites on them, lands that are valuable chiefly for the timber, and agricultural lands. Then the bill provides what we have not provided in any other law except in the case of certain Indian reservations—for the sale of the timber separately from the land; and then, after the timber has been sold and cut off, it leaves the denuded timberland open to homestead settlers.

In respect of the agricultural lands, the homestead settlers, unlike the condition under the general homestead law, are required to pay \$2.50 an acre, and out of the timber we sell we expect to get a good deal more. They have put an estimate of thirty millions on this. We do not know what it will amount to, because the timber has to be sold. We can estimate what the agricultural lands that may be entered amount to. That would be \$2.50 an acre; but out of the fund that we get from resuming

possession of these lands we contemplate paying to the railroad company \$2.50 an acre for the entire grant. That comes out, and a large quantity of taxes comes out of it. Then, in addition to that, the Government has had a most expensive litigation from first to last in connection with this matter. It has had a great expense. The Government ought to be reimbursed for that. Then the balance of this money goes mainly to the State of Oregon; and why should it not? The Reclamation Service will get more out of this fund than it could possibly get if it were simply Government land without any conditions imposed upon it.

Oregon has suffered in this case for years. This land has not been taxed. We propose to remedy that. The Government retains a small percentage of this fund. Ten per cent is turned over to the reclamation fund; but most of the balance goes to the people of Oregon, and why should it not? This land grant, in the first instance, was made for the purpose of giving the people of Oregon railroad facilities. Now, why should we apply the rule that the Senator from Nevada insists upon in a case of this kind, *sui generis*—of its own kind, nothing like it—a case in which the Government simply acts as a species of trustee to dispose of this land and adjust it for the benefit of all parties in interest?

We do not propose to rob the railroad company. We give them here what the law contemplated they were to have in the first instance; and the balance of it, after paying the taxes and the costs and expenses, we devote to the State of Oregon, to the Reclamation Service, and a little bit of it to the Government. Why is not that just in this case?

Mr. NEWLANDS. I will explain to the Senator why I think it is not just. The fact is that the United States is to receive by these sales over \$30,000,000 for public lands, and the United States has in the reclamation act declared a policy regarding the sales of public lands; and under that policy those moneys would go into that fund, to be expended in sixteen States instead of only one.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. NEWLANDS. Certainly.

Mr. NORRIS. The Senator from Minnesota [Mr. NELSON] said that if nothing had happened out there the reclamation fund would have gotten nothing out of this, because there would not have been any \$2.50 to-day. I want to suggest to the Senator from Nevada, in consideration of that statement, that these lands, if no attempt had been made to give them to these railroads, would not be subject to entry under the homestead laws, but would be subject to entry under the timber and stone act, and that under the timber and stone act they would have been appraised and sold by the Government of the United States at their appraised value. So that the reclamation fund, as a matter of fact, would have received the entire benefit for the full value of all these lands.

Mr. NEWLANDS. Mr. President, whilst I wish to be entirely fair and liberal to the State of Oregon, and am entirely willing that she shall receive a considerable portion of this \$30,000,000, I contend that it should not all be diverted from the reclamation fund, and that whilst a part of it may be properly dedicated to reclamation projects in Oregon alone, yet that a large proportion of it ought to go to the general fund.

So far as the public domain is concerned, I do not think we should recognize State lines. It is a unit. The Congress of the United States has declared a policy regarding it. It proposes to devote the proceeds of all public lands to the preparation of other lands for sale, with compensation to the fund in the sale of water rights, and the application of the moneys thus received to new projects.

Mr. FALL. Mr. President, will the Senator yield for a moment?

Mr. NEWLANDS. I will yield, although I prefer to go on.

Mr. FALL. The Senator is making a broad statement again. That only applies to the public lands in certain States.

Mr. NEWLANDS. That is right.

Mr. FALL. It is not applicable to the public lands in all the States.

Mr. NEWLANDS. That is true; but those happen to be about the only States in which there are public lands, for the great public domain now consists mainly of reserved timberlands and of arid lands that are worthless without water.

Mr. CUMMINS. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Iowa?

Mr. NEWLANDS. I do.

Mr. CUMMINS. I ask for information: When the United States sells timber from a forest reserve, do the proceeds of the timber go into the reclamation fund?

Mr. NEWLANDS. My recollection is that they do. I do not remember whether the whole proceeds go in, or only one-half. Can the Senator from Nebraska inform me as to that?

Mr. NORRIS. Will the Senator repeat his question?

Mr. CUMMINS. I have just asked the Senator from Nevada whether, when the United States sells timber from a forest reserve, the proceeds of the timber go into the reclamation fund.

Mr. NORRIS. No; my understanding is that they do not.

Mr. FALL. No.

Mr. NEWLANDS. My recollection is that a large proportion of them do.

Mr. FALL. Oh, no. Twenty-five per cent of the proceeds from the sale of timber goes back into making roads, and so forth, in the States in which the timber is sold, and the other 75 per cent goes to pay a lot of clerks.

Mr. SHAFROTH. And only 10 per cent of it goes to the construction of roads in the forest reserves?

Mr. FALL. Yes.

Mr. SHAFROTH. So that it makes 35 per cent.

Mr. NEWLANDS. I will ask whether any portion of the proceeds of the sale of timber goes into the reclamation fund?

Mr. SHAFROTH. All of it goes into the reclamation fund, and then there is paid out, by check given by the Treasurer to the governor of the State, 25 per cent of all the receipts from forest reserves, and then, in addition to that, 10 per cent for the construction of roads, and that goes to the governor of the State.

Mr. CUMMINS. Then the expense of the service itself comes out?

Mr. SHAFROTH. Oh, no; the expense of the service itself is paid by the United States Government, in an appropriation made in the general Agricultural appropriation bill.

Mr. FALL. But does the Senator from Colorado maintain that the balance, over and above the 25 and the 10 per cent, goes into the reclamation fund?

Mr. SHAFROTH. I think it does.

Mr. WALSH. Mr. President, I think the Senator will recall that he is in error about that. The appropriation bill regularly appropriates all the avails of the use of the forests to the service itself, so that 25 per cent goes to the States, 10 per cent to use for the construction of roads, and all the rest of the returns go to meeting the expenditures of the service.

Mr. FALL. The Senator is entirely correct. Not a cent of it goes into the reclamation fund.

Mr. CUMMINS. That was my understanding. Now, I desire to ask another question, having ascertained the status of the money received for the sale of timber in forest reserves.

The Senator from Nevada knows that a very large part of the land grant that has been taken from the railway company and resumed by the United States is, or was, timberland?

Mr. NEWLANDS. Yes.

Mr. CUMMINS. The purpose of a reclamation act is to bring more land into profitable use, of course?

Mr. NEWLANDS. Yes.

Mr. CUMMINS. A great deal of this land is heavily timbered yet, and before it can be devoted to agricultural purposes it must be cleared; and in the case of the greater part of it it will cost from \$100 to \$200 an acre to clear it. Now, is it not just as much the duty of the Government to help clear that land, in order that it can be used, as it is the duty of the Government to put water upon arid land? And why, in some fashion or other, should not the people of Oregon have the benefit of all the proceeds that arise from the disposition of the timber?

I can not, for the life of me, see why you should put a struggling homesteader upon land from which the timber has been cut and expect him to spend from \$100 to \$200 an acre in order to bring it into use without any help from the Government, and square it with the policy of the Government trying to put water upon arid land in order that it may be brought into use.

Mr. NEWLANDS. But this bill does not propose to turn over any part of this \$30,000,000 to the struggling homesteader.

Mr. CUMMINS. If I had my way about it, having in view just one object—namely, the bringing of land into profitable productive use—I would a great deal rather see the Government help the homesteader to clear this land than to turn over to any other purpose the money derived from the sale of the property. We have to get under use in this country all the land possible, and I have no more sympathy with the arid land than I have with the cultivable land that is covered with stumps. In the one case you must put water on the land in order to raise a crop. In the other case you must get rid of the stumps, and ordinarily

it costs more to get rid of the stumps than it does to put on the water.

Mr. NEWLANDS. Mr. President, it might be a more beneficial use of this \$30,000,000 to apply it in pulling out the stumps from this forest land in order to prepare it for cultivation than to use it in developing water storage for the reclamation of arid lands, but we have not that question before us.

Mr. CUMMINS. Mr. President, we can bring it before us.

Mr. NEWLANDS. Ah! That is another thing. The question now presented before us is this: What is to be done with this \$30,000,000 that the Government is to receive for public lands? Shall it go into the General Treasury of the United States, or shall it go into the treasury of the State of Oregon for the good of that State, or shall it go into the general reclamation fund, or shall it be divided between the three, a part going to the General Treasury of the United States, a part going to the reclamation fund, and a part going to the State of Oregon? The House bill makes the latter segregation, and I think it is the fairest.

Mr. SHAFROTH. Mr. President, I should like to call the attention of the Senator to the fact that the reclamation law, concerning which we were speaking a little while ago, reads as follows:

Be it enacted, etc., That all moneys received from the sale and disposal of public lands in Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming, beginning with the fiscal year ending June 30, 1901, including the surplus of fees and commissions in excess of allowances to registers and receivers, and excepting the 5 per cent of the proceeds of the sales of public lands in the above States set aside by law for educational and other purposes, shall be, and the same are hereby reserved, set aside, and appropriated as a special fund in the Treasury to be known as the "reclamation fund," to be used in the examination and survey for and the construction and maintenance of irrigation works for the storage, diversion, and development of waters for the reclamation of arid and semiarid lands in the said States and Territories, and for the payment of all other expenditures provided for in this act.

Mr. NEWLANDS. Mr. President, it is perfectly clear. These lands are public lands. There is no question about that. By the reclamation act they are absolutely dedicated to this work of reclamation of arid lands, and the effect of this bill is to repeal the reclamation act so far as the proceeds of these particular lands are concerned.

Mr. CUMMINS. No, Mr. President. The statute quoted by the Senator from Colorado does not touch the question that I asked. I asked whether the sale of timber, which is not the sale of public land at all, was within the reclamation act; that is to say, whether the proceeds of timber were turned into the general reclamation fund. The statute quoted by the Senator from Colorado does not answer that question in any other way than it has already been answered, and this bill provides for the sale of the timber.

Mr. NEWLANDS. It provides also for the sale of the land, does it not?

Mr. CUMMINS. At a very small sum of money. Of course, its principal value is in the timber.

Mr. SHAFROTH. Mr. President, this act provides that the proceeds of the lands shall become a part of the fund subject to expenditure. Of course, I can see that this money goes into some expenditures, perhaps; but, at the same time, just like the proceeds of the sale of public lands, it becomes a part of the reclamation fund. Inasmuch as the timber is a part of the land, and would go by virtue of a deed of the land, I do not see why it would not be a part of the reclamation fund.

Mr. CUMMINS. Of course, the timber would go under a deed of the land; but I asked whether the proceeds of the timber that is sold by the Forest Service—and it is selling timber all the time—were devoted to reclamation. I do not know certainly, but I would be very much surprised to discover that any part of the money that the Forestry Service received from the sale of timber goes to the reclamation of land. I have heard it asserted many, many times—I do not know upon what authority—that the entire proceeds of all the property sold by the Forestry Service were very much less than the expense of maintaining that service, and that we needed and were compelled to make from year to year an appropriation in order to sustain the Forestry Service, after giving it credit for all of the money that it had received by way of sale.

Mr. FALL. Mr. President, if the Senator will yield just one moment, this is an entire departure from any policy that has ever been pursued heretofore by the United States in the distribution of either its timber or its real estate. The bill provides—and it appears from the letter which the Senator from Oregon read to have been worked out by the Secretary of the Interior—a patent for standing timber on land. The land remains the property of the United States Government. That standing timber is to be sold, and a patent issued for the stand-

ing timber containing no title whatsoever to the land. Then the timber is to be cut off, and then the land is reclassified, or automatically goes into the other classification provided for in this bill.

The use of the word "patent," of course, is a misnomer in so far as the ordinary legal interpretation of the word is concerned. The title to timber is simply a license to go upon the land to cut timber upon it, and it becomes your property when you cut it and sever it from the real estate. The wording of this bill, however, is that the patent shall be granted for the timber itself, immediately upon its being paid for, and before it is cut. The title to the land remains in the Government, and under the terms of the bill becomes reclassified and salable under the homestead provisions of the bill at \$2.50 an acre on five years' time.

The Senator from Iowa is entirely correct. There is no question in the world about the legal proposition that under no conception of the law applicable to the reclamation of arid lands as it stands now, without additional legislation, would the proceeds of this timberland go to the reclamation fund. You would have to amend the reclamation act.

Mr. NEWLANDS. Mr. President, so far as the Forest Service is concerned, it is true that the receipts from the sales of timber do not yet equal the expenses of administration, so that there is no surplus either to go into the Federal Treasury or to go into the reclamation fund. It is also true that under this bill the timber has been separated from the land, with a view, I presume, to a larger realization and with a view to holding the land for homestead proprietorship. But the fact remains that the public domain has been dedicated practically to the reclamation work, and that \$30,000,000 is about to be secured from the sale of what we know as timberlands. I do not care whether you separate the timber from the land or not. The fact is that we have so many acres of the public domain, that are worth \$30,000,000 or more, and from which \$30,000,000 are to be realized.

Now, what public policy has the Congress of the United States declared with reference to that \$30,000,000, the proceeds of public lands? It has provided that those moneys shall go into a reclamation fund, to be used for the benefit of all of the States in the arid region and not for one. No State can claim that it owns any part of the public domain within its borders. It is true that the State of Oregon is suffering, so far as its taxing power is concerned, from large timber reserves, and from the fact that there are large areas there of arid lands that are worthless without water and are in Government ownership. But the State of Nevada and the State of Arizona and the State of New Mexico have all suffered to a greater degree. In the State of Arizona, under the policy of this law, the Government has been able to realize only \$1,318,000 from the lands within its boundaries, and that money has gone into the fund, and the Reclamation Service has expended in Arizona \$16,000,000, coming, for the most part, from the sales of lands in other States. The State of North Dakota has contributed enormously to this fund—\$12,000,000—and they have expended in that State only about \$2,000,000 for reclamation projects. The State of Oklahoma has contributed over \$5,000,000. They have only found one feasible project in that State, upon which they have expended \$78,000. Both Oklahoma and North Dakota are favored in having for the most part of their domain sufficient rains; and, unfortunately, with reference to their arid portions or semiarid portions, they have not as yet been able to find water sufficiently accessible at a reasonable expenditure.

Mr. CUMMINS. Mr. President, the Senate passed the other day a bill granting to the State of Nevada 7,000,000 acres of land for its school fund. Was that in violation of the reclamation policy?

Mr. NEWLANDS. Yes, to that extent. It took 7,000,000 acres out of the public domain, but it was land that is not reclaimed. Probably a very small proportion of it is possible of reclamation. The most arid States in the Union are the States of Nevada, New Mexico, and Arizona. No one of those States has been able to contribute much to the reclamation fund. Each one of them has received from it sums largely in excess of the sums contributed to the reclamation fund from the sales of public lands in those States. On the other hand, there are States that have contributed enormously to the fund, and yet they have been so blessed by nature with rains that it is either unnecessary to reclaim their lands or where they have semiarid lands water was not available, and so none of this money has been expended upon it.

So far as the State of Oregon is concerned, it has contributed liberally to this fund—not the State itself, but the proceeds of the sale of lands in that State. Oregon is fortunate in having lands that can be sold. Ten million dollars have been received

from the sales, and they have been able to expend only about \$5,000,000 thus far in that State. I hope to see the whole \$10,000,000 expended in that State at some time. But what does Oregon get under this measure? Very nearly 90 per cent of \$30,000,000. I say when you come to the question of apportionment the House apportionment is very much fairer than the Senate committee apportionment, because the House apportionment gives to the State of Oregon only 40 per cent of this \$30,000,000, or \$12,000,000, which is a very handsome sum.

I do not wish, Mr. President, to do Oregon any injustice. I am glad she is so favored by nature. I am glad that she is not subjected to the necessity, as the States of Arizona, New Mexico, and Nevada, of resorting to artificial means in order to water the lands. I am perfectly willing that she shall have a very large proportion of the moneys that are derived from the sales of public land in that State, but I say that 40 per cent, under the bill as passed by the House, is sufficient. The general reclamation fund ought to have at least 40 per cent.

Now, what is the status of New Mexico and Arizona and Nevada? They are about in the same condition. Nevada is in perhaps the most deplorable condition of all. Ninety per cent of the land of Nevada is in public ownership, and she is obliged to rely upon the other 10 per cent to maintain the burdens of municipal and State government. She was persuaded into the Union before she was able to assume the burdens of Statehood with a view to carrying constitutional amendments that were necessary and essential after the Civil War, and she has been struggling ever since.

If there is a public domain and if there is money to be derived from the sale of that public domain and if it is the public policy to see that those moneys are applied to develop arid land so as to make homes for men, what State is entitled to those moneys? The State, of course, that has contributed least to the fund, because that very fact demonstrates that in that State there is a greater necessity.

Mr. SHAFROTH. Mr. President, I should like to call the attention of the Senator from Nevada and the Senator from Iowa to the fact, as I take it, that the reclamation act prescribed that the money received from the sale of the public lands should go into the reclamation fund. The only exception that exists, I think, with relation to the matter is where the Government undertakes to sell timber on a forest reserve. That timber on a forest reserve goes as far as it will go for the purpose of paying the expenses of administering the Forestry Service. But there is no law on the statute books that separates the land from the timber in any other phase, except in reclamation in a forest reserve, and therefore, in the absence of any other law, the proceeds of the sale of these lands with the timber on them would unquestionably go to the reclamation fund.

I can see that the statement which the Senator makes is correct in that respect, and yet I think he loses sight of one thing. The State of Oregon was not able to collect a dollar of taxes on this land from 1866 to 1886, and the tax upon the land with reasonable interest each year upon the payment in 20 or 30 years in the Western States is equal to the value of the land.

Mr. NEWLANDS. Let me remind the Senator, however, that the State of Nevada has not been able to get taxes upon 90 per cent of its land.

Mr. SHAFROTH. That is true, but it is all wrong that the National Government should exempt these lands from taxation forever or for any great period of time. However, it has made Oregon pay for these lands practically in making assessments upon the persons owning private lands and private property in that State. I think the proposition here would be a good policy to start as to Oregon and to extend to every other Western State.

Mr. FALL. Will the Senator from Nevada yield to me for just a moment?

Mr. NEWLANDS. Yes, sir.

Mr. FALL. If the argument of the Senator from Colorado with which the Senator from Nevada seems to be in accord—that which the Senator himself just made it seems to me is in accord with what the Senator from Colorado has stated—I do not understand by what process of reasoning the Senator can arrive at the conclusion that in the disposition of public lands State lines should be ignored. He has just stated that Nevada can not build up her own irrigation enterprises by the sale of the land within her own borders, but that under his reclamation project she should receive a benefit, because of her peculiar condition, from the sale of lands in other States.

It seems to me that every argument the Senator can make simply fortifies the argument that was made here in this Chamber 70 years ago, when our general policy of handling our lands was settled definitely for the future by the result of the debate between Hayne and Daniel Webster, where one insisted that the public lands should belong absolutely to the States within

which they were situated, to be handled entirely as they pleased, and the other that they were a great national heritage to be administered by the people of the entire Union, but admitting that he had always contended and would continue to contend that the administration of those lands within the States should be for the benefit of the State in which they were situated. The Senator seems to have adopted an entirely different theory, and I am sorry that I can not go with him.

Mr. NEWLANDS. The Senator alludes to the position of Nevada. Let me say that the position of the State of New Mexico is about the same. The State of New Mexico has paid into this fund \$4,323,000.

Mr. FALL. I recognize that fact, and that it will never be able to pay under the present laws of the United States to the reclamation fund what it should pay to it. The laws will have to be changed, and the laws that will enable you to do anything with the land in your State of Nevada must be different from the laws applicable to the State of South Dakota, and therefore you must in legislation for the disposition of the lands recognize State lines and not blot them out, as the Senator suggested.

Mr. NEWLANDS. Very well. If State lines had been recognized, the State of New Mexico would not have received as much money as she has for irrigation enterprises.

Mr. FALL. The people of New Mexico under the reclamation project are now being taxed twice. The land it was agreed should be taxed by the Reclamation Service, and if they are financially able to carry out their contract not one dollar of benefit will they ever receive from the old law which the Senator is so fond of discussing upon every occasion.

Mr. NEWLANDS. I am very sorry that the experience of New Mexico has been so bad. That has not been the experience of other States. So far as Arizona is concerned, she has paid into the fund \$1,318,000 and has received in works \$16,000,000. Of course, that money is to be paid back. It is a mere loan, it is true. Can any one doubt that that has been of great benefit to the State of Arizona?

Mr. FALL. But how much benefit will it be to them after they will have paid it back? They will have paid for their own development.

Mr. NEWLANDS. Mr. President, I have shown that in these three States the contributions to the funds from the sales of public lands is a very small one as compared with the amount contributed to the project, or the loan, if you prefer that term, to the projects in those States. The only way the very arid States can be reclaimed is through the proceeds of the sales of lands in more fortunate States. The Congress of the United States has declared the public policy regarding the sales of those lands. The Government of the United States has suddenly been favored with a windfall in its annulment of the railroad grant through which it is to receive \$30,000,000 for public lands in Oregon, and the question is how that \$30,000,000 shall be equitably apportioned, how much of it shall go to Oregon for local purposes, how much of it shall go to the general reclamation fund for the benefit of the entire arid region, how much of it shall go into the general fund of the Treasury of the United States?

I say the House apportionment was a fair apportionment. They gave Oregon only 40 per cent of this fund instead of nearly all of it, as the Senate committee amendment does, and gave the general reclamation fund 40 per cent to be distributed among 16 arid States in feasible projects, or rather loans of the moneys to be ultimately paid back. Recollect this is a trust fund. You divert \$30,000,000 from this trust fund and turn it almost entirely over for the benefit of a single State. Of course, the same thing may be said regarding the grant of 7,000,000 acres to the State of Nevada. The proceeds of those lands are necessarily taken out of this fund if they can ever be sold. But what did we show? We showed that we have been 60 years in selling a 3,000,000-acre grant for school purposes, and we showed further that the 7,000,000 acres would only equalize the grants made to other States, not, perhaps, in number of acres but in essential value.

Mr. CUMMINS. Mr. President, I hope the Senator from Nevada will not infer that I have any criticism of the grant to the State of Nevada. I think it was a very wise one, for I think it was much more important to the schools of the State of Nevada to be supported and maintained properly than to build reclamation projects, just as I think it is a great deal more important to the State of Oregon that she shall be permitted to use this fund in the way suggested than to turn the fund into the reclamation treasury. I should like to know from the Senator from Nevada how many of the reclamation projects carried on by the United States have been paid up? How many farmers have been able to make their payments, so that the fund as to that project has been restored?

Mr. NEWLANDS. I do not think that any have been paid up in full.

Mr. CUMMINS. Why not?

Mr. NEWLANDS. Because 10 years' time was given for payment, and that was subsequently extended 10 years more—20 years in all. The moneys are paid in yearly installments and are not yet due. Then also the difficulties of the situation have been very great. In the first place, the reclamation estimates were low. They were made upon a low labor and supply material market in 1902. The Senator knows how greatly the wages of labor and the cost of supplies have increased since that time. The Senator knows that as to the Panama Canal, where an estimate was made of \$150,000,000, they have expended \$400,000,000. So the Reclamation Service is not to be criticized.

Mr. CUMMINS. I am not criticizing it at all. I only say—

Mr. NEWLANDS. That, of course, imposes an obligation upon the settler that he did not contemplate in the first instance when he entered upon the land. Then, in the second place, they have had all kinds of questions to solve regarding the chemical character of the soil, the alkali in the soil, questions regarding the drainage of lands after they had been reclaimed. In many regions the waters soaking into the soil brought up to the surface alkali that was concealed.

Mr. CUMMINS. Why, the land is not worth what it cost. A farmer can not go upon the land and make a living and make a profit upon the basis of what it has cost him. That is the real trouble, is it not?

Mr. NEWLANDS. I think all these enterprises are now upon a substantial basis, but, of course, there were conditions with reference to which Congress had to legislate, and among other things it did so to the extent of the time of the payments. They have not been released from the payments, but the time has been extended from 10 to 20 years, and very large sums are now being received from many of the reclamation projects. The fund is being turned over and over again. Under this law the settlers on reclaimed lands in Arizona will be compelled to pay back into the fund the \$16,000,000 which was expended on Arizona projects, and it will go to projects elsewhere either in that State or in other States, and then if the fund remains intact we will one of these days have an enormous fund aggregating several hundred million dollars to apply to some other public use, such as the construction of railways, good roads, and so forth.

POSTAL SAVINGS BANK.

Mr. SHEPPARD. Mr. President, before the Senate adjourns I wish to give a brief description of a bill I introduced to-day during the morning hour. It is the bill (S. 6224) to increase the utility of the postal savings bank, to encourage savings among the people, to secure the largest returns for such savings consistent with adequate security, to provide for the loans of such savings for the promotion of agriculture and other useful productive industries, and for the promotion of home building and home improvement in the rural districts and elsewhere.

The bill to increase the utility of the postal savings bank is intended to mobilize the money in the country outside the banks, to facilitate and encourage the saving and banking habit among the people, and serve as an automatic regulator of interest rates. Nearly \$2,000,000,000 of so-called real money remain outside of existing banks. The addition of this amount, or a large portion of it, to the banking capital of the country will be of immense benefit.

The bill removes the limit from deposits in postal savings banks and requires the employees of the Postal System to serve the people in their dealings with these banks as they now serve them in the matter of letters, money orders, parcels, and so forth; that is, without limit as to amount of deposits, as letters and parcels are without limit.

It requires that such interest be paid the depositors as their deposits will earn on adequate security. At present the Government takes the people's money at 2 per cent, turns it over to the banks at 2½ per cent, and the banks lend it at anywhere from 6 to 10 and 12 per cent, and upward. Why should banks alone be allowed to use the money of the postal bank when other institutions and private citizens would offer security equally as good, and would pay more interest? The security must be of equal quality with that approved by New York and Massachusetts for investments of savings banks, or such as is considered equally as good by the board of national trustees, composed of certain Cabinet officers, including cotton, wheat, and other nonperishable products adequately insured and warehoused. The deposits may also be loaned on real estate or to persons without collateral, if guaranteed by a bank, trust company, or similar corporation of accepted standing. The guarantor is allowed a small commission. At present savings banks and

building and loan associations earn from 4 to 7 per cent on deposits. Why should depositors with the Government be restricted to 2 per cent?

To encourage the saving and banking habit among the people the bill provides for negotiable certificates of deposit, of the same size and form as ordinary currency, in sums from 5 cents to \$1, \$2, \$5, \$10, \$100, \$1,000, or more. These are payable to bearer or order, as depositors desire. Certificates of \$10 or more bear interest after three months from date compounded semiannually. These certificates, while not having the function of legal tender, will pass from hand to hand by common consent in place of money and drive money into the banks, where it should be. Interest and principal of certificates of deposit are payable on surrender. Thus individual bookkeeping and the machinery of check books and the present exchange system will be avoided. These certificates, like gold certificates, will be good anywhere. Existing savings banks in good standing may become agents of the Postal Savings System under this bill, receiving a commission on deposits they secure and maintain. Existing commercial banks of acceptable character may become agents for the loan of postal bank deposits on real estate or otherwise, each bank guaranteeing the loan and receiving a small commission on interest collections.

The bill makes the Postal Savings System a single institution, with branches and subbranches at every post office, an ally of existing commercial and savings banks, a vast reservoir in which they may deposit and from which they may withdraw deposits as their needs determine.

The bill permits these negotiable certificates to be counted as a part of the legal reserve of commercial banks, thus releasing enormous resources now tied up.

It is calculated that the enlarged Postal Savings System provided by this bill will mobilize between \$35,000,000,000 and \$40,000,000,000 of credits, taking the New York City savings deposits of nearly \$2,000,000,000 as an example.

On the basis of the experience of the Government savings banks of Australia, where three-sevenths of the people are depositors, the enlarged system of the present bill should mobilize an army of 40,000,000 depositors instead of less than 600,000 as at present.

The present gold basis will be in no way affected. Of course actual gold will be called for only as limited commercial exigencies compel its use, because gold in possession earns no interest, while certificates of deposit in possession earn compound interest.

Unshackle the postal savings bank. Let the people's bank serve the people. Criticisms and suggestions are cordially invited.

Let me quote here a resolution adopted by the fortieth annual convention of the Cattle Raisers' Association of Texas, assembled at Houston, Tex., March 21, 22, and 23, 1916:

We further demand that the postal savings banks be "unshackled" and be made in fact the postal savings banks of the people of these United States, to the end that the savings of the people can be utilized so as to bring them the largest returns consistent with safety, and so that these savings may be mobilized and used where they will be of the greatest value to the whole Nation.

RECESS.

Mr. CHAMBERLAIN. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m. Wednesday, May 31, 1916) the Senate took a recess until to-morrow, Thursday, June 1, 1916, at 12 o'clock m.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, May 31, 1916.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou who art infinitely wise and good, we believe in Thee, that Thou art a God hearing and a God answering prayer. Teach us, we beseech Thee, how to be noble, how to be grand in the common duties of daily life, how to unfold and develop all the powers of mind and soul with which Thou hast endowed us unto the perfect man, as we know it in the Lord Jesus Christ, our Example and our spiritual Guide. Amen.

The Journal of the proceedings of yesterday was read and approved.

NAVAL APPROPRIATION BILL.

The SPEAKER. The House automatically resolves itself into the Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill, and