

Even beyond death. Hope holds out its promise. So do we follow on through the inexplicable labyrinth of life. Footsore and weary though we be, we must travel bravely on.

We know that sometime we shall enter into the deeper puzzle of the Realm of Silence, and when that hour arrives the messenger of the Shadow King, clothed in the glorious garb of Hope, will take us by the hand and lead the way. But while we remain to tread the tortuous paths and the life-soul hungers for human things, it shall not be always in vain.

Above all, learn to forget. Forget the wrong, but be wary of he who inflicted it. Do not hate. It will give you more worry than the object of it. Forget all that is useless. It is the discarding of the dross of life, the casting aside of used timber to make way for the new.

Our lives should not be overcast by gloom of the past or future. Neither possesses the substance of the present. Both are mere reflections. The past should reflect the light of pleasant memories upon the present, and contemplation of the future should shed its rays of hope upon our to-day.

There is no shadow without light. Turn yourself around.

Disposing of yesterday as material only for pleasant meditation, center your mind upon to-day as the sole period of your activities. Resolve that you will absorb only the good and will discard the bad.

Having been loyal to resolution, lie down at night and sleep, gathering from the peace of slumber new vigor for brain and body. Sleep is the anodyne of tribulation. In the darkness of your chamber do not call upon the mind to see that which the eye can not.

Fortified in your endeavor by this valiant aid, don the armor of High Resolve and fare forth to the battlefields of life ready to receive or give blows in the conflict. It is childish to wish for triumph and fear defeat. It is cowardly to take winnings and whimper at losses.

Put the bricks on the wall to-day where, according to your best judgment, they should be. If the future brands your labor as error, still forget, still endeavor. Put aside puerile self-condolence for real or imaginary misfortunes. It is sufficiently weakening to have friends sympathize with us, but much more so when we sympathize with ourselves.

When you pity yourself, look about you and see the brave smiles upon the faces of those who have met with a fate worse than yours. There are millions of other human souls whose unsatisfied desires are as your own.

Bear in mind, Fate may be friend as well as foe. The condition which you worry about may be a kindly circumstance in the plot to be yet unraveled. There are other pages in the book of life which you have not read.

We must pay. Eternal Justice will keep a fair account, and we shall also be paid. For every pain we shall receive a joy, and they will be fairly measured.

Our accounts must balance in the great summary of deeds of kindness, of pleasant words, of selfishness, of intolerance.

Memory should be a golden cord, glimmering back to the vanished hours, connecting our hearts with the smiles of loved ones, with the exaltations of success, and the joy of conquered obstacles.

Forget the losses, the dark and rugged road, the storms, disappointments, and failures. Drive them from your mind into oblivion. Say unto them, as you would say to Satan: "Get thee behind me!"

Surely, my friends, the sentiments which I have just read, and of which Congressman BATHRICK was the author, are sentiments to which all of us can subscribe. To him a creed or a ritual would mean but little. But a broad faith in fundamentals, a belief in God and his fellowmen, practicing charity, dispensing cheer, building up hope, he presents a character based upon a firm and safe foundation; and I can testify that in his life he exemplified the sentiments he proclaimed. I shall remember ELLSWORTH R. BATHRICK as a courageous, able, sincere, manly man, a conscientious and honest public servant, a loyal and patriotic citizen, and a true friend. His death is his own victory; the loss is ours.

What is Death? 'Tis to be free!
No more to love, or hope, or fear—
To join the great equality.
All alike are humble there!
The mighty grave
Wraps lord and slave;
Nor pride nor poverty dares come
Within that refuge-house, the Tomb!

Mr. SHERWOOD. Mr. Speaker, ELLSWORTH R. BATHRICK belonged to that class known as self-made men. His educational qualifications were in the common schools, the high school, and the commercial school. Like all self-educated men, he was thoroughly practical and thoroughly imbued with that knowledge that counts best in the business and commercial world. During his three terms in Congress, Mr. BATHRICK made a record as a capable and successful Member and accomplished results in valuable and vital legislation not excelled by any Member of equal service since the Civil War.

It is conceded that a college education is a help to a public man, but not a necessary help to the highest achievements, either in law, legislation, or the broad domain of civics. To illustrate, George Washington, the foremost general and statesman in the epoch of the War of the Revolution, was very moderately educated. Gen. Grant, who, in his time, was the foremost man of all the world, was only moderately educated, except as a cadet of West Point Military Academy. Gen. Jackson, born in poverty and poorly educated, was twice President and the foremost man of two generations. Henry Clay, born poor, self-

educated, was the foremost orator of his time and the idol of his party. Abraham Lincoln, born in a log cabin, who learned to read books at night by the light of a pine-knot fire, who in youth never saw the inside of a university, was the foremost statesman and the popular idol of his country.

This is a fitting time, on this sacred memorial day, to make the occasion an object lesson of value to the living.

Mr. BATHRICK's career as a young man, struggling against what seemed an adverse fate, should prove a valuable and a hopeful incentive to every poor young man with an ambition for an honorable career.

The brightest gleam of hope for the poor young man of to-day is the knowledge that the greatest men who have ever served or honored the high places of power in this Republic were born poor, with limited opportunities for a liberal education.

Few of Mr. BATHRICK's colleagues knew of his literary genius. That was because of his innate modesty. Let me tell the story, as it is fitting here.

About 25 years ago, when Mr. BATHRICK was a reporter on a Cleveland newspaper, he wrote the text of a very beautiful children's story, but was dissatisfied with it, and in his youthful modesty threw it into a trunk with a number of other papers; and there it lay for all these years until a couple of years ago, when he found it in looking over the accumulations in the trunk. He showed it to a friend jokingly, remarking about his literary ambition as a youth. His friend, however, was interested, and reading the manuscript was at once impressed with the beauty and literary merit of the story, and urged that he submit it to a publisher. Mr. BATHRICK was inclined to laugh away the idea, but the friend persisted, and, to oblige him, Mr. BATHRICK sent it to a New York publishing house. Shortly thereafter he received a letter highly commending the manuscript and suggesting a revision and expansion with the view to publishing it as a book. Mr. BATHRICK's health at that time was poor—this was during his first term in Congress—and he improved the opportunity afforded by a winter in Florida, where he was seeking to recover his health, in rewriting and supplementing the story. It was then sent to the publishing company, accepted, and only recently was published in book form. Mr. BATHRICK derived more real pleasure from this achievement, he confided to his friends, than from any success he had achieved in business or in politics. The story was a delightfully imaginative one, such as might honor the pen of Hans Christian Andersen or any other creator of those delightful children's stories.

For the above I am indebted to Mr. Carl D. Ruth, an accomplished Washington journalist and correspondent.

To write a successful children's story requires deep sympathy and kindly humane instincts. Our departed friend had these commendable qualities, added to an alert mind, a courageous determination to do his duty to his constituents, coupled with high practical ideals—all learned in the rugged school of experience.

On this sacred Sabbath day, in this historic Chamber, let us consecrate ourselves to that fervent patriotism, that high purpose to serve the people we are honored to represent with the fidelity and courage which characterized our departed friend—a colleague whose friendship added to our joys of living and whose example and character give us hope to achieve the best ideals in popular government.

ADJOURNMENT.

The SPEAKER pro tempore. In accordance with the resolution heretofore adopted the House will stand adjourned.

Accordingly (at 1 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Monday, February 11, 1918, at 12 o'clock noon.

SENATE.

MONDAY, February 11, 1918.

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

Almighty God, the Father of our spirits, the Author of every good and perfect gift, with Thee we have to do, for Thou art the Judge of men, and our lives and destinies are in Thy hands. We recognize Thee; we acknowledge Thee to be the Lord. We pray that according to the precious promise of Thy word Thou wilt direct our steps. For Christ's sake. Amen.

The Vice President being absent, the President pro tempore [Mr. SAULSBURY] assumed the chair.

The Secretary proceeded to read the Journal of the proceedings of Friday last, when, on request of Mr. VARDAMAN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the joint resolution (S. J. Res. 128) granting to certain persons in the active war service an extension of time within which application for insurance may be made under section 401 of the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917.

The message also announced that the House agrees to the amendments of the Senate to House concurrent resolution 33, providing for the printing of extra copies of the Income-Tax Primer for the use of the Senate and House of Representatives.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 9314. An act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919;

H. R. 9506. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and certain soldiers and sailors of wars other than the Civil War and to widows of such soldiers and sailors;

H. R. 9612. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 9641. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and certain soldiers and sailors of wars other than the Civil War and to widows of such soldiers and sailors.

The message also announced that the House had passed a concurrent resolution providing that the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them, in which it requested the concurrence of the Senate.

ENROLLED RESOLUTION SIGNED.

The message further announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 128) granting to certain persons in the active war service an extension of time within which application for insurance may be made under section 401 of the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917, and it was thereupon signed by the President pro tempore.

JOINT MEETING OF THE TWO HOUSES.

The PRESIDENT pro tempore laid before the Senate the following concurrent resolution (No. 35) of the House of Representatives, which was read:

Resolved by the House of Representatives (the Senate concurring). That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

Mr. MARTIN. I move that the Senate agree to the concurrent resolution of the House of Representatives.

The concurrent resolution was agreed to.

PETITIONS AND MEMORIALS.

Mr. McCUMBER. I present a resolution from the North Dakota Branch of the Association of Collegiate Alumnae, which I ask may be printed in the RECORD without reading. It is very short.

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

GRAND FORKS, N. DAK., February 2, 1918.

Senator PORTER J. McCUMBER,
Senate Office Building, Washington, D. C.

DEAR SIR: At the regular monthly meeting of the North Dakota Branch of the Association of Collegiate Alumnae, action was passed unanimously in favor of the Federal suffrage amendment, and the secretary was instructed to advise you of this action, which was as follows:

Resolved, That the North Dakota Branch of the Association of Collegiate Alumnae urge the Senate of the United States to pass the Federal suffrage amendment at this session of Congress in order to establish at home that democracy for which the men of this country have been called to fight abroad.

Resolved, That the North Dakota Branch of the Association of Collegiate Alumnae earnestly request that this resolution be presented to the Senate of the United States and that it be read into the CONGRESSIONAL RECORD.

The North Dakota branch urges you in particular, Mr. McCUMBER, to vote "yes" on the Federal suffrage amendment when it comes up for action in the Senate at this session of Congress, and also urges you to do all in your power to secure its passage in the Senate.

Will you please state what your attitude is in this matter and what you are willing to do for the passage of the Federal suffrage amendment at this session of Congress?

Very truly, yours,

MARY E. McCUMBER,

Secretary North Dakota Branch Association Collegiate Alumnae.

Mr. JONES of Washington. I have a telegram from the Central Labor Council of Tacoma, Wash., representing 16,000 workers, protesting against the action of the Committee on Agriculture and Forestry upon the Borland amendment. I move that it be referred to that committee.

The motion was agreed to.

Mr. JONES of Washington. I also have a telegram from D. C. Imrie, president of Federal Employees' Union No. 9, of Tacoma, Wash., expressing disappointment at the action of the Committee on Agriculture and Forestry upon the Borland amendment, and also a telegram from Henry A. Monroe, president of the Federal Employees' Union, of Seattle, urging the nonadoption of the Borland amendment. I move that the telegrams be referred to the Committee on Agriculture and Forestry.

The motion was agreed to.

Mr. PHELAN presented a petition of the Labor Council of San Francisco, Cal., praying for an increase in the salaries of postal employees, which was referred to the Committee on Post Offices and Post Roads.

Mr. THOMPSON presented a memorial of the Kansas Editorial Association, of Alma, Kans., remonstrating against any change in the present law relative to second-class postage, which was referred to the Committee on Post Offices and Post Roads.

Mr. MYERS presented resolutions adopted by the Commercial Club of St. Ignatius, Mont., favoring an appropriation of \$750,000 for work on the Flathead reclamation project, in that State, which were referred to the Committee on Indian Affairs.

Mr. TILLMAN. I present resolutions adopted by the Chamber of Commerce of Rock Hill, S. C., which I ask may be printed in the RECORD.

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

Resolved: First. That the Chamber of Commerce of Rock Hill, representing the crystallized public opinion of this section of South Carolina, tenders to the President of the United States and those charged with the administration of public affairs, its sympathy in this time of profound national stress, its confidence in their ability and integrity of purpose, and pledges anew its loyalty to the Government of the United States and the great principles for which this world war is being fought.

Second. That the Hon. B. R. TILLMAN, the distinguished Senator from South Carolina, is requested to convey this expression of our sentiments to the properly constituted authorities at Washington.

Mr. LEWIS. I present a memorial from the Hungarian Union, of Illinois, pledging their loyalty to the Government, which I ask may be referred to the Committee on Foreign Relations.

The PRESIDENT pro tempore. It will be so referred.

LINCOLN AND DEMOCRACY.

Mr. LEWIS. Mr. President, while I am on my feet may I, sir, give notice that I purpose in the morning, after the end of the routine business, to deliver a short address upon Lincoln and democracy in commemoration of the day, it being Lincoln's birthday?

RAILROAD CONTROL.

Mr. KELLOGG. Mr. President, I give notice that on Wednesday, after the close of the business of the morning hour, if opportunity permits, I shall address the Senate on the subject of the railroad bill, now pending before this body.

REPORTS OF COMMITTEES.

Mr. CHAMBERLAIN, from the Committee on Military Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (S. 3299) authorizing the President to reappoint Maj. Chalmers G. Hall, retired, to the active list of the Army (Rept. No. 268);

A bill (S. 3433) requiring the Government to furnish uniforms to officers of the Army, and for other purposes (Rept. No. 256);

A bill (S. 3527) to amend an act entitled "An act to provide for the settlement of the claims of officers and enlisted men of the Army for loss of private property destroyed in the military service of the United States," approved March 3, 1885 (Rept. No. 257);

A bill (S. 3691) to provide for reimbursement of actual expenses or flat per diem for enlisted men of the Army traveling on duty under competent orders (Rept. No. 258);

A bill (S. 3693) to prescribe the personnel of the Army Nurse Corps, the qualifications for appointment and the method of

appointment therein, the pay, allowances, and leave of absence of members of said corps, and the conditions under which they may be retired (Rept. No. 259);

A bill (S. 3736) to provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct (Rept. No. 260);

A bill (S. 3779) to create in the Army the grades and establish the pay of first-class bugler and corporal bugler, to increase the pay of buglers, and for other purposes (Rept. No. 261); and

A bill (S. 3780) to authorize the appointment of officers of the Philippine Scouts as officers in the militia or other locally created armed forces of the Philippine Islands drafted into the service of the United States, and for other purposes (Rept. No. 262).

He also, from the same committee, to which was referred the joint resolution (S. J. Res. 123) providing for the calling into immediate military service of certain classes of persons registered and liable for military service under the terms of the act of Congress approved May 18, 1917, entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States," reported it with amendments and submitted a report (No. 263) thereon.

Mr. MYERS, from the Committee on Public Lands, to which was referred the bill (S. 3797) validating certain applications for and entries of public lands, and for other purposes, reported it without amendment and submitted a report (No. 264) thereon.

Mr. GORE, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 9054) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1919, reported it with amendments and submitted a report (No. 267) thereon.

Mr. JOHNSON of South Dakota, from the Committee on Pensions, submitted a report (No. 265), accompanied by a bill (S. 3798) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and of wars other than the Civil War, and to certain widows and dependent relatives of such soldiers and sailors, which was read twice by its title, the bill being a substitute for the following Senate bills heretofore referred to that committee:

- S. 73. Abel H. Hall.
- S. 139. Frankie Esselstyn.
- S. 197. Samuel Breitigan.
- S. 240. Edward Sweeney.
- S. 331. Arthur Rose.
- S. 477. Lucie Kellogg.
- S. 588. William P. Robinson.
- S. 675. William D. Harrington.
- S. 687. Fannie H. Maffitt.
- S. 765. Minnie H. Wolf.
- S. 882. Charles E. Sanders.
- S. 912. John M. Dikes.
- S. 981. James W. McKay.
- S. 996. Adam S. Bridgefarmer.
- S. 1174. Charles H. Ferriss.
- S. 1177. Van Ogle.
- S. 1242. Reuben Waller.
- S. 1443. Thomas M. Woods.
- S. 1526. George M. Spencer.
- S. 1569. Katharine E. Bocoskey.
- S. 1989. Thomas S. Millikin.
- S. 2040. William C. Campbell.
- S. 2138. William J. La Rock.
- S. 2172. Allen Russell.
- S. 2193. Oscar M. Dreibelbiss.
- S. 2237. Edmund G. Thompson.
- S. 2288. Joseph W. Gay.
- S. 2391. Emmett W. Fitzsimmons.
- S. 2424. Charles E. Matthews.
- S. 2472. Martha R. Sutton.
- S. 2492. Hildur M. Phillips.
- S. 2572. Joseph M. Love.
- S. 2586. Leander Thomas.
- S. 2592. Isaac F. Allen.
- S. 2744. James M. Fitch.
- S. 2763. John Ferris.
- S. 2955. Esther Shields.
- S. 2981. Elizabeth K. Cottman.
- S. 2988. Francis J. Kearney.
- S. 3097. Simeon Ely.
- S. 3342. John A. D. Tharp.
- S. 3343. Wesley H. Dick.
- S. 3424. Julia Burger.

- S. 3500. Leander Johnston.
- S. 3591. Laura C. Slack.

Mr. JOHNSON of South Dakota, from the Committee on Pensions, submitted a report (No. 266), accompanied by a bill (S. 3799), granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent relatives of such soldiers and sailors, which was read twice by its title, the bill being a substitute for the following Senate bills heretofore referred to that committee:

- S. 136. Melvina Coquillard.
- S. 243. Henry Wenzel.
- S. 245. Samuel S. Wilson.
- S. 253. George Leadbeater.
- S. 266. Samuel H. Brooks.
- S. 273. George W. Bass.
- S. 325. Charles E. Wilcox.
- S. 333. Adam Eckert.
- S. 335. Albert Boon.
- S. 384. Albert S. Greene.
- S. 394. John Burns.
- S. 496. Robert Liddell.
- S. 506. Amos Dickinson.
- S. 508. Henry A. Dayton.
- S. 513. Theodore C. Bates.
- S. 583. John W. Marks.
- S. 586. Alexander Reed.
- S. 617. William L. Swiger.
- S. 658. Thomas J. Denny.
- S. 672. George W. Grigg.
- S. 683. William L. V. Kite.
- S. 688. Daniel B. Mills.
- S. 690. William O'Callaghan.
- S. 703. John Wones.
- S. 767. Frederick S. Webber.
- S. 880. Jerome McWethy.
- S. 1012. Mary L. King.
- S. 1179. James Campbell.
- S. 1235. Edward Patrick.
- S. 1237. William H. Wyckoff.
- S. 1280. Hugh S. Ryan.
- S. 1356. Harvey Johnson.
- S. 1375. Myron Gilmore.
- S. 1391. Marion A. Babcock.
- S. 1404. Benjamin F. Brock.
- S. 1439. Loreta Blevins.
- S. 1467. Hannah McAdams.
- S. 1470. Ferdinand Fetter.
- S. 1488. John W. Hoyt.
- S. 1491. John B. Donaldson.
- S. 1500. John E. Clark.
- S. 1508. William H. Patterson.
- S. 1518. Clifford A. Lewis.
- S. 1614. Georgianna Thomas.
- S. 1615. Thomas J. Gafford.
- S. 1664. Sarah J. Briles.
- S. 1826. John A. Wise.
- S. 1831. Rosa Flake.
- S. 1833. John M. Holmes.
- S. 1834. John E. Rogers.
- S. 1837. William S. Reed.
- S. 1851. Augustus A. Clawson.
- S. 1858. Wesley B. Reed.
- S. 1860. Homer E. Benton.
- S. 1866. Milton Laird.
- S. 1883. Nathan H. Ellis.
- S. 1899. Walter E. Ellis.
- S. 1950. George Engleman.
- S. 1992. Thomas V. Malone.
- S. 2025. George W. Flagg.
- S. 2042. Albert H. Wood.
- S. 2048. Thomas McCarty.
- S. 2055. Henry J. Edge, alias Jason Edge.
- S. 2062. Andrew West.
- S. 2065. William A. Bodine.
- S. 2067. George D. Abraham.
- S. 2074. Uriah G. Williams.
- S. 2077. John C. Emery.
- S. 2078. William H. Tripp.
- S. 2085. Alonzo Pendland.
- S. 2087. Thomas M. Johnson.
- S. 2092. James S. Gray.
- S. 2096. Isaac Wharton.
- S. 2102. Increase E. Watson.
- S. 2127. Mark Whitney.
- S. 2135. John W. Stokes.

S. 2143. Melville N. Freeman.
 S. 2148. George C. Bonney.
 S. 2150. Algen S. Leach.
 S. 2153. William W. Findley.
 S. 2187. John Curles.
 S. 2198. George Wells.
 S. 2199. Derrick Huck.
 S. 2227. Seth Bailey.
 S. 2231. Abbie L. Lockwood.
 S. 2344. Irvin M. Hill.
 S. 2248. John W. McMillen.
 S. 2249. Bradford G. Ostrander.
 S. 2284. William A. Reeves.
 S. 2285. Fred Eneker.
 S. 2286. William Booth.
 S. 2292. George Campbell.
 S. 2304. William W. Daniels.
 S. 2306. William Behre.
 S. 2307. Charles F. Runyan.
 S. 2337. John H. Denny.
 S. 2365. Benjamin F. Sage.
 S. 2369. Watkin H. Jones.
 S. 2385. James Cummins.
 S. 2392. George G. Laughead.
 S. 2419. Scott Thompson.
 S. 2428. Samuel C. Howe.
 S. 2446. David I. Hain.
 S. 2450. Joseph T. Lewis.
 S. 2466. Lafayette Fasnough.
 S. 2498. John V. Reed.
 S. 2502. James M. Shuey.
 S. 2505. Harry M. Sherman.
 S. 2508. Henry Thomas.
 S. 2519. William J. Seals.
 S. 2520. Alexander D. Smalley.
 S. 2560. Emery O. Pendleton.
 S. 2561. Esburn Nutt.
 S. 2563. Freeman D. Myrick.
 S. 2565. Moses F. Hurd.
 S. 2569. William E. Hayden.
 S. 2577. Samuel McClure.
 S. 2578. Henry McClure.
 S. 2585. Michael O. Sullivan.
 S. 2613. Patrick Walton.
 S. 2621. Francis Mathews.
 S. 2630. Amariah K. Wheeler.
 S. 2636. Thomas J. Hargrave.
 S. 2647. George O. Pearl.
 S. 2664. Ina L. Murdock.
 S. 2680. Daniel W. Shawhan.
 S. 2689. Henry T. Snyder.
 S. 2707. George H. Fogg.
 S. 2720. Henry Lee Anderson.
 S. 2723. John Openchain.
 S. 2740. Seward Newton.
 S. 2743. Isaiah P. Watts.
 S. 2752. Edward Sams.
 S. 2815. Thomas G. Davison.
 S. 2828. Nancy Hackleman.
 S. 2832. John L. Rushton.
 S. 2842. Charles W. Wormell.
 S. 2847. Sylvanus Smith.
 S. 2855. George W. Hall.
 S. 2904. George W. Gilbert.
 S. 2909. McHenry Smith.
 S. 2915. John Acton.
 S. 2927. Adrian J. Hayward.
 S. 2930. Emma A. Hoskins.
 S. 2940. George W. Thompson.
 S. 2942. Milton N. Campbell.
 S. 2944. Isaac N. Stotts.
 S. 2949. William H. Woodward.
 S. 2952. Richard B. Daniels.
 S. 2953. Thomas Day.
 S. 2961. Jared Wheeler.
 S. 2963. George B. Gilbert.
 S. 2966. John H. Annas.
 S. 2976. Delos Neer.
 S. 2989. George Murray.
 S. 2990. Daniel H. Pettengill.
 S. 2991. Josiah C. Tandy.
 S. 2992. Addison S. Martin.
 S. 3005. James Churchill.
 S. 3012. Thomas Percival.

S. 3013. Joseph Martin.
 S. 3016. Angus C. Burns.
 S. 3017. Cornelius McGoff.
 S. 3020. Nathaniel Wilt.
 S. 3023. Joseph Smith.
 S. 3084. Theodore M. Burge.
 S. 3092. Carrie M. Smart.
 S. 3093. Hiram B. Newlon.
 S. 3094. John F. Brainard.
 S. 3095. Isaac D. Rowden.
 S. 3099. Edwin E. Baker.
 S. 3100. Enos S. Whitcomb.
 S. 3102. Chester R. Smith.
 S. 3118. Horatio P. Smith.
 S. 3134. Franklin Venable.
 S. 3135. William H. Capshaw.
 S. 3136. James H. Fontaine.
 S. 3137. Thomas Fulkerson.
 S. 3156. Michael H. Skinner.
 S. 3166. William J. Smith.
 S. 3167. John H. Bird.
 S. 3168. William White.
 S. 3169. Joseph P. Case.
 S. 3170. Washington Richardson.
 S. 3177. James Stuart.
 S. 3179. Edwin S. Metcalf.
 S. 3199. Daniel Vanscoy.
 S. 3238. Luther L. Rewalt.
 S. 3250. Margaret Dicks.
 S. 3318. Benjamin F. Morse.
 S. 3349. James M. Widener, alias James W. Foster.
 S. 3350. William H. Isenberg.
 S. 3351. Thomas K. Hastings.
 S. 3361. William W. Thurston.
 S. 3398. William W. Gordon.
 S. 3407. John Dewire.
 S. 3421. James M. Millrons.
 S. 3447. George L. Danforth.
 S. 3463. Chester S. Pease.
 S. 3499. John D. Swift.
 S. 3501. Theodore Routh.
 S. 3502. Elisha D. Turner.
 S. 3503. Arnold Bauer.
 S. 3507. Sylvester Oatman.
 S. 3565. Imogen P. Ingersoll.
 S. 3568. Wilford Herrick.
 S. 3581. Henry Newell.
 S. 3592. George Crawford.
 S. 3593. Lulu M. Joseph.
 S. 3655. Charles D. Hanscom.

RAILROAD CONTROL.

Mr. CUMMINS. I present my minority views (S. Rept. 246, pt. 2) upon Senate bill 3752, commonly known as the railroad bill, and ask that they be printed.

The PRESIDENT pro tempore. That order will be made.

BILLS INTRODUCED.

By Mr. CHAMBERLAIN:

A bill (S. 3800) to provide for restoration to their former grades of enlisted men discharged to accept commissions, and for other purposes;

A bill (S. 3801) to amend section 8 of "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917;

A bill (S. 3802) authorizing appropriations made for the national security and defense to be used for the purchase of real estate, or the use thereof, when such purpose is not specifically stated in said appropriations; and

A bill (S. 3803) authorizing the President during the existing emergency to sell war supplies, materials, and equipment heretofore or hereafter purchased, acquired, or manufactured by the United States; to the Committee on Military Affairs.

A bill (S. 3804) to provide for the regulation of stockyards, corrals, and other places where animals are collected or exhibited for public sale, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. SMITH of Georgia:

A bill (S. 3805) to establish engineering experiment stations in the States, Territories, and the District of Columbia in connection with State supported universities or engineering schools for the promotion of engineering and industrial research as a measure of industrial military, and naval preparedness in times of peace or war; to the Committee on Education and Labor.

By Mr. McCUMBER:

A bill (S. 3806) conferring jurisdiction on the Court of Claims to permit the Yankton and Cuthead Bands of Sioux Indians to intervene in the action of the Sisseton and Wahpeton Bands of Sioux Indians against the United States (Docket No. 33731) and to hear, determine, and render judgment in said action in claims of Yankton and Cuthead Bands of Sioux Indians against the United States; to the Committee on Indian Affairs.

By Mr. THOMAS:

A bill (S. 3807) to appoint Col. D. L. Howell a brigadier general on the retired list (with accompanying papers); to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 3808) to amend an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1918, and for other purposes"; to the Committee on Post Offices and Post Roads.

By Mr. GALLINGER:

A bill (S. 3809) granting an increase of pension to Elijah C. Lawrence (with accompanying papers); to the Committee on Pensions.

By Mr. SUTHERLAND:

A bill (S. 3810) granting an increase of pension to Edward A. Hamner to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 3811) granting an increase of pension to Matthew W. Clark (with accompanying papers); and

A bill (S. 3812) granting an increase of pension to Edward A. Rowley (with accompanying papers); to the Committee on Pensions.

By Mr. FERNALD:

A bill (S. 3813) granting an increase of pension to Thomas B. Wiggin, jr.;

A bill (S. 3814) granting a pension to Clarence M. Smith (with accompanying papers);

A bill (S. 3815) granting a pension to Philomene Dawley (with accompanying papers);

A bill (S. 3816) granting an increase of pension to Andrew J. Martin (with accompanying papers);

A bill (S. 3817) granting an increase of pension to Charles J. Higgins (with accompanying papers);

A bill (S. 3818) granting an increase of pension to James J. Hamilton (with accompanying papers);

A bill (S. 3819) granting an increase of pension to Lydia Wixon (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 3820) granting an increase of pension to Charles F. Marble; to the Committee on Pensions.

RAILROAD CONTROL.

Mr. CUMMINS submitted five amendments intended to be proposed by him to the bill (S. 3752) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes, which were ordered to lie on the table and be printed.

ADDITIONAL MESSENGER.

Mr. NELSON submitted the following resolution (S. Res. 204), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Sergeant at Arms of the Senate be, and he hereby is, authorized and directed, on and after the 4th day of March, 1918, to place on the Senate rolls a messenger for the minority at the rate of \$1,200 per annum, to be paid from the miscellaneous items of the contingent fund of the Senate until the 1st day of July, 1918.

LOCAL RESULTS OF PROHIBITION.

Mr. JONES of Washington. Mr. President, I have a short statement from the Washington Star with reference to local results of prohibition. It is not a discussion of any particular proposition, but a statement of the facts as shown by the record of the first three months of prohibition in the District of Columbia. I ask that it may be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows.

LOCAL RESULTS OF PROHIBITION.

Local prohibition has now been in force for three months, and the effect has already been noticeable in a diminution of the cases brought before the police court, according to figures compiled at police headquarters. These statistics show a decrease in arrests not only for intoxication but for offenses which often grow out of the use of intoxicants. Comparing the first three months under prohibition with the corresponding period of a year previous, the results are striking. There were in that time 1,664 fewer arrests for drunkenness under the Sheppard law than before it went into effect, 2,406 having been made during the "wet" November, December, and January and only 742 during the dry period.

But the most significant effect of the new condition appears in the comparison regarding arrests for offenses other than intoxication. Cases of disorderly conduct fell from 829 to 337 in this period, a reduction of 552; cases of assault fell from 423 to 205, or 218 less; house-breaking cases were reduced by 85—from 156 to 71; cruelty to animals caused 148 arrests before the "dry" law went into effect and only 77 afterwards, a reduction of 71; cases of carrying weapons fell from 47 to 39, or 8 less. The total reduction of arrests under these five headings is impressive—from 1,603 in the three months a year ago to 719 under prohibition, or 884 less. Combining all cases—intoxication and offenses often attributable to it—the result is a convincing showing of betterment—4,009 arrests under the "wet" conditions and 1,461 under the "dry" law, or a reduction of 2,548.

Considering that each arrest means work for the police, work for the court, and usually work for the custodians of those sentenced to imprisonment, and that each arrest also means loss of employment, loss of wages, and suffering for families, the net gain to the District economically is tremendous. Life and property are undoubtedly safer under the present conditions than before. If traffic in intoxicants from Baltimore were cut off, this showing on all counts would without question be much better. As it is Washington is distinctly the gainer through the enforcement of the Sheppard law.

HOG ISLAND SHIPPING PLANT.

Mr. VARDAMAN. Mr. President, it is my judgment, and I think my views are shared by every thoughtful American in or out of Congress, that the matter of most important and vital concern to this Republic at this time is the building of ships. To furnish the necessary supplies to sustain our allies in this war and provide adequate shipping facilities to carry the men and munitions for America to do the part assigned to her in this unfortunate war it will become necessary to bridge the Atlantic Ocean as it were with a chain of ships. America has the material. She has the man power to accomplish this herculean task, if our men shall go to work with the spirit of determination which the exigencies of this desperate emergency demand.

Much has been said in criticism of the laborers who refuse to do extra work at this time. We are told that instead of pulling wide open the throttle and moving with that enthusiasm and celerity which ought to characterize the efforts of every American citizen in the performance of his duty to the Nation at this time that they are inclined to hold back. I have no words of condonation for such conduct. It is unfortunate and, if willfully done, highly reprehensible. But I am inclined to think that the conduct which manifests a feeling of indifference to results on the part of the laboring men is due very largely to the greed, the grafting, the mercenary, the criminal profiteering on the part of capital, the possessors of which have vied with each other in their lip service to the Government. While these patriots for self are standing in the limelight of publicity proclaiming their willingness to do and to die if need be for the flag, they are receiving enormous profits from agencies which they themselves have put into operation and which are concealed from public view. The editorial from the Washington Post, which appeared in this morning's edition of that paper is pertinent, and I ask that it be read and printed in the Record.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Secretary will read.

The Secretary read as follows:

HOG ISLAND.

Witnesses appearing before the Senate Commerce Committee in the Shipping Board inquiry have told amazing stories of reckless extravagance in the construction of the Government's ship-fabrication plant at Hog Island, together with instances of glaring inefficiency. They have told that the price of the land upon which the plant is located was advanced 100 per cent in price within a year; of 1,300 loaded freight cars standing in the yards waiting to be unloaded, while workmen were idle and the country was staggering under a freight congestion that demanded every car available; of salaries doubled; of favoritism in contracts; of the original cost estimates vastly exceeded with the work but 60 per cent completed.

Inefficiency and profligacy of expenditures have run a race at Hog Island, it is claimed, with the result a tie. It is charged that the Emergency Fleet Corporation adopted a policy of noninterference, as a result of which this orgy of waste went on uninterrupted.

If the testimony adduced accurately represents conditions at the Hog Island yard, the inquiry undertaken by the Senate Commerce Committee has been amply justified. The country is entitled to know the facts, however disagreeable they may be.

The vital, urgent need for ships is understood by every American. The allies have impressed upon us the fact that they are more needed for the winning of the war than anything else America can produce. Everybody knows this, and knowing it everybody in official life and out of it understands that if there is one department of the Government in which efficiency is demanded above all others it is among those having charge of the construction of the ships which are to save this Nation.

Is it possible that under these conditions and with such tremendous responsibilities resting upon the United States men have dallied with this important work, have used the Hog Island project for profiteering, have trafficked in the honor and safety of the Nation? If it be true that buccaneers of business have profited unfairly in this matter, they should not be permitted to retain a dollar they have wrung from the Public Treasury, and their names should be written at the top of the scroll of infamy. The Commerce Committee should probe to the very bottom of the case and ventilate all the facts.

Mr. McCUMBER. Mr. President, may I ask the Senator a question? The editorial, I understand, is based upon testimony taken before the Committee on Commerce, which testimony shows, and shows conclusively, I think, that for this same land for which the Government paid \$2,000 an acre there was an

agreement that a purchaser could have it for \$1,000 an acre. It also shows that cranes were purchased by the Government for about \$20,000 which were sold only a very short time ago for about \$7,000.

We passed an act through Congress some time ago granting power to the administration to condemn the land and take it for the Government. We granted authority to condemn and take those cranes and any such property for what it was reasonably worth.

Now, will the Senator explain to us who is responsible for paying for this land three or four times what it is worth, and paying for those cranes from 300 to 400 per cent above their real value, when the authority was given the department to take them for what they were actually worth by condemnation, if necessary?

Mr. VARDAMAN. Mr. President, I should like to go into the discussion of this question. It is a long story of malfeasance and misfeasance, disloyalty, greed for gain, and pecuniary aggrandizement which the Commerce Committee I hope will bring to the attention of the American people. I have not words with which to condemn the loose method which has been employed in the building of that great shipping plant; but I can not oblige the distinguished Senator by going into a discussion of it now. It is not in order, and I am trespassing upon the time of the Senate to say what I have said and desire to say at this time. I arose simply to call attention to this transaction. A little later it will be my unhappy duty, or some other Senator's, to call the attention of the American people to this matter in all of its hideous nakedness.

Mr. President, I have infinite faith in the saving grace of the honesty and patriotism of the average American citizen. I believe that he loves his country with a devotion which will cause him to make readily any sacrifice necessary for the triumph of his flag and the preservation of American institutions. I believe the way to approach the average American laborer is to appeal to his patriotism, to tell him the truth, and let him know just what is demanded of him, and I believe he will do his bit with verve, energy, pluck, and pertinacity. Let him know that this is his country and that he is going to be secured a square deal and the part he is to perform in this emergency is for his own personal protection and the preservation of his Government for the good of his posterity. I would appeal to the better side of his character, to the lofty qualities of his soul.

I have no sympathy with the proposition to conscript labor. I have no sympathy with the sentiment that is being generally expressed that you can not trust without proscription the average American laboring man to perform his patriotic duty. And I will say further that you can not convert Caucasian men and women born of free parents into a vassal or a subject in one generation. You may force a man to remain in the shops a certain number of hours each day, but you can not compel him to work effectively.

He must be given a free hand; he must be treated as a citizen and not as a subject. It is his country and he is entitled to be consulted about the Government and what he himself should do. If the courts of the country should send a few of these patriots for pelf who are taking advantage of this desperate emergency to make money for themselves to the penitentiary, and if Congress should take from them the opportunity to rob and plunder the Public Treasury it will have a most wholesome and salutary effect upon the psychology of the masses. It will fire their patriotism and encourage them to heroic effort, which is necessary to meet the exigencies of the extraordinary situation.

If laborers have shown a disposition to lag when industry should characterize their conduct, it may be due to the fact that they see a few men high in business circles robbing and plundering the Government and taking advantage of war conditions to grow richer and richer still. If the ingenuity displayed in the matter of devising ways and means to get money out of the Public Treasury which has been shown by some of these plutocratic patriots of the Hog Island enterprise was displayed in the matter of building ships, we would have had an entire fleet constructed by this time.

THE LOCAL COAL SITUATION.

Mr. SHERMAN. Mr. President, I send to the Secretary's desk a news item cut from the Washington Post this morning. I ask unanimous consent for about two minutes to make a statement in reference to it.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Illinois will proceed.

Mr. SHERMAN. The inclement winter has brought to the surface evidence of the operation of the rules of civilized society. I deem it worthy of preservation in some permanent form.

Posterity mayhap will value this fleeting reminiscence as a corner stone from which to estimate improvement in future years. It will be a matter of profound satisfaction for future generations to know that the multitude gathered in Washington were not deprived of tobacco, theatrical entertainment, moving-picture shows, and the blessings of billiard halls while the coal shortage afflicted us.

The Washington public schools closed the afternoon of January 29, 1918, and remained closed until this morning, February 11, 1918, because no coal could be had. At least one Sunday since the fuel order was promulgated all the churches in Washington were closed to save coal. The saving of fuel of course was to win the war, so churches and schoolhouses suspended their activities as stated. During this period when no coal could be had for the institutions named, 65 moving-picture shows, 16 theaters, 1,567 cigar stores, and 171 billiard halls were open and doing business as usual except on heatless Mondays or Tuesdays.

The Washington Post of to-day contains the following news item announcing the opening of the public schools in this city to-day. I ask that the news item cut from the Washington Post of this morning announcing the opening of the public schools be printed in the CONGRESSIONAL RECORD.

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

PUBLIC SCHOOLS WILL OPEN TO-DAY—COAL SITUATION CLEARS AND BUILDINGS HAVE ENOUGH FUEL.

All public schools in Washington will open this morning, according to an announcement made last night by Superintendent of Schools Ernest L. Thurston. No matter what the amount of future arrivals of coal will be, some of the schools, including all of the high schools, will remain open until June, Mr. Thurston said.

Mr. Thurston said reports showed that every school building in the District had a supply of coal on hand, enough to heat the building. On account of the seriousness of the coal situation in Washington, the public schools were closed January 29.

The warm weather yesterday greatly helped the situation. If the favorable weather continues this morning, Mr. Thurston does not expect any of the schools to be closed on account of disabled heating facilities.

District labor was used yesterday in hauling coal to the schools, and janitors of the schools worked until late at night firing the furnaces.

ADDRESS BY W. G. M. THOMAS, OF TENNESSEE.

Mr. SHIELDS. Mr. President, Hon. W. G. M. Thomas, one of the ablest lawyers of Tennessee and a profound student of governmental conditions, and who has given the causes which brought on this great war in which we are engaged careful study, recently delivered an address in Chattanooga, Tenn., which I believe it is to the interest of the country that it be given the widest publicity and be read by every American citizen.

I believe that Mr. Thomas in this able address has conclusively established, as we all believe, that this fearful war and unparalleled sacrifice of human life and treasure was deliberately brought about by the Imperial Government of Germany to effect a long-premediated dream and effort of worldwide conquest and dominion.

The comparison which Mr. Thomas makes of the autocracy of Germany and the unscrupulous, merciless, and inhuman practices which it is willing to adopt in order to carry out its purposes and the great principles of American democracy, conceived and established in this country and advocated and maintained by numerous great Americans, including our present Chief Executive, is one of the ablest presentations of these questions that has been made during the war. I ask unanimous consent that the address be printed in the RECORD.

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

The world has some acquaintance to-day with things of which it might have known, and of which it ought to have known many years ago. Antedating the month of July, 1914, it was not supposed to be a possible fact to deceive all the world a part of the time, or a part of the world all the time. Indeed, not until after this memorable month of that year were people outside the boundaries of Germany aware that the whole world had been deceived, and that a part of the world was still being deceived, but, since July, 1914, nine-tenths of all the globe and nine-tenths of the people of the globe have been engaged in a settled, determined course of action to convince the other one-tenth that it is not possible to deceive all the world all the time.

Unbelievable as it may appear to be, the world has had another revelation, namely, that the very easiest method of certain deception is to be found in the use of the palpably incredible—incredible truth presented openly in plain outline—and in exact detail and plan. And still another fact has been revealed—that Germany is the one conspicuous example in the art of this unique method of deception.

Antedating Austria-Hungary's ultimatum to Serbia, and the horrible consequences which followed that document, nowhere in the world, beyond German borders, was it even thinkable that any incredible fact or any number of incredible facts could be successfully used to deceive. So completely were people misled that they do not longer doubt that an easy and certain means of deception is the incredible dressed in unadorned simplicity.

For at least one-quarter of a century preceding the present war the reading public throughout the earth were buying and using German books. The student who aspired to scholarship felt moved to believe that to attain his ambition he must pass through a German university. German professors were called into chairs in institutions of higher

learning. That American schoolmen might possess the kultur of Germany, and that American youths might sit at the feet of German professors, universities in the United States and universities in Germany exchanged their professors. Everybody who visited Europe visited Germany. If his tour led him into a German city, he observed that a woman's right-of-way along a German sidewalk was subordinate that of the German Army officer. He observed, too, that at ticket windows the German Army and Navy assumed precedence over the line of civilian men, women, and children. A tourist in Germany witnessed the movements of German commerce and industry, and he found himself interested in the volume of business which appeared to render necessary so many important railway lines leading to the boundaries of Belgium and other border States.

It was quite incredible to the foreigner that railroads built prior to 1914 meant anything save Germany's peaceful progress and prosperity. It was unthinkable that these street scenes in Germany were anything more than mere isolated instances of rudeness on the part of German soldiers. It was unbelievable to students that there was any real harm in the rationalism and other "isms" found in the utterances of the German professors, and it was quite incredible to all readers that the German books and German spokesmen on law, and right and wrong, or on war and might and cruelty, meant anything more than irresponsible utterances of such a madman as a Nietzsche, or of such a panegyrist of the Hohenzollerns as a Treitschke.

To-day it is known to everyone that neither German books, nor professors, German soldiers, nor railways, betrayed Germany. Not one of these, in itself, nor all of them combined, betrayed Germany, for the incredible was discovered to be not a betrayer.

Since July, 1915, the world has been taught the new and novel lessons that the incredible is sometimes not at all incredible, and that these German scenes, these German professors, these German books, were pointing unerringly and with bold frankness to the present world war. Under the crimson light of three and one-half years of war, Germany now stands revealed. The incredible prior to 1914 is anything but incredible to-day and when we turn to the facts, we wonder how the world could have been misled.

OUT OF GERMANY'S OWN MOUTH.

"The Teutonic race is called to circle the earth with its rule," says Woltmann.

"If fate has selected us to assume the leadership in the kultur life of the peoples, we will not shrink from this great and lofty mission." (Fazaurek.)

"The German soul is the world's soul. God and Germany belong to one another. The German soul is God's soul; it shall and will rule over mankind." (Pastor Lehmann.)

"He who does not believe in the divine mission of Germany had better hang himself, and rather to-day than to-morrow." (Chamberlain.)

"A good Providence watches over the fate of the German people, which is destined to the highest things on this earth." (Sonbart.)

"The German people is always right, because it is the German people and 87,000,000 souls." (Tannenber.)

"We want to become a world people." (Meinecke.)

"Germany is the center of God's plans for the world." (Pastor Lehmann.)

"Germany will be the schoolmaster of all the world, as every German has a bit of schoolmaster in him." (Prof. Blume.)

"Might is right, and right is decided by war." (Bernhardi.)

"There is but one sort of right—the right of the stronger." (Lasson.)

"It is foolish to talk of the rights of others." (Peters.)

"Right and wrong are notions needed in civil life only." (Tannenber.)

"Might is the supreme right, and the dispute as to what is right is decided by the arbitrament of war. War gives a biologically just decision." (Bernhardi.)

"What does right matter to me? I have no need for it. What I can acquire by force, that I possess and enjoy; what I can not obtain, I renounce. * * * I have the power to do." (Stirner.)

"The law of the strong holds good everywhere." (Bernhardi.)

"There is no legal obligation upon a State to observe treaties." (Lasson.)

"No right is so inviolable that it must not yield to necessity, and in action dictated by necessity there is violation of right." (Prof. Kohler.)

"No power is bound to sacrifice important interests of its own on the altar of faithfulness to her alliance." (Bismarck.)

"A State knows no arbiter and draws up all its treaties with this implied reservation * * * and is consequently entitled to repudiate its treaties." (Treitschke.)

"When a diplomat is guilty of obscuring facts in a diplomatic negotiation he is thinking of his country." (Treitschke.)

GERMANY AND WAR.

"Without war humanity would sink into materialism." (Moltke.)

"Nothing is more immoral than to consider and talk of war as an immoral thing. War is the mother of all good things." (Prof. Haase.)

"When one really meditates war, one must say no word about it; one must envelope one's designs in a profound mystery; then, suddenly and without warning, one leaps as a thief in the night." (Wirth.)

"The lessons of history confirm the view that wars which have been deliberately provoked by far-seeing statesmen have had the happiest results." (Bernhardi.)

"We must not think merely of external foes who compel us to fight. A war may seem to be forced upon a statesman by the condition of home affairs or by the pressure of the whole political situation." (Bernhardi.)

"Thanks to his [Bismarck's] diplomatic adroitness, he forced upon his adversaries the outward appearance of declaring war, while in reality Prussian-Germany was the assailant." (Strantz.)

"If Belgium takes part in this war, she must be wiped off the map of Europe." (Theuden.)

"Let us laugh with all our lungs at the old women in trousers who are afraid of war, and therefore complain that it is cruel and hideous. No; war is beautiful. Its august grandeur elevates the heart of man high above all that is commonplace and earthly." (Gottberg.)

"We have become a nation of wrath; we think only of the war." (Pastor Lehmann.)

"The German is a hero born and believes he can hack and hew his way through life." (Treitschke.)

"God calls us to murderous battles, even if worlds should thereby fall to ruins." (Pastor Francke.)

"War forms part of the eternal order instituted by God." (Moltke.)

GERMANY AND PEACE.

"We must not look for permanent peace as a result of this war. Heaven defend Germany from that!" (Schmitz.)

"Only over the black gate of the cemetery * * * can be read the words 'Eternal peace for all peoples.' For peoples who live and strive, the only maxim and motto must be eternal war." (Wagner.)

"The highest steps of kultur have not been mounted by peaceable nations in long periods of peace, but by warlike peoples in the time of their greatest combativeness." (Theuden.)

"Perpetual peace is a dream, and it is not even a beautiful dream." (Moltke.)

"We children of the future * * * do not by any means think it desirable that the kingdom of righteousness and peace should be established on the earth." (Nietzsche.)

"Whoever can not prevail upon himself to approve, from the bottom of his heart, the sinking of the *Lusitania*—whoever can not conquer his sense of the gigantic cruelty to unnumbered perfectly innocent victims * * * and give himself up to honest delight at this victorious exploit of German defensive power—him we judge to be no true German." (Pastor Baumgarten.)

"Not against our will were we thrown into this gigantic adventure. We willed it; we were bound to will it." (Harden.)

"Terrorism is seen to be a relatively gentle procedure, useful to keep in a state of obedience the masses of the people." (Hartmann.)

"Whoever enters upon a war in future will do well to look only to his own interests, and pay no heed to any so-called international law." (By a German, 1900.)

"It is a gratuitous illusion to suppose that modern war does not demand far more brutality, far more violence, and an action far more general than was formerly the case." (Hartmann.)

"I warn you against pity." (Nietzsche.)

"We hold that hardness, violence, slavery, danger in the street and in the heart, secrecy, stoicism, arts of temptation and devilry of all kinds; that everything evil, terrible, tyrannical, wild-beastlike, and serpentlike in man contributes to the elevation of the species just as much as the opposite—and in saying this we do not even say enough." (Nietzsche.)

"No sooner are airships invented than the general staffs set to work to devise methods of applying them to destruction." (Gumplowicz.)

"Much that is dreadful and inhuman in history, much that one hardly likes to believe, is mitigated by the reflection that the one who commands and the one who carries out are different persons—the former does not behold the sight, therefore does not experience the strong impression on the imagination; the latter obeys a superior, and therefore feels no responsibility." (Nietzsche.)

"The proud conviction forces itself upon us with irresistible power that a high, if not the highest, importance for the entire development of the human race is ascribed to the German people." (Bernhardi.)

"In our German people peaceful disposition and warlike prowess are so happily mixed that in this respect no other people on the earth can rival us, and none seems so clearly predestined to light humanity on the way to true progress." (Lange.)

"Where in the whole world can a people be found who have such cause for manly pride as we? But we are equally far removed from presumption and from arrogance." (Pastor Rump.)

"Germany is the future of humanity." (Pastor Lehmann.)

"We must vanquish, because the downfall of Germanism would mean the downfall of humanity." (Pastor Konig.)

"That it will be German kultur that will send forth its rays from the center of our continent there can be no possible doubt." (Prof. Gierke.)

"It was given and assigned to us, and we read in it the original text of our destiny, which proclaims to mankind salvation or disaster, according as we will it." (Pastor Rump.)

"It was the hidden meaning of God that He made Israel the forerunner of the Messiah, and in the same way He has by His hidden intent designated the German people to be His successor." (Dr. Preuss.)

INSINCERITY OF KAISER.

On July 29, 1914, the Czar of Russia telegraphed the Kaiser: "A disgraceful war has been declared on a weak nation; the indignation at this, which I fully share, is immense in Russia." In reply to this wire the Kaiser said: "I can not consider Austria-Hungary's action 'disgraceful war.' Austria-Hungary knows by experience that Serbia's promises, when they are merely on paper, are quite unreliable. According to my opinion Austria-Hungary's action is to be looked upon as an attempt to secure full guarantees that Serbia's promises shall also be turned into deeds."

These are the German Emperor's own words, that a nation's signed engagement should never be unreliable—that it is not "a scrap of paper," that it should be turned into deeds, and that an attempt, even by force of arms, so to turn it is not 'disgraceful war.'

Was the Kaiser sincere when he dictated this telegram? He sent it at a time when his Government was under written obligation, guaranteeing the independence and neutrality of Belgium; and here are some provisions of that agreement:

"Belgium * * * shall form an independent and perpetually neutral State. It shall be bound to observe such neutrality toward all other States."

"The territory of neutral powers is inviolable."

"Belligerents are forbidden to move troops or convoys of either munitions of war or supplies across the territory of a neutral power."

"A neutral power must not allow any of the acts referred to * * * to occur on its territory."

"The fact of a neutral power resisting, even by force, attempts to violate its neutrality can not be regarded as a hostile act."

These words were more than the promise of Germany to Belgium; they were Germany's pledge entered into in writing. The Kaiser telegraphed the Czar that such a promise should not be unreliable—that it should be turned into deeds.

On August 4, 1914, less than a week after the Emperor's telegram to the Czar, the imperial chancellor, in a speech before the German Diet, said: "Gentlemen, we are now acting in self-defense. Necessity knows no law. Our troops have occupied Luxemburg and have possibly already entered on Belgium. The injustice—I speak openly—the injustice we thereby commit we will try to make good as soon as our military aims have been attained. He who is menaced as we are and is fighting for his life can only consider the one and best way to strike."

Here is Germany's official recognition of the Belgium treaty and of international law; and it is furthermore the official admission that Germany had breached that law, had ignored the rightful protests of Belgium, and that Germany's conduct was an act of injustice to Belgium. The sole excuse offered is that "necessity knows no law"; that a nation

when menaced "can only consider the one and best way to strike"; and that such consideration must be without regard at all to the breaking of pledges or to the rights of others.

At a later hour of August 4, 1914, the British ambassador to Berlin, with instructions from his Government that Germany must not disregard her contract with Belgium, called upon the imperial chancellor. "Just for a word—neutrality"—a word which in war time had so often been disregarded—just for a scrap of paper—Great Britain was going to make war on a kindred nation," was the chancellor's reply to the ambassador.

Here is the German chancellor's measure of the value of a nation's engagement and of the force of the law of nations—"a scrap of paper"; and it can not be urged justly that this was an idle utterance of the chancellor for which he and his Government should be free of responsibility, for the record of fact traces the term used to the very highest authority in Germany.

GERMAN DIPLOMACY.

The use of the term, "a scrap of paper," and the German estimate of the virtue and integrity of a treaty did not originate with the chancellor. "Do not be ashamed," said Frederick II, "of making interested alliances from which you yourself can derive the whole advantage. Do not make the foolish mistake of not breaking them when you believe your interests require it. Above all, uphold the following maxim: 'To despoil your neighbors is to deprive them of the means of injuring you.' When he is about to conclude a treaty with some foreign power, if a sovereign remembers he is a Christian he is lost." Later, on April 11, 1847, in a speech from the throne, King Frederick William IV asserted that "All written constitutions are only scraps of paper," and, again, in 1862, when in a quarrel between Emperor William and the Prussian diet, he was reproached with his defiance of the law, he replied that he would do his duty as he saw it, without regard to "scraps of paper called constitutions."

It is quite impossible to assume that the Kaiser may have been ignorant of the use of these terms by former Emperors in 1847 and 1862, or of the Hohenzollern creed as stated by Frederick II; and all fair men must admit that on August 10, 1914, he did know that his chancellor had stated in the diet on the preceding August 4 that in the face of menace neither national obligation nor the dictates of justice need be given consideration; that imperial Germany "can only consider the one and best way to strike." The Kaiser knew that his war lords had marked Belgium as the one and the best way across which to strike France; he knew, and his war lords knew, that to move troops or munitions of war over the borders and into Belgium would be a breach of the Belgium treaty and a violation of Belgian territory, and that it would be an act of the most glaring injustice to that country and people. With all these facts before his eyes he penned with his own hand a telegram on August 10 to President Wilson, and he handed it to the American ambassador for transmission to Washington. In that message he restates, in substance, his telegram of July 29 to the Czar of Russia, that "the Serbian promises on paper should be fulfilled in reality," and he asserts in so many words that Germany's neutrality contract with Belgium "had to be violated on strategical grounds." In other words, the Kaiser telegraphed President Wilson on August 10 that no signed promise or covenant of the German Empire would be allowed to stand across the path of the science of projecting and directing Germany's military movements.

Unfortunately the Kaiser set up one standard for Serbia and quite another for Germany. In his telegram to the Czar he complains "that Serbia's promises, when they are merely on paper, are quite unreliable," and that Austria-Hungary had the right "to secure full guarantees that Serbia's promises shall also be turned into deeds," and he states as much in his wire to President Wilson, but he lowers that standard—in fact, he strikes it to the ground—when he declared that "on strategical grounds" Germany had to march into Belgium, notwithstanding the injustice committed by the act.

Viewing these facts, drawn altogether from official pronouncements of four German rulers and a German chancellor, the level of German ethics is seen to be that her promises, even when on paper are both quite unreliable and subject to be broken at will; and, indeed, are not to be fulfilled if performance might prevent or hinder German military advantage; that Germany's contracts may be disregarded as "scraps of paper" if they be found to stand opposed to military aims; that in Germany "might makes right," and "necessity knows no law"; and that in Germany it is a maxim in morals that he who is menaced can only consider the one and the best way to strike; and this without regard to his own obligation or honor, or to the legal or moral right of the one against whom the stroke is directed.

THE WORLD AND GERMAN DOCTRINE.

The world will never bow down before or accept any such doctrine; it must be wholly repudiated and reversed; and the world war is being waged to reverse it. The war is much more than centralized power against representative government, much more than autocracy against the people; it is tyranny against freedom; it is brutal might against human liberty; it is wanton destruction against conservation; it is barbarism against civilization; it is savagery against humanity; it is unrighteousness against righteousness; it is the Iron Cross against the Red Cross; it is the spirit of Satan against God.

So long as Germany shall think it not "by any means desirable that the kingdom of righteousness and peace should be established on the earth," she will find the world against her. So long as she shall teach that "only over the black gate of the cemetery can we read the words, 'eternal peace for all people,'" she will be the world's enemy. So long as she shall continue in her expressed faith that "war is the mother of all good things," and that "might is the supremacy of right," she must find herself alone upon the earth. So long as it is the purpose of the Teutonic race "to circle the earth with its rule," just so long Germany will find no friend beyond her own borders. The Kaiser must lose his crown or else he must repudiate the Hohenzollern creed that national covenants are "scraps of paper"; that "to despoil your neighbors is to deprive them of the means of injuring you"; and that "when he is about to conclude a treaty with some foreign power, if a sovereign remembers he is a Christian, he is lost."

The purpose of Germany "to circle the earth with its rule" and her deeds of lawlessness and savagery are now known world wide. The black record is now open to all men. With unexampled patience and forbearance, the United States and her people bore much and suffered much; but longer patience became impossible when Germany made war upon our country and upon the freedom, liberty, and independence which Americans had gained for themselves, and under which they propose to live their own lives and to pass on to their children. America is defending their good heritage. America is defending more than this. "The object of this war," as President Wilson has stated

it to all the world, "is to deliver the free people of the world from the menace and the actual power of a vast military establishment, controlled by an irresponsible Government, which, having secretly planned to dominate the world, proceeded to carry the plan out without regard either to the sacred obligations of treaty or the long-established practices and long-cherished principles of international action and honor, which chose its blow fiercely and suddenly, stopped at no barrier either of law or of mercy, swept a whole continent within the tide of blood—not the blood of soldiers only, but the blood of innocent women and children also, and of the helpless poor—and now stands balked but not defeated, the enemy of four-fifths of the world."

Innocent and defenseless women and children have the right to security in the home, and an airplane that wantonly would wreck a home and destroy life is an assassin. Upon the high seas, ruthlessly and without warning, to sink a passenger ship and her human freight is deliberate murder. To drop from the air a bomb upon offenseless children in a schoolhouse is savagery. To mock all laws of war and humanity is superlative and barbarism. To fire upon the Red Cross is satanic.

SHALL NEVER RULE.

German "kultur" shall never rule over our land, and it must be assured that it shall not rule over any other land. It is a base falsehood that "might is right." A nation's word is not "a scrap of paper."

Over against the German code that "it is foolish to talk of the rights of others" America sets up the Golden Rule—"Do unto others as you would have others do unto you."

A nation whose treaty agreement is not as binding as its bonds is not a nation with which honorable peoples care to deal. A nation whose accredited ambassador would set a network of intrigue among the people to whom he is accredited, and whose country would promote and decorate him in reward for his base service is a nation whose ways must be mended if it shall expect relations with respectable folks. A nation that would purposely, by shell or torpedo and without notice or warning, sink a merchant ship plying the high seas and leave the crew to their fate in the waves is an outlaw nation. A nation that would organize incendiarism and dispatch its paid agents to blow up industries ought to be put out of business. A nation that wills the oppression of Europe and that plots and schemes to extend its brutal might across the sea and over free America is a nation whose fiendish lordship must and shall be met and stopped before it shall ever touch these shores.

A prince, whatever be his name or title, who would set in motion any such horrors is unfit to be the ruler of a free people; and a people who support such a prince are not free. A nation that would will injustice and harm to other nations is entitled to no place in the councils of men. Such a nation is a world menace, and any such a nation must be rendered powerless to exercise such a will, or else its people must be made to establish for themselves a very different form of government.

It is to defend our own people and country, and all peoples, against this German menace and to assure all the world that the horrors of the last three and a half years never shall happen again, that the United States and her 15 allies are standing against Germany. The whole history of America shows that our people never could be moved to take any other stand.

AMERICA'S RECORD.

In his farewell address Washington expressed the hope that "the happiness of the people of these States, under the auspices of liberty, may be made complete by so careful a preservation and so prudent a use of this blessing as will acquire to them the glory of recommending it to the applause, the affection, and adoption of every nation which is yet a stranger to it."

Here is almost the prediction by America's first president that the people's happiness, under the authority and guidance of liberty, would some day become so complete that to America would be accorded the glory of recommending like liberty to the applause, affection, and adoption of every nation still a stranger to it.

Washington stated this in 1796, and it is more than a significant fact that in 1917—a century and a quarter later—America not only made such a recommendation world-wide, but, through President Wilson, the Nation declared that "the world must be made safe for democracy."

Twenty years antedating this utterance of Washington, the Declaration of Independence declared that all people possessed the free and independent right "to assume among the powers of the earth the separate and equal station to which the laws of nature and of nature's God entitle them"; and that the people of America hold certain truths to be self-evident; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.

Here it is claimed, as an endowment of the Creator, that a people have the untransferable right of self-government—"the government," as President Lincoln expresses it, "of the people, by the people, for the people." Such form of government is the right of independence and liberty; indeed, it is independence and liberty; and America possesses each of the two because both, as Washington states it, "are the work of joint councils and joint efforts of common dangers, sufferings, and successes."

From the utterances and action of the German Government, and German Emperors and people, we have had to stoop low in order to see the level of their standard of conduct among themselves, and toward other nations and people; and now that America has recommended her own freedom and liberty to all the world, and, along with this recommendation, and to the exalted end that government of, by, and for the people may be made safe throughout the earth, has pledged the lives and the fortunes of her people, and her own sacred honor, it is with just pride that Americans may place their country's record alongside the record of the Nation's enemies. Indeed, the heart of every American, native or foreign born, should rise in gratitude and praise to Almighty God for His leadership and guidance from Washington to Wilson, and for His blessings upon us as a Nation and people. To-day, in this world holocaust, nine-tenths of the earth's area and inhabitants are standing with and on the side of the United States, battling for all these exalted, just, and righteous principles for which Americans have always stood, and for which, if need be, they have ever been ready to offer their lives.

WORDS OF AMERICA'S PRESIDENTS.

Washington wrote a page of the record in his farewell message to his countrymen: "Observe good faith and justice toward all nations. Cultivate peace and harmony with all. Religion and morality enjoin this conduct. And can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt that in the course of time and things the fruit

of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it? Can it be that Providence has not connected the permanent felicity of a nation with its virtue? The experiment, at least, is recommended by every sentiment which ennobles human nature."

Here are noble words and, indeed, the prophecy of Washington that, at no distant day, the United States would be a great Nation, and would give to the world an example of a people "always guided by an exalted justice and benevolence."

Can any sincere man, casting his eyes along the past years, and looking about him in these tremendous times, doubt the fulfillment of this prophecy?

President Jefferson adds this further word to the record: "We are firmly convinced, and we act on that conviction, that with all nations, as with individuals, our interests, soundly calculated, will ever be found inseparable from our moral duties; and history bears witness to the fact that a just nation is trusted on its word, when recourse is had to armaments and wars to bridle others."

President Madison says that it is a duty and privilege of Americans "to foster a spirit of independence too just to invade the rights of others, too proud to surrender our own, too liberal to indulge unworthy prejudices ourselves, and too elevated not to look down upon them in others."

President Monroe: "National honor is national property of the highest value."

President J. Q. Adams: "Union, justice, tranquillity, the common defense, the general welfare, and the blessings of liberty—all have been promoted by the Government under which we have lived."

President Jackson: "Turning our eyes to other nations, our great desire is to see our brethren of the human race secured in the blessings enjoyed by ourselves, and advancing in knowledge, in freedom, and in social happiness."

President Lincoln: "This country, with its institutions, belongs to the people who inhabit it. * * * Why should there not be a patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

President Grant: "In regard to foreign policy, I would deal with nations as equitable law requires individuals to deal with each other, and I would protect the law-abiding citizen, whether of native or foreign birth, wherever his rights are jeopardized or the flag of our country floats. I would respect the rights of all nations, demanding equal respect for our own."

President Garfield: "We can not overestimate the fervent love of liberty, the intelligent courage, and the sum of common sense with which our fathers made the great experiment of self-government."

President Harrison: "We have not sought to dominate or absorb any of our weaker neighbors, but rather to aid and encourage them to establish free and stable governments resting upon the consent of their own people."

President Roosevelt: "Great privileges and great powers are ours, and heavy are the responsibilities that go with these privileges and these powers. Accordingly, as we do well or ill, so shall mankind in the future be raised or cast down. We belong to a young nation, already of giant strength, yet whose political strength is but a forecast of the power that is to come."

President Taft: "Our international policy is always to promote peace."

President Wilson: "I am proposing, as it were, that the nations should, with one accord, adopt the doctrine of President Monroe as the doctrine of the world; that no nation shall seek to extend its polity over any other nation or people, but that every people should be left free to determine its own polity, its own way of development, unhindered, undisturbed, unafraid, the little along with the great and powerful."

"I am proposing that all nations henceforth avoid entangling alliances which would draw them into competitions of power, catch them in a net of intrigue and selfish rivalry, and disturb their own affairs with influences intruded from without."

"I am proposing government by the consent of the governed; that freedom of the seas which in international conference after conference representatives of the United States have urged with the eloquence of those who are the convinced disciples of liberty; and that moderation of armaments which makes of armies and navies a power for order merely, not an instrument of aggression or of selfish violence."

"These are American principles, American policies. We could stand for no others. And they are also the principles and policies of forward-looking men and women everywhere, of every modern nation, of every enlightened community. They are the principles of mankind and must prevail."

Germany opposes these American principles; and Gumpłowicz gives the basis of the opposition: "No sooner are airships invented than the general staffs set to work to devise methods of applying them to destruction—the misuse of things."

Germany must be made to recognize a higher sense of moral and human responsibility. Her need is not less scientific knowledge, but such knowledge better directed and used. To paraphrase Bishop Candler: Germany must be taught, and she is about to be taught, that men and nations must be as plous as they are scientific and powerful, or they will be a peril to both themselves and others.

W. G. M. THOMAS.

HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Pensions:

H. R. 9506. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 9612. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 9641. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors.

H. R. 9314. An act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919,

was read twice by its title and referred to the Committee on Appropriations.

JOINT MEETING OF THE TWO HOUSES.

The PRESIDENT pro tempore (Mr. SAULSBURY in the chair). The hour having arrived at which, under the concurrent resolution, the Senate is to proceed to the Hall of the House of Representatives for the purpose of hearing such communication as the President of the United States may desire to make to the Congress, the order will now be carried out.

Thereupon the Senate, preceded by its Sergeant at Arms and headed by the President pro tempore and the Secretary, proceeded to the Hall of the House of Representatives.

At 1 o'clock p. m. the Senate returned to its Chamber, and the President pro tempore resumed the chair.

ADDRESS BY THE PRESIDENT OF THE UNITED STATES.

The address of the President of the United States this day delivered at a joint session of the two Houses of Congress is as follows:

Gentlemen of the Congress, on the eighth of January I had the honor of addressing you on the objects of the war as our people conceive them. The Prime Minister of Great Britain had spoken in similar terms on the fifth of January. To these addresses the German Chancellor replied on the twenty-fourth and Count Czernin, for Austria, on the same day. It is gratifying to have our desire so promptly realized that all exchanges of view on this great matter should be made in the hearing of all the world.

Count Czernin's reply, which is directed chiefly to my own address of the eighth of January, is uttered in a very friendly tone. He finds in my statement a sufficiently encouraging approach to the views of his own Government to justify him in believing that it furnishes a basis for a more detailed discussion of purposes by the two Governments. He is represented to have intimated that the views he was expressing had been communicated to me beforehand and that I was aware of them at the time he was uttering them; but in this I am sure he was misunderstood. I had received no intimation of what he intended to say. There was, of course, no reason why he should communicate privately with me. I am quite content to be one of his public audience.

Count von Hertling's reply is, I must say, very vague and very confusing. It is full of equivocal phrases and leads it is not clear where. But it is certainly in a very different tone from that of Count Czernin, and apparently of an opposite purpose. It confirms, I am sorry to say, rather than removes, the unfortunate impression made by what we had learned of the conferences at Brest-Litovsk. His discussion and acceptance of our general principles lead him to no practical conclusions. He refuses to apply them to the substantive items which must constitute the body of any final settlement. He is jealous of international action and of international counsel. He accepts, he says, the principle of public diplomacy, but he appears to insist that it be confined, at any rate in this case, to generalities and that the several particular questions of territory and sovereignty, the several questions upon whose settlement must depend the acceptance of peace by the twenty-three states now engaged in the war, must be discussed and settled, not in general council, but severally by the nations most immediately concerned by interest or neighborhood. He agrees that the seas should be free, but looks askance at any limitation to that freedom by international action in the interest of the common order. He would without reserve be glad to see economic barriers removed between nation and nation, for that could in no way impede the ambitions of the military party with whom he seems constrained to keep on terms. Neither does he raise objection to a limitation of armaments. That matter will be settled of itself, he thinks, by the economic conditions which must follow the war. But the German colonies, he demands, must be returned without debate. He will discuss with no one but the representatives of Russia what disposition shall be made of the peoples and the lands of the Baltic provinces; with no one but the Government of France the "conditions" under which French territory shall be evacuated; and only with Austria what shall be done with Poland. In the determination of all questions affecting the Balkan states he defers, as I understand him, to Austria and Turkey; and with regard to the agreements to be entered into concerning the non-Turkish peoples of the present Ottoman Empire, to the Turkish authorities themselves. After a settlement all around, effected in this fashion, by individual barter and concession, he would have no objection, if I correctly interpret his statement, to a league of nations which would undertake to hold the new balance of power steady against external disturbance.

It must be evident to everyone who understands what this war has wrought in the opinion and temper of the world that no general peace, no peace worth the infinite sacrifices of these years of tragical suffering, can possibly be arrived at in any such fashion. The method the German Chancellor proposes is the method of the Congress of Vienna. We cannot and will not return to that. What is at stake now is the peace of the world. What we are striving for is a new international order based upon broad and universal principles of right and justice,—no mere peace of shreds and patches. Is it possible that Count von Hertling does not see that, does not grasp it, is in fact living in his thought in a world dead and gone? Has he utterly forgotten the Reichstag Resolutions of the nineteenth of July, or does he deliberately ignore them? They spoke of the conditions of a general peace, not of national aggrandizement or of arrangements between state and state. The peace of the world depends upon the just settlement of each of the several problems to which I adverted in my recent address to the Congress. I, of course, do not mean that the peace of the world depends upon the acceptance of any particular set of suggestions as to the way in which those problems are to be dealt with. I mean only that those problems each and all affect the whole world; that unless they are dealt with in a spirit of unselfish and unbiased justice, with a view to the wishes, the natural connections, the racial aspirations, the security, and the peace of mind of the peoples involved, no permanent peace will have been attained. They cannot be discussed separately or in corners. None of them constitutes a private or separate interest from which the opinion of the world may be shut out. Whatever affects the peace affects mankind, and nothing settled by military force, if settled wrong, is settled at all. It will presently have to be reopened.

Is Count von Hertling not aware that he is speaking in the court of mankind, that all the awakened nations of the world now sit in judgment on what every public man, of whatever nation, may say on the issues of a conflict which has spread to every region of the world? The Reichstag Resolutions of July themselves frankly accepted the decisions of that court. There shall be no annexations, no contributions, no punitive damages. Peoples are not to be handed about from one sovereignty to another by an international conference or an understanding between rivals and antagonists. National aspirations must be respected; peoples may now be dominated and governed only by their own consent. "Self-determination" is not a mere phrase. It is an imperative principle of action, which statesmen will henceforth ignore at their peril. We cannot have general peace for the asking, or by the mere arrangements of a peace conference. It cannot be pieced together out of individual understandings between powerful states. All the parties to this war must join in the settlement of every issue anywhere involved in it; because what we are seeking is a peace that we can all unite to guarantee and maintain and every item of it must be submitted to the common judgment whether it be right and fair, an act of justice, rather than a bargain between sovereigns.

The United States has no desire to interfere in European affairs or to act as arbiter in European territorial disputes. She would disdain to take advantage of any internal weakness or disorder to impose her own will upon another people. She is quite ready to be shown that the settlements she has suggested are not the best or the most enduring. They are only her own provisional sketch of principles and of the way in which they should be applied. But she entered this war because she was made a partner, whether she would or not, in the sufferings and indignities inflicted by the military masters of Germany, against the peace and security of mankind; and the conditions of peace will touch her as nearly as they will touch any other nation to which is entrusted a leading part in the maintenance of civilization. She cannot see her way to peace until the causes of this war are removed, its renewal rendered as nearly as may be impossible.

This war had its roots in the disregard of the rights of small nations and of nationalities which lacked the union and the force to make good their claim to determine their own allegiances and their own forms of political life. Covenants must now be entered into which will render such things impossible for the future; and those covenants must be backed by the united force of all the nations that love justice and are willing to maintain it at any cost. If territorial settlements and the political relations of great populations which have not the organized power to resist are to be determined by the contracts of the powerful governments which consider themselves most directly affected, as Count von Hertling proposes, why may not economic questions also? It has come about in the altered world in which we now find ourselves that justice and the rights of peoples

affect the whole field of international dealing as much as access to raw materials and fair and equal conditions of trade. Count von Hertling wants the essential bases of commercial and industrial life to be safeguarded by common agreement and guarantee, but he cannot expect that to be conceded him if the other matters to be determined by the articles of peace are not handled in the same way as items in the final accounting. He cannot ask the benefit of common agreement in the one field without according it in the other. I take it for granted that he sees that separate and selfish compacts with regard to trade and the essential materials of manufacture would afford no foundation for peace; neither, he may rest assured, will separate and selfish compacts with regard to provinces and peoples.

Count Czernin seems to see the fundamental elements of peace with clear eyes and does not seek to obscure them. He sees that an independent Poland, made up of all the indisputably Polish peoples who lie contiguous to one another, is a matter of European concern and must of course be conceded; that Belgium must be evacuated and restored, no matter what sacrifices and concessions that may involve; and that national aspirations must be satisfied, even within his own Empire, in the common interest of Europe and mankind. If he is silent about questions which touch the interest and purpose of his allies more nearly than they touch those of Austria only, it must of course be because he feels constrained, I suppose, to defer to Germany and Turkey in the circumstances. Seeing and conceding, as he does, the essential principles involved and the necessity of candidly applying them, he naturally feels that Austria can respond to the purpose of peace as expressed by the United States with less embarrassment than could Germany. He would probably have gone much farther had it not been for the embarrassments of Austria's alliances and of her dependence upon Germany.

After all, the test of whether it is possible for either government to go any further in this comparison of views is simple and obvious. The principles to be applied are these:

First, that each part of the final settlement must be based upon the essential justice of that particular case and upon such adjustments as are most likely to bring a peace that will be permanent;

Second, that peoples and provinces are not to be bartered about from sovereignty to sovereignty as if they were mere chattels and pawns in a game, even the great game, now forever discredited, of the balance of power; but that

Third, every territorial settlement involved in this war must be made in the interest and for the benefit of the populations concerned, and not as a part of any mere adjustment or compromise of claims amongst rival states; and

Fourth, that all well defined national aspirations shall be accorded the utmost satisfaction that can be accorded them without introducing new or perpetuating old elements of discord and antagonism that would be likely in time to break the peace of Europe and consequently of the world.

A general peace erected upon such foundations can be discussed. Until such a peace can be secured we have no choice but to go on. So far as we can judge, these principles that we regard as fundamental are already everywhere accepted as imperative except among the spokesmen of the military and annexationist party in Germany. If they have anywhere else been rejected, the objectors have not been sufficiently numerous or influential to make their voices audible. The tragical circumstance is that this one party in Germany is apparently willing and able to send millions of men to their death to prevent what all the world now sees to be just.

I would not be a true spokesman of the people of the United States if I did not say once more that we entered this war upon no small occasion, and that we can never turn back from a course chosen upon principle. Our resources are in part mobilized now, and we shall not pause until they are mobilized in their entirety. Our armies are rapidly going to the fighting front, and will go more and more rapidly. Our whole strength will be put into this war of emancipation,—emancipation from the threat and attempted mastery of selfish groups of autocratic rulers,—whatever the difficulties and present partial delays. We are indomitable in our power of independent action and can in no circumstances consent to live in a world governed by intrigue and force. We believe that our own desire for a new international order under which reason and justice and the common interests of mankind shall prevail is the desire of enlightened men everywhere. Without that new order the world will be without peace and human life will lack tolerable conditions of existence and development. Having set our hand to the task of achieving it, we shall not turn back.

I hope that it is not necessary for me to add that no word of what I have said is intended as a threat. That is not the temper of our people. I have spoken thus only that the whole world

may know the true spirit of America,—that men everywhere may know that our passion for justice and for self-government is no mere passion of words but a passion which, once set in action, must be satisfied. The power of the United States is a menace to no nation or people. It will never be used in aggression or for the aggrandizement of any selfish interest of our own. It springs out of freedom and is for the service of freedom.

DISTRICT STREET RAILROADS.

Mr. JONES of Washington. I submit a resolution and ask for its present consideration.

The resolution (S. Res. 203) was read, as follows:

Resolved, That the Public Utilities Commission of the District of Columbia be directed to furnish the Senate the following information:

First. How many new cars have the electric railway companies in the District of Columbia put on during the last two years?

Second. Have they put on any new cars during the last year; and if so, how many?

Third. Are they making any provision now for adding new cars to their equipment; and if so, how many, and when are they to be put on?

Fourth. What other steps are being taken by the electric railway companies to meet the congested traffic conditions of the present and the future?

Fifth. What steps has the Public Utilities Commission taken to meet the present street car traffic congestion in the District?

Sixth. Is the existing railway trackage adequate to meet the traffic requirements as they are now, and as they are likely to be for some time to come; and if not, what steps are being taken to increase such trackage?

Seventh. What action has the commission taken under the authority given it to secure "adequate" service by the street railways of the District of Columbia?

Eighth. What action has the commission taken under the authority given it "to require and compel" the street railways of the District of Columbia to comply with the provisions of law looking to the furnishing of adequate service by such companies?

Ninth. What suggestions has the Public Utilities Commission to make to Congress for meeting the present congested conditions of traffic on the railways of the District of Columbia?

Mr. GALLINGER. Mr. President, I do not object to the resolution, because I think it is a very important one, but I want to make an observation about the traffic situation in the District of Columbia. Two or three days ago I received a letter from a well-known citizen complaining of the great inconvenience people have in getting from the suburban portions of the District of Columbia to the central part of the city, and he urged that some immediate action should be taken, reminding me of the fact that for many years I served upon the committee, as chairman of the committee, and he thought I ought to immediately concern myself about it. My reply to him was substantially in these words: "I remember the time when the surface cars of the cities of New York and Boston were adequate to take care of the convenience and comfort of the traveling public. A time arrived when elevated roads in both those great cities became a necessity, and they were built. Time went on and the congestion on both the surface and the elevated roads was such that it was evident subways should be constructed, and they were constructed in both those cities and in other cities of the country; and even now in New York and Boston a man practically takes his life in his hands at certain hours of the day to get a seat or accommodation of any kind on either an elevated road or in a subway car."

My conclusion was, Mr. President, that the corporations serving the people of the District of Columbia at the present time are doing the best they can. They are under the control of the Public Utilities Commission. They have an expert here now studying the subject. I feel confident that they simply can not accomplish the purpose that they have in view, and that what ought to be done would be for the Public Utilities Commission or Congress itself immediately to consider the question whether it is not necessary for us to have subways to relieve the congestion. I do not imagine that any of us will agree that we should have elevated roads in the District of Columbia; but that we ought to have subways, and must have subways in the near future, is, to my mind, so conclusive that there is no need for discussing the subject.

The PRESIDENT pro tempore. The Senator from Washington asks for the immediate consideration of the resolution which has just been read.

The resolution was considered by unanimous consent and agreed to.

ALLOWANCES TO SOLDIERS' FAMILIES (S. DOC. NO. 711).

Mr. HITCHCOCK. Mr. President, I ask to have printed in the RECORD a letter from the Secretary of the Treasury in response to a resolution which I introduced concerning the payment of allowances to the families of soldiers and sailors. Complaint has been quite general that the family allowances have not been paid. The Secretary's letter shows that the payment of November allowances was completed January 14; that the payment of the December allowances was completed February 6; and that the payment of the January allowances is now going

forward and checks are being sent out at the rate of between 40,000 and 50,000 a day. In order to give it as much publicity as possible, I ask that the letter may be printed in the RECORD.

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

TREASURY DEPARTMENT,
Washington, February 6, 1918.

THE PRESIDENT OF THE SENATE:

SIR: In reply to Senate resolution 200, of February 5, asking to what extent, if any, allowances to soldiers' families for the month of November, 1917, have been paid, also to what extent they have been paid for the month of December, 1917, and also for the month of January, 1918, I have the honor to inform you that the mailing of November checks was completed January 14; the mailing of December checks was completed to-day, and the mailing of January checks to Navy dependents was completed to-day, and the mailing of January checks for the other branches of the service will begin to-morrow. These checks will be mailed at the rate of between forty and fifty thousand a day, and be completed on or before February 18.

Because of the distance of many of the soldiers from Washington the bureau is still receiving daily a considerable number of applications providing for allotments and allowances for the months of November and December. All such applications are given priority, and the payments for the two months are covered in one check.

While the war-risk insurance act was passed October 6, 1917, practically no applications for allotments and allowances were received prior to December 1, 1917. Up to the close of business to-day the bureau has received 1,170,458 applications. In 730,000 cases these applications showed that the soldiers had no dependents, and therefore no allotments were made, nor could any allowances be granted. Of the balance of 441,000 cases, awards were made in 426,000 cases and all checks for November and December and the Navy checks for January have been mailed, and the January checks for other branches of the service will be mailed before February 18, as stated above. These checks aggregate \$16,500,000. In the remaining 15,000 cases it has not been possible to make payments because the applications were so incomplete as to require correspondence with the soldiers or with their beneficiaries. This correspondence is being conducted with the greatest expedition and every effort is being made to forward checks at the earliest possible moment.

Of the checks forwarded approximately 10,000 that could not be delivered have been returned by the Post Office Department because the dependents had moved and left no forwarding address, because the addresses given by the soldiers were not complete, or because the applications were written so illegibly that the clerks misread the addresses in preparing the records from which the checks were drawn. These cases are being handled with the greatest dispatch.

By the end of February the work of the bureau will be current so that checks will be mailed immediately after the close of the month for which the checks are due.

Respectfully,

WM. G. McADOO,
Secretary of the Treasury.

MAJ. CHALMERS G. HALL.

Mr. OVERMAN. I ask unanimous consent for the present consideration of the bill (S. 3299) authorizing the President to reappoint Maj. Chalmers G. Hall, retired, to the active list of the Army. It is a bill reported from the Committee on Military Affairs this morning, and it is heartily indorsed by the War Department. It affects only one man, who wishes to go to France, and unless this bill is passed he can not go.

Mr. GALLINGER. Must he go immediately?

Mr. OVERMAN. He is ready to go, and he can not go unless this bill is passed.

The PRESIDENT pro tempore. The Senator from North Carolina asks for the present consideration of the bill he has indicated.

Mr. GALLINGER. Let it be read for the information of the Senate.

The PRESIDENT pro tempore. The Secretary will read the bill.

The Secretary read the bill, as follows:

Be it enacted, etc., That the President is hereby authorized to reappoint to the Cavalry arm as an extra number, with such rank as he would have had if he had never been retired, Maj. Chalmers G. Hall, of the United States Army, retired.

Mr. SMITH of Georgia. I should like to ask if the law does not already make provision for this case?

Mr. OVERMAN. The trouble is the law was limited in its effect to the 1st of October.

Mr. SMITH of Georgia. I merely wanted the information.

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

COST OF OFFICERS' UNIFORMS.

Mr. JONES of Washington. There was a bill, Senate bill 3433, reported by the chairman of the Committee on Military Affairs to-day relating to the purchase of soldiers' uniforms. I spoke to the chairman of the committee about calling up the bill, and he had no objection; but he is not here. He has one or two amendments that he desires to offer to the bill, to which I shall have no objection. I simply wish to say that I hope to call up the bill sometime this afternoon when the chairman of the

committee is here. He has been sent for, but I think he is engaged and can not be here just now.

Mr. GALLINGER. Mr. President, I think we are falling into a rather bad practice in having bills reported in the morning and within an hour called up for consideration, even before they are printed and on our desks. I do not know that I shall object to this bill, but I apprehended that a single day will not make any special difference about the matter, and that we ought to have an opportunity to read it before we are asked to consider it. I hope the Senator will let it go over until to-morrow.

Mr. JONES of Washington. I wish to say to the Senator that this is a bill concerning soldiers' uniforms, and—

Mr. GALLINGER. I am in great sympathy with the purpose of the bill.

Mr. JONES of Washington. I realize the force of the suggestion up to-morrow by unanimous consent.

Mr. GALLINGER. Doubtless the Senator can do so.

Mr. JONES of Washington. I realize the force of the suggestion of the Senator. So I shall not call it up this afternoon, but hope to be able to call it up to-morrow morning in the morning hour.

The PRESIDENT pro tempore. The morning business is closed.

RAILROAD CONTROL.

Mr. SMITH of South Carolina. I move that the Senate proceed to the consideration of the bill (S. 3752) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill.

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

The PRESIDENT pro tempore. The Secretary will call the roll.

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

Ashurst	Hitchcock	New	Smoot
Beckham	James	Norris	Sterling
Borah	Johnson, Cal.	Nugent	Thomas
Colt	Johnson, S. Dak.	Phelan	Thompson
Culberson	Jones, N. Mex.	Pittman	Tillman
Curtis	Jones, Wash.	Poincxter	Townsend
Dillingham	Kellogg	Pomerene	Trammell
Fernald	Kenyon	Reed	Vardaman
France	Kirby	Robinson	Weeks
Gallinger	McCumber	Saulsbury	Williams
Gerry	McKellar	Shafroth	Wolcott
Gronna	McNary	Sheppard	
Harding	Martin	Shields	
Henderson	Nelson	Smith, S. C.	

Mr. TRAMMELL. I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER] on account of illness.

The PRESIDENT pro tempore. Fifty-three Senators have answered to their names. There is a quorum present.

Mr. SMITH of South Carolina obtained the floor.

Mr. ROBINSON. Mr. President—

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

Mr. SMITH of South Carolina. I do.

Mr. ROBINSON. This is a measure of very great importance, and I suggest to the Senator, if it will not interfere with his remarks, that the bill be read.

Mr. SMITH of South Carolina. That course will be agreeable to me.

The PRESIDENT pro tempore. The Secretary will read the bill.

The Secretary read the bill, as follows:

Be it enacted, etc., That the President, having in time of war taken over the possession, use, control, and operation (called herein Federal control) of certain railroads and systems of transportation (called herein carriers), is hereby authorized to agree with and to guarantee to any such carrier making operating returns to the Interstate Commerce Commission that during the period of such Federal control it shall receive as just compensation not exceeding an annual sum (herein called standard return), payable in reasonable installments, for each year and pro rata for any fractional year of such Federal control, equivalent as nearly as may be to its average annual railway operating income (including therein such income of lines acquired by, leased to, or consolidated with such carrier between July 1, 1914, and December 31, 1917) for the three years ended June 30, 1917, and in addition thereto an annual sum payable likewise in reasonable installments, reckoned at a rate per cent to be fixed by the President upon the cost of any additions or betterments, less retirements, or road extensions, made during the six months ended December 31, 1917. In the computation of such income, debits and credits arising from the accounts called in the monthly reports to the Interstate Commerce Commission equipment rents and joint facility rents shall be included. The standard return and the cost of such additions, betterments, or road extensions are to be ascertained by the Interstate Commerce Commission from the reports, books, and other pertinent data of such carrier and certified by it to the President. Its certificate shall, for the purpose of such agreement, be taken as conclusive of the amount of such average annual railway operating income and of such cost. Until otherwise ordered by the President, operating revenues may be received by the carriers as here-

tofore and expended by them, subject to the provisions of this act, as heretofore, but any net railway operating income in excess of such standard return shall be paid into the Treasury of the United States and placed in the revolving fund created by this act.

Every such agreement shall provide that any Federal taxes under the act of October 3, 1917, or acts in addition thereto or in amendment thereof, commonly called war taxes, assessed for the period of Federal control beginning January 1, 1918, or any part of such period, shall be paid by the carrier out of its own funds, or shall be charged against or deducted from the standard return; that other taxes assessed under Federal or any other governmental authority for the period of Federal control or any part thereof, either on the property used under such Federal control or on the right to operate as a carrier, or on the revenues or any part thereof derived from operation (not including, however, assessments for public improvements or taxes assessed on property under construction and chargeable under the classification of the Interstate Commerce Commission to investment in road and equipment), shall be paid out of the revenues derived from railway operations while under Federal control; that all taxes assessed under Federal or any other governmental authority for the period prior to January 1, 1918, whenever levied or payable, shall be paid by the carrier out of its own funds or shall be charged against or deducted from the standard return.

The President is further authorized to make in such agreement all reasonable provisions for the maintenance, repair, and renewals of the property for the depreciation thereof and for the creation of necessary reserve funds in connection therewith to the end that at the termination of Federal control the property shall be returned to each carrier in substantially as good repair and in substantially as complete equipment as at the beginning of Federal control and that all just and proper accounting and adjustments be made, due consideration being given to the standards of maintenance and depreciation used by each carrier during the three years ended June 30, 1917, and to the condition of the property at the beginning and at the end of Federal control.

The President is further authorized in such agreement to make all other reasonable provisions, not inconsistent with the provisions of this act or of the act of August 29, 1916, that he may deem necessary or proper for such Federal control or for the determination of the mutual rights and obligations of the parties to the agreement arising from or out of such Federal control.

If the President shall find that the condition of any nondividend-paying carrier was during all or a substantial portion of the period of three years ended June 30, 1917, because of nonoperation, receivership, or where recent expenditures for additions or improvements or equipment when not fully reflected in the net operating railway income of the said three years or a substantial portion thereof, or other undeveloped or abnormal conditions, so exceptional as to make the basis of earnings, hereinabove provided for, plainly inequitable as a fair measure of just compensation, then the President may make with the carrier such agreement for such amount as just compensation as under the circumstances of the particular case he shall find just.

SEC. 2. That if no such agreement is made, the President may nevertheless pay to any carrier while under Federal control an annual amount, payable in reasonable installments, not exceeding 90 per cent of the estimated annual amount of just compensation, remitting such carrier to its legal rights for any balance claimed to the remedies provided in section 3 thereof. Any amount thereafter found due such carrier above the amount paid shall bear interest at the rate of 6 per cent per annum, and any excess amount paid hereunder shall be recoverable by the United States with interest at the same rate.

SEC. 3. That all claims for just compensation not adjusted as provided in section 1 shall, on the application of the President or of any carrier, be submitted to boards, each consisting of three referees to be appointed by the Interstate Commerce Commission, members of which and the official force thereof being eligible for service on such boards without additional compensation. Such boards or referees are hereby authorized to summon witnesses, require the production of records, books, correspondence, documents, and other papers, view properties, administer oaths, and may hold hearings in Washington and elsewhere, as their duties and the convenience of the parties may require. Such cases may be heard separately or together or by classes, as the Interstate Commerce Commission or any board of referees to which any such case shall be referred may determine. Said boards shall give full hearings to such carriers and to the United States; shall consider all the facts and circumstances; and shall report as soon as practicable in each case to the President the just compensation, calculated on an annual basis and otherwise in such form as to be convenient and available for such agreement as is authorized in section 1. The President is authorized to enter into an agreement with such carrier for just compensation upon a basis not in excess of that reported by such board and may include therein provisions similar to those authorized under section 1. Failing such agreement, either the United States or such carrier may file a petition in the Court of Claims for the purpose of final ascertainment of the amount of such just compensation, and in the proceedings in said court the report of said referees shall be prima facie evidence of the amount of just compensation and of the facts therein stated.

SEC. 4. That the just compensation that may be determined as hereinbefore provided by agreement or that may be adjudicated by the Court of Claims shall be increased by an amount reckoned at a reasonable rate per cent to be fixed by the President upon the cost of any additions and betterments, less retirements, and upon the cost of road extensions to the property of such carrier made by such carrier with the approval of or by the President while such property is under Federal control: *Provided*, That there shall be no increase of compensation for any additions, improvements, or betterments constructed out of or purchased by the earnings for investment or surplus earned during the period of Federal control.

SEC. 5. That no carrier while under Federal control shall, without the prior approval of the President, declare or pay any dividend in excess of its regular rate of dividends during the three years ending June 30, 1917: *Provided, however*, That such carriers as have paid no regular dividends or no dividends during said period, may, with the prior approval of the President, pay dividends at such rate as the President may determine.

SEC. 6. That the sum of \$500,000,000 is hereby appropriated out of the Public Treasury from any funds not otherwise appropriated, which, together with any funds available from any operating income of said carriers, may be used by the President as a revolving fund for the purpose of paying the expenses of the Federal control, and so far as necessary the amount of just compensation, and to provide terminals, motive power, cars, and other necessary equipment, such terminals, motive power, cars, and equipment to be used and accounted for as the President may direct, and to be disposed of as Congress may hereafter by law provide.

The President may also, on or in connection with the property of any carrier, make or order any carrier to make any additions, betterments, or road extensions necessary or desirable for war purposes or in the public interest. He may from said revolving fund advance to such carrier all or any part of the expense of such additions, betterments, and road extensions so ordered and constructed by such carrier or by the President, such advances to be charged against such carrier and to bear interest at such rate and be payable on such terms as may be determined by the President, to the end that the United States may be fully reimbursed for any sums so advanced.

Any loss claimed to accrue to any carrier by reason of any such additions, betterments, or road extension so ordered and constructed may be determined by agreement between the President and such carrier; failing such agreement the amount of such loss shall be ascertained as provided in section 3 hereof.

From said revolving fund the President may expend such an amount as he may deem necessary or desirable for the utilization and operation of canals or for the purchase, construction, or utilization and operation of boats, barges, tugs, and other transportation facilities on the inland and coastwise waterways and may in the operation and use of such facilities create or employ such agencies and enter into such contracts and agreements as he shall decree in the public interest.

SEC. 7. That for the purpose of providing funds requisite for maturing obligations or for other legal and proper expenditures, or for reorganizing railroads in receivership, carriers may, during the period of Federal control, issue such bonds, notes, equipment trust certificates, stock and other forms of securities, secured or unsecured by mortgage, as the President may approve as consistent with the public interest. The President may purchase for the United States all or any part of such securities at prices not exceeding par, and may sell such securities whenever in his judgment it is desirable at prices not less than the cost thereof; any sums available from the revolving fund provided in section 6 may be used for such purchases.

SEC. 8. That the President may execute any of the powers herein and heretofore granted him with relation to Federal control through such agencies as he may determine, and may fix the reasonable compensation for the performance of services in connection therewith; and may utilize the personnel and facilities of the Interstate Commerce Commission and call upon members of such commission, or any of its employees, or employees of any department of the Government for such services as he may deem expedient. No such Federal official or employee shall receive any additional compensation for such services.

SEC. 9. That nothing herein contained shall be construed as modifying or restricting the powers heretofore conferred upon the President to take possession and assume control of any or all systems of transportation; and the President, in addition to the powers conferred by this act, shall have, and is hereby given, such other and further powers necessary or appropriate to give effect to the powers herein and heretofore conferred. The provisions of this act shall also apply to any carriers to which Federal control may be hereafter extended.

SEC. 10. That carriers while under Federal control shall, in so far as is not inconsistent therewith, or with the provisions of this act, or any other act applicable to such Federal control, or with any order of the President, be subject to all laws and liabilities as common carriers, whether arising under statutes or at common law; and suits may be brought by and against such carriers and judgments rendered as now provided by law. But no process, mesne or final, shall be levied against any property under such Federal control.

That whenever in his opinion the public interest requires the President may initiate rates by filing the same with the Interstate Commerce Commission. Said rates shall be fair, reasonable, and just and shall take effect at such time and upon such notice as he may direct, but the Interstate Commerce Commission shall, upon complaint, enter upon a hearing concerning the justness and reasonableness of so much of any order of the President as establishes or changes any rate, fare, charge, or classification of any carrier under Federal control, and may consider all the facts and circumstances existing at the time of the making of the rate. After full hearing the commission may make such findings and orders as are authorized by the act to regulate commerce as amended.

SEC. 11. That every person or corporation, whether carrier or shipper, or any receiver, trustee, lessee, agent, or person acting for or employed by a carrier or shipper, or other person, who shall knowingly violate or fail to observe any of the provisions of this act, or shall knowingly interfere with or impede the possession, use, operation, or control of any railroad property, railroad, or transportation system hitherto or hereafter taken over by the President, or shall violate any of the provisions of any order or regulation made in pursuance of this act, or of any other act concerning such possession, use, operation, or control, shall be guilty of a misdemeanor, and shall, upon conviction, be punished by a fine of not more than \$5,000, or, if a person, by imprisonment for not more than two years, or both. Each independent transaction constituting a violation of, or a failure to observe, any of the provisions of this act, or any order entered in pursuance hereof, shall constitute a separate offense. For the taking or conversion to his own use or the embezzlement of money or property derived from or used in connection with the possession, use, or operation of said railroads or transportation systems, the criminal statutes of the United States, as well as the criminal statutes of the various States where applicable, shall apply to all officers, agents, and employees engaged in said railroad and transportation service while the same is under Federal control, to the same extent as to persons employed in the regular service of the United States. Prosecutions for violations of this act, or of any order entered hereunder, shall be in the district courts of the United States, under the direction of the Attorney General, in accordance with the procedure for the collection and imposing of fines and penalties now existing in said courts.

SEC. 12. That all pending cases in the courts of the United States affecting railroads or other transportation systems brought under the act to regulate commerce approved February 4, 1887, as amended and supplemented, including the commodities clause, so called, or under the act to protect trade and commerce against unlawful restraints and monopolies, approved July 2, 1890, and amendments thereto, shall proceed to final judgment as soon as may be, as if the United States had not assumed control of transportation systems; but in any such case the court having jurisdiction may, upon the application of the United States, stay execution of final judgment until the further action of Congress in respect of control of transportation systems by the United States.

SEC. 13. That the Federal control of railroads and transportation systems herein and heretofore provided for shall not continue longer than 18 months after the proclamation of peace terminating the war in which the United States is now engaged; *Provided, however*, That the President may, prior to July 1, 1918, relinquish control of all or any part of any railroad or system of transportation further Federal con-

trol of which the President shall deem not needful or desirable; and the President may at any time during the period of Federal control agree with the owners to relinquish all or any part of any railroad or system of transportation; *Provided further*, That the President may relinquish all railroads under Federal control at any time he shall deem such action needful or desirable. No right to compensation shall accrue to any owner from and after the date of relinquishment for property relinquished under authority of this section. But this act is expressly declared to be emergency legislation enacted to meet conditions growing out of war; and nothing herein is to be construed as expressing or prejudicing the future policy of the Federal Government concerning the ownership, control, or regulation of carriers or the method or basis of the capitalization thereof.

Mr. ROBINSON. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The absence of a quorum is suggested. The Secretary will call the roll.

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

Bankhead	Gronna	Norris	Sutherland
Beckham	Harding	Nugent	Thomas
Borah	Hardwick	Poindexter	Thompson
Chamberlain	James	Ransdell	Tillman
Cummins	Johnson, S. Dak.	Robinson	Townsend
Curtis	Jones, Wash.	Shafroth	Vardaman
Dillingham	Kellogg	Sheppard	Watson
Fernald	Kenyon	Simmons	Wolcott
France	Lewis	Smith, S. C.	
Gallinger	McKellar	Smoot	
Gerry	New	Sterling	

Mr. SUTHERLAND. I wish to announce the absence of my colleague [Mr. GOFF] on account of illness.

Mr. GRONNA. I wish to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent because of illness in his family. I will let this announcement stand for the day.

The PRESIDING OFFICER. The call of the roll shows that 41 Senators are present, not a quorum. The Secretary will call the names of the absentees.

The Secretary called the names of the absent Senators, and Mr. ASHURST, Mr. JOHNSON of California, Mr. KING, Mr. MARTIN, Mr. SAULSBURY, and Mr. WARREN answered to their names when called.

Mr. OVERMAN, Mr. HENDERSON, Mr. HITCHCOCK, Mr. SWANSON, Mr. McNARY, Mr. OWEN, Mr. UNDERWOOD, and Mr. SHERMAN entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-five Senators have answered to their names. There is a quorum present. The Senator from South Carolina will proceed.

Mr. SMITH of South Carolina. Mr. President, I am sorry that because of the lunch hour there are so few Senators here, as I have been informed by those in authority to speak, that the settlement of the railroad question, now that the Government has assumed control of the railroads, is one of paramount importance, for the reason that it is seriously affecting the financial situation. The railroads, as we all know, through their property and their securities, are related to the financial and commercial world in such a vital manner that it is jeopardizing the whole interests of the country for this matter of determining their status under the new condition to be suspended.

Mr. President, I hope that as far as possible all other business and subjects of debate will be laid aside until a disposition is made of the bill. It is not that I am seeking to have passed a bill that I have in charge by virtue of my position as chairman of the committee, but it is because of the vital necessity to the Nation that this question, involving practically twenty billions of dollars, shall be settled.

The action precipitating the necessity of legislation on the part of the Senate has already been taken. The roads are now in the possession and control of the Government of the United States, while the property is still in the hands of the private owners. That situation creates uncertainty and doubt and is reflecting itself, at this crucial time in our history, in such embarrassment in the financial world that we ought to see to it that it is now disposed of at the earliest possible time; and I hope that the Senate may be able to continue the consideration of this bill until it shall finally act and determine what disposition it shall make of it.

Mr. President, some very vital principles were necessarily involved by this radical and, perhaps, unprecedented change from the system heretofore obtaining in the management of our common carriers. They are in part public property and in part private property. They have been operated by private individuals during all the time since their introduction into our economic life, and they are now operated by the public, with private individuals still maintaining their ownership. The whole question is so vast and so vital to us at this time that I sincerely hope we may expedite the consideration of this measure to its final conclusion without any unnecessary hindrance.

In order that we may get clear the viewpoint of a majority of the committee in considering the bill before the Senate, it is perhaps well to give some of the facts that have led up to and resulted in the Government assuming possession and control of these properties.

The policy of the Government in relation to the railroads, up to the time of assumption of control by the Government, was to encourage competition amongst the several railroads, at least so far as service was concerned. Governmental regulation properly began with the creation of the Interstate Commerce Commission by the act of 1887. Since the creation of the commission the regulation and control of railroads, particularly in reference to rate, has been progressive.

The original act of 1887 empowered the commission to order carriers to cease from any violation of the act and to award reparation for past injuries. In 1906 the act was further amended, giving the commission the power to prescribe maximum rates for the future and to prescribe divisions of through rates. In 1910 it was still further amended by giving the commission the power to suspend rates, upon its own initiative or upon complaint, pending the investigation of such rates as to their justness and reasonableness, and in 1917 the act was still further amended, for a definite period—that is, that it should be operative up till January 1, 1920, requiring the railroads to obtain permission of the commission before filing tariffs containing any increased rates.

From this series of progressive statutory regulations it will be seen that the railroads, so far as their revenues were concerned, were practically under the control of the Interstate Commerce Commission; that the income that they received for rendering service to the American public was practically in the hands of a Federal body constituted by Congress, to which were delegated certain legislative functions.

The outbreak of the war in Europe, even before the entrance of America into the conflict, created a vastly increased volume of traffic for the railroads. This volume increased as the war proceeded, until the war traffic, plus the domestic traffic in certain railroad districts, was taxing the facilities of the roads beyond their power to adequately handle it. The congestion in these districts reacted throughout the country, so that it seriously affected the movement of all classes of freight.

The New England States, being largely a manufacturing center, and the port of New York principally, also Baltimore and Philadelphia, being the outlet for this traffic, all lines converging to these points, both in the carrying of their raw material and their finished product to these ports. The result was that the mouth of the funnel, to use an illustration, was so blocked that empty cars could not be gotten out and loaded cars could not be gotten in, thereby affecting the entire traffic of the country.

In the hearings before our committee the difficulty that was testified to by most of those who appeared before us was not that there were not, perhaps, adequate railroad facilities for meeting the conditions that were upon us, but that the concentration of freight and traffic at certain points so tied up the facilities—cars, box cars, coal cars—that actually when they were emptied they could not be gotten out on account of the roads being so congested with other freight. To relieve this situation there was organized in Washington under the auspices of the Council of National Defense a subcommittee known as the Railroad War Board. This board consisted of certain railroad officials, whose object was to cooperate, as far as the law would allow, with the Government in mobilizing as best they might the traffic of the country in the emergency. The result of their efforts was not satisfactory, at least it did not give the relief that the circumstances imperatively demanded.

This failure, in part at least, grew out of the restrictive laws in the interstate commerce act, forbidding the pooling of cars and of freight. It also may be noted, in connection with the two restrictive powers above mentioned, that the interstate commerce act gave to the shipper the right to route his freight over whatever lines he chose. This also was an obstacle in the way of distributing freely and efficiently the traffic of the country.

On May 29, 1917, in what is known as the Esch car-service act, the Interstate Commerce Commission was given the power "whenever the commission shall be of opinion that the necessity exists for immediate action * * * at once, if it so orders, without answer or other formal pleading with the interstate carrier or carriers, and with or without notice herein with the making or filing of a report * * * to suspend the operation of any or all rules, regulations, or practices then established with respect to car service for such time as may be determined by the commission, and also authority to make such just and reasonable directions with respect to car service during such

time as in its opinion will best promote car service in the interest of the public and the commerce of the people."

This enabled the railroads, in cooperation with the commission, without violation of law to utilize the car service more effectually. It did not, however, change the law in reference to the right of the shipper to route his shipments. This act was helpful and was utilized by the railroad commission to its fullest, but the situation still did not improve to the extent that the circumstances demanded. Therefore, the right of the shipper to route his freight still being in force, there resulted a continued congestion of traffic in the great centers for manufacture and export in spite of the Esch Act and in spite of the effort on the part of railroads. The shippers of the country naturally ordered from and shipped to during this emergency the points that they had been in the habit of using, and the routes and the rates established by the railroads under the supervision of the Interstate Commerce Commission had been utilized for a long period of time by them; they were familiar with them, had regulated their business according to them, and therefore, for commercial reasons, there was no change in the situation so far as routing over congested roads was concerned. The congestion at the great eastern termini and its resulting effects upon the entire traffic of the country still remained so acute that it was threatening both the war activities and the commerce of the entire country.

On August 29 Congress enacted the following:

The President, in time of war, is empowered, through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to utilize the same to the exclusion, as far as may be necessary, of all other traffic thereon for the transfer or transportation of troops, war material, and equipment, or for such other purposes connected with the emergency as may be needful or desirable.

On December 1, 1917, the Interstate Commerce Commission made the following report in reference to the situation. I assume at this point, Mr. President, that those who have appreciated the importance of this legislation and the gravity of the situation have acquainted themselves with the recommendations made by the Interstate Commerce Commission. Under the laws they were required from time to time to make such recommendations as they thought pertinent and proper, and they made a recommendation which, without reading, I ask to have incorporated in my remarks.

The PRESIDING OFFICER (Mr. WATSON in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

SPECIAL REPORT OF THE INTERSTATE COMMERCE COMMISSION.

WASHINGTON, D. C., December 1, 1917.

To the Senate and House of Representatives:

The act to regulate commerce requires the commission to transmit to the Congress such recommendations as to additional legislation relating to regulation of commerce as the commission may deem necessary. Under this mandate the commission submits the following special report, supplementing its annual report, with reference to transportation conditions as affecting and affected by the war in which the United States is now engaged.

The railroads of the country came into being under the stimulus of competition. From the outset their operation and development have been responsive to a competition which has grown with the growth of population and industry. This competitive influence has been jealously guarded and fostered by State laws and constitutions, as well as by the Federal law. The keenness of rivalry naturally drew to the front those who were quick to seize and resolute to retain every available point of vantage for their respective roads. Terminals, if confined to exclusive use, were not only of strategic importance, but profit-yielding assets. Out of competition grew rate wars, pooling, mergers, and consolidation into systems, as well as the rebating and other preferential treatment of shippers which the act to regulate commerce was primarily framed to prevent.

In that act the Congress, accepting the competitive principle as salutary, has thrown about it prohibitions against compacts for the pooling of freights or divisions of earnings of different and competing railroads, and, while the original act is but the nucleus of the act we now administer, that prohibition has remained unchanged.

But original act and successive amendments were alike framed in times of peace and for times of peace. They looked to protection of the shipper and the public against unjust or unfair treatment by the carrier and not to protection of the Nation and its commerce in time of war by utilization of all the forces and resources of its transportation systems to their fullest extent.

Since the outbreak of the war in Europe, and especially since this country was drawn into that war, it has become increasingly clear that unification in the operation of our railroads during the period of conflict is indispensable to their fullest utilization for the national defense and welfare. They must be drawn, like the individual, from the pursuits of peace and mobilized to win the war. This unification can be effected in one of two ways, and we see but two.

The first is operation as a unit by the carriers themselves. In the effort along this line initiated early in this year they are restricted by State and Federal law, and the idea is the antithesis of that which heretofore has controlled their activities. Their past operations have been competitive, although since the Hepburn Act, and especially since the Mann-Elkins Act, the prescription by this commission of reasonable maximum rates and charges for rail carriers subject to the act, and the exercise of its power to require abatement of unjust discrimination or undue prejudice, have in great degree restricted that competition to the field service. But whether or not perpetuation of the competitive influence is desirable under a system of Government regulation, it is

apparent that operation of our railroads as a unit involves the surrender by each of exclusive use of terminal facilities, surrender at times of profitable traffic to other carriers, and acceptance of less profitable traffic, with resultant loss of revenue, wherever economy of movement or greater freedom from congestion would dictate that course if the various carriers were in fact but one.

The alternative is operation as a unit by the President during the period of the war as a war measure under the war powers vested in him by the Constitution and those which have been or may be conferred by the Congress.

As bearing upon the alternatives thus stated it will be recalled that since the beginning of the war in 1914 the traffic offered to and moved by the railroads has increased enormously. Prior thereto there had been occasional periods of car shortage, usually restricted in territory, but it may be said that from 1907 down to 1916 the number of cars in the country exceeded the demand. This subject is treated in our annual report.

The sudden, unforeseen, and unprecedented demand for transportation occasioned by the war placed a strain upon the facilities and equipment of the railroads which they were not and are not prepared to meet. There was created a need for immediate and extensive additions to existing facilities and equipment. This need is coincident with demands upon capital, as well as upon labor, manufactures, and natural resources, such as we have never known. Important additions and betterments will require new capital.

The railroads propose essentially that we allow increases in freight rates of such magnitude that their increased earnings will attract investors by dividends declared or by the prospect of dividends in competition with securities issued by Federal, State, and municipal Governments, public-utility corporations, and industries organized and operating primarily for gain as distinguished from public service. Some of the latter have yielded large profits since the outbreak of the war.

An attempt to secure new capital would come at a time when the rising cost of living has made it difficult for those dependent for support upon their earnings to meet their current expenses; after the absorption by American capital of two-thirds of the American securities owned abroad prior to August 1, 1914, the railroad securities returned to this country alone amounting to from \$1,700,000,000 to \$2,000,000,000; after financing in this country of loans to our present allies; and after subscription for almost \$6,000,000,000 of liberty loan bonds.

Even if the railroads had more money, the immediate construction of necessary facilities and equipment could not readily be effected. Labor is scarce and the cost is mounting. So with materials and supplies. Car and locomotive builders are largely engaged in producing equipment needed abroad, both by our allies and by our own forces in the conduct of the war. The steel and other materials needed for such construction, as well as the labor, are also needed in other phases of the conflict. Under such conditions and pending the acquisition of such additional facilities and equipment it is indispensable that those now in existence should be used to their fullest capacity, primarily for the uses which are most vital to the country's defense and welfare, but without unnecessary hindrance to the industry and commerce of our people, upon which their ability to contribute toward the success of the war so largely depends.

The act to regulate commerce was not enacted to meet such a situation. The carriers have the right to demand at our hands, and it is our duty to approve, just and reasonable rates sufficient to yield fair returns upon the value of the property devoted to public use after necessary expenditures for wages, fuel, and supplies, reasonable expenditures for maintenance, renewals, and betterments properly chargeable to operating expenses, and appropriate depreciation. Measured in dollars, the gross revenues of the carriers during the past and current fiscal years exceed any in their history. But what the dollar will buy in labor, material, and supplies is substantially less.

We are sensible of the vital and imperative need of the hour that our railroads shall not be permitted to become less efficient or less sufficient. We realize the gravity of a serious breakdown of our transportation facilities. It is unthinkable that this breakdown would be permitted if it could be prevented. Increased charges for carriage, if found necessary to take care of unavoidable increases in operating expenses, would not at this time bring new capital on reasonable terms in important sums.

In our opinion the situation does not permit of temporizing. All energies must be devoted to bringing the war to a successful conclusion, and to that end it is necessary that our transportation systems be placed and kept on the plane of highest efficiency. This can only be secured through unification of their operation during the period of the war.

If the unification is to be effected by the carriers, they should be enabled to effect it in a lawful way. To that end, in our judgment, the operation of the antitrust laws, except in respect of consolidations or mergers of parallel and competing lines, as applied to rail and water carriers subject to the act to regulate commerce, and of the antipooling provision of section 5 of that act, should be suspended during the period of the war, and until further action by the Congress. In addition, they should be provided from the Government Treasury with financial assistance in the form of loans or advances for capital purposes in such amounts, on such conditions, and under such supervision of expenditure as may be determined by appropriate authority. As a necessary concomitant the regulation of security issues of common carriers engaged in interstate commerce should be vested in some appropriate body, as has been recommended in our annual reports. The rights of shippers for reasonable rates and non-discriminatory service under the present jurisdiction of the commission need not seriously be interfered with by such unified control. Some elastic provisions for establishment of new routes would probably be needed.

If the other alternative be adopted and the President operates the railroads as a unit during the period of the war, there should be, in our opinion, suitable guaranty to each carrier of an adequate annual return for use of the property, as well as of its upkeep and maintenance during operation, with provision for fair terms on which improvements and betterments made by the President during the period of his operation could be paid for by the carrier upon return to it of the property after expiration of that period.

Attest:

HENRY C. HALL, *Chairman.*

GEORGE B. MCGINTY, *Secretary.*

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I do.

Mr. CUMMINS. Did the Senator from South Carolina include in his request for printing the report of Mr. McChord, of the Interstate Commerce Commission? The Senator will remember that there were two reports—one made by the majority and the other by Mr. McChord.

Mr. SMITH of South Carolina. I did not incorporate that.

Mr. CUMMINS. I think it would serve a good purpose and be very well if the Senator would ask that the McChord report be printed at the same time.

Mr. SMITH of South Carolina. I will make that request, because I think in all fairness to the commission it should be included.

Mr. CUMMINS. It is in exact accord with what we have since done.

Mr. SMITH of South Carolina. Yes.

The PRESIDING OFFICER. Without objection, that will also be included in the RECORD.

The matter referred to is as follows:

WASHINGTON, D. C., December 5, 1917.

To the Senate and House of Representatives:

The special report of the majority of the commission leaves unsaid some things which should be plainly stated if prompt and sure relief is to be brought to the present transportation situation. That the lack of adequate railroad service, particularly in eastern territory, is serious at the present time and is a cause of grave concern for the coming winter months needs no demonstration. Everyone knows it who knows anything about present business conditions. That the industries of the country engaged in making war materials as well as those not so occupied require the very best service which can be given by the railroads is also clear. I fully concur in the statement of the majority report that "it is necessary that our transportation systems be placed and kept on the plane of highest efficiency," and also that "this can only be secured through unification of their operation during the period of war." But the majority report takes the position, at least by implication, that this unification may "be effected by the carriers" themselves. With that judgment I wholly disagree.

The carriers' cooperative effort at the present time is in charge of the "executive committee of the special committee on national defense of the American Railway Association." This committee in its public announcements calls itself the Railroad War Board. It is the fifth committee that the railroads have had in Washington to deal with the transportation situation since November, 1916. The first two of those committees were given no real authority, although the commission was advised by the executives that they had been given full power, or, as it was expressed in the case of the first committee, "all the power of the executives." These committees therefore were unable to cope with the situation despite earnest and praiseworthy efforts of their individual members, who were hampered by the unwillingness of certain railroads, acting under the restraint of executive influence, to carry out their instructions. These facts have been reported by the commission. (Car Supply Investigation, 42 I. C. C., 657.) In that report both the majority and the minority expressed the view that the situation could be improved by a committee of railroad officers to act in cooperation with this commission if the committee were given plenary power by all the railroads. In apparent response to that suggestion a third committee was sent to Washington, in January, 1917, but it also had not been given the promised power and was therefore not received. In February, 1917, a fourth committee was sent to Washington to enforce certain car-service rules. Not all of the railroads believed that these rules were workable, and hence the agreement giving power to this committee was incomplete and inadequate. With this experience behind it, the American Railway Association, on April 11, 1917, formed its special committee on national defense and centered the chief authority in its executive committee. The resolution by which this committee was formed recites that the railroads of the United States pledged themselves, with the Government of the United States, with the governments of the several States, and with one another, that during the present war they would—

"Coordinate their operations in a continental railway system, merging during such period all their merely individual and competitive activities in the effort to produce a maximum of national transportation efficiency."

It was understood that the coordination of railway operations in a continental railway system meant that cars would be used interchangeably and sent where they were most needed; that track and terminal facilities would be opened up to all railroads, so as to relieve congestion; and that locomotives would be at once requisitioned from some of the strong and less burdened railroads for use on the important lines which have been unable to give efficient service, largely because they were badly in need of motive power. Yet as late as November 24 the carriers' committee made an announcement from which the following is quote:

"The Railroad War Board to-day adopted revolutionary measures in order to relieve the congestion of traffic on the eastern railways. It directed that 'all available facilities on all railroads east of Chicago be pooled to the extent necessary to furnish maximum freight movement.' The effect will be that to the full extent that conditions render it desirable these railways will be operated as a unit, entirely regardless of their ownership and individual interests.

"The operating vice presidents of the eastern lines have been appointed a committee to operate as a unit all the lines involved, and have been given instructions and authority to adopt all measures which in their judgment may be necessary to relieve the present situation and assure the maximum amount of transportation.

"An important part of the plan adopted for the operation of the eastern lines is that of placing at their disposal the facilities of railways in other territories to such extent as may be necessary."

These measures—the pooling of cars, the operation of railways as a unit, the placing of facilities at the disposal of railways in other territories as needed—are essential steps in the coordination of railway operations "in a continental railway system," using the phrase of the resolution of April 11, but were not taken until November 24.

I do not wish to be understood as saying that the carriers' committee has not accomplished results, nor that the shippers have not cooperated with the carriers to get greater service from the available equipment, for the heavier car loading has been a very material factor of improvement. But our experience with railroad committees during the past year makes me believe that no voluntary committee can accomplish what the situation demands. One of the principal reasons is that the element of self-interest, the traffic influence, is a persistent factor in postponing and resisting measures that seek to disregard individual rights in the effort to secure transportation results as a whole. The "merely individual and competitive activities" and the established operating practices have their effect, despite directions or recommendations that have no sanction to enforce them except a voluntary agreement which is very general in character. There runs also in the activities of these committees the self-evident purpose to do whatever appears to be necessary to prevent the governmental authority from acting. For these and other reasons which it is not necessary to state I can not concur in a report to the Congress which apparently acquiesces in a continuation of control over the transportation situation by a committee appointed by the carriers themselves. The suggestions with reference to the antitrust laws, the antipooling provision of section 5 of the act, the desirability of Government loans for capital purposes, and the regulation of security issues undoubtedly have merit, but in my judgment their enactment into law will not make it possible for any committee appointed by the carriers to secure the full measure of transportation service which the present conditions demand.

The "unification" needed if our transportation systems are to be "placed and kept on the plane of highest efficiency" is the unification of the present diversified governmental control. At the present time there are several Federal agencies authorized by law to issue orders or directions with respect to transportation. This commission, by the car-service act approved May 29, 1917, was given very broad powers to issue summary directions with respect to the movement, distribution, exchange, interchange, and return of cars. The priority director, designated by the President for that purpose under the act approved August 10, 1917, is authorized to direct that traffic essential to the national defense shall be given priority in transportation, and he has made certain orders of that character. The transportation of troops and material of war, under the amendment to the act to regulate commerce approved August 29, 1916, is required upon the demand of the President to be given preference over all other traffic in time of war, and by direction of the Army and Navy Departments and the United States Shipping Board preference orders have been given for the transportation of a very large tonnage of war materials and supplies of all kinds. The administrations controlling fuel and food, to which adequate transportation is, of course, vital, have taken an active interest in the movement of those commodities through their appointed agents. Under this diversified control the carriers are not able to meet the requirements of the increasingly heavy tonnage which must be moved. In consequence the industries devoted to war purposes and those engaged in their normal business are suffering. There is no institution in which regularity of operation is more requisite than in transportation, but railroad operation is approaching a chaotic condition. A coherent plan must be worked out which shall provide for both the needs of the Government in the energetic prosecution of the war and the needs of general commerce. It is imperative that war material be given preference in transportation, but the financial sinews of war depend in large measure upon the successful operation of our manufacturing plants and business establishments.

I concur in the view that "the situation does not permit of temporizing," but I am convinced that the strong arm of governmental authority is essential if the transportation situation is to be radically improved. That authority must be unified to make possible action that is both vigorous and consistent. If the President elects to exercise the power given him under the act approved August 29, 1916, to take possession and assume control of the transportation systems, I believe that vastly improved transportation conditions can be promptly secured. For this course legislation assuring the carriers a fair return may be appropriate. If the President does not so elect, it is my judgment that the authority over the regulation of railroad operations now vested in the several agencies referred to, with such amplification as may be necessary, should be promptly centralized by act of Congress. All of the forces now at work upon the problem, including the carriers' executive committee and its numerous subcommittees, could be at once utilized under a single governmental administrative control.

C. C. McCHORD, *Commissioner*.

Mr. SMITH of South Carolina. Mr. President, on December 26 the President issued the following proclamation of governmental control of the railroads, together with an explanatory statement in reference thereto, which I presume all are familiar with, and, without reading, I ask that it be incorporated in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

GOVERNMENT CONTROL OF RAILROADS.

By the President of the United States of America.

A PROCLAMATION.

Whereas the Congress of the United States, in the exercise of the constitutional authority vested in them, by joint resolution of the Senate and House of Representatives bearing date April 6, 1917, resolved:

"That the state of war between the United States and the Imperial German Government which has thus been thrust upon the United States is hereby formally declared; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial German Government; and to bring the conflict to a successful termination all of the resources of the country are hereby pledged by the Congress of the United States."

And by joint resolution bearing date of December 7, 1917, resolved:

"That a state of war is hereby declared to exist between the United States of America and the Imperial and Royal Austro-Hungarian Government; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial and Royal Austro-Hungarian Government; and to bring the conflict to a successful termination all of the resources of the country are hereby pledged by the Congress of the United States." And whereas it is provided by section 1 of the act approved August 29, 1916, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," as follows:

"The President in time of war is empowered, through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to utilize the same, to the exclusion, as far as may be necessary, of all other traffic thereon, for the transfer or transportation of troops, war material, and equipment, or for such other purposes connected with the emergency as may be needful or desirable."

And whereas it has now become necessary in the national defense to take possession and assume control of certain systems of transportation and to utilize the same, to the exclusion, as far as may be necessary, of other than war traffic thereon, for the transportation of troops, war material, and equipment therefor, and for other needful and desirable purposes connected with the prosecution of the war:

Now, therefore, I, Woodrow Wilson, President of the United States, under and by virtue of the powers vested in me by the foregoing resolutions and statute, and by virtue of all other powers thereto me enabling, do hereby, through Newton D. Baker, Secretary of War, take possession and assume control at 12 o'clock noon on the 28th day of December, 1917, of each and every system of transportation and the appurtenances thereof located wholly or in part within the boundaries of the continental United States and consisting of railroads and owned or controlled systems of coastwise and inland transportation engaged in general transportation, whether operated by steam or by electric power, including also terminals, terminal companies, and terminal associations, sleeping and parlor cars, private cars and private car lines, elevators, warehouses, telegraph and telephone lines, and all other equipment and appurtenances commonly used upon or operated as a part of such rail or combined rail-and-water systems of transportation; to the end that such systems of transportation be utilized for the transfer and transportation of troops, war material, and equipment, to the exclusion so far as may be necessary of all other traffic thereon; and that so far as such exclusive use be not necessary or desirable such systems of transportation be operated and utilized in the performance of such other services as the national interest may require and of the usual and ordinary business and duties of common carriers.

It is hereby directed that the possession, control, operation, and utilization of such transportation systems, hereby by me undertaken, shall be exercised by and through William G. McAdoo, who is hereby appointed and designated Director General of Railroads. Said director may perform the duties imposed upon him, so long and to such extent as he shall determine, through the boards of directors, receivers, officers, and employees of said systems of transportation. Until and except so far as said director shall from time to time by general or special orders otherwise provide, the boards of directors, receivers, officers, and employees of the various transportation systems shall continue the operation thereof in the usual and ordinary course of the business of common carriers, in the names of their respective companies.

Until and except so far as said director shall from time to time otherwise by general or special orders determine, such systems of transportation shall remain subject to all existing statutes and orders of the Interstate Commerce Commission and to all statutes and orders of regulating commissions of the various States in which said systems or any part thereof may be situated. But any orders, general or special, hereafter made by said director shall have paramount authority and be obeyed as such.

Nothing herein shall be construed as now affecting the possession, operation, and control of street electric passenger railways, including railroads commonly called interurbans, whether such railways be or be not owned or controlled by such railroad companies or systems. By subsequent order and proclamation, if and when it shall be found necessary or desirable, possession, control, or operation may be taken of all or any part of such street railway systems, including subways and tunnels; and by subsequent order and proclamation possession, control, and operation in whole or in part may also be relinquished to the owners thereof of any part of the railroad systems or rail-and-water systems, possession and control of which are hereby assumed.

The director shall, as soon as may be after having assumed such possession and control, enter upon negotiations with the several companies looking to agreements for just and reasonable compensation for the possession, use, and control of their respective properties on the basis of an annual guaranteed compensation above accruing depreciation and the maintenance of their properties equivalent, as nearly as may be, to the average of the net operating income thereof for the three-year period ending June 30, 1917, the results of such negotiations to be reported to me for such action as may be appropriate and lawful.

But nothing herein contained, expressed or implied, or hereafter done or suffered hereunder, shall be deemed in any way to impair the rights of the stockholders, bondholders, creditors, and other persons having interests in said systems of transportation or in the profits thereof to receive just and adequate compensation for the use and control and operation of their property hereby assumed.

Regular dividends hitherto declared and maturing interest upon bonds, debentures, and other obligations may be paid in due course; and such regular dividends and interest may continue to be paid until and unless the said director shall from time to time otherwise by general or special orders determine; and, subject to the approval of the director, the various carriers may agree upon and arrange for the renewal and extension of maturing obligations.

Except with the prior written assent of said director, no attachment by mesne process or on execution shall be levied on or against any of the property used by any of said transportation systems in the conduct of their business as common carriers; but suits may be brought by and against said carriers and judgments rendered as hitherto until and except so far as said director may, by general or special orders, otherwise determine.

From and after 12 o'clock on said 28th day of December, 1917, all transportation systems included in this order and proclamation shall conclusively be deemed within the possession and control of said director

without further act or notice. But for the purpose of accounting said possession and control shall date from 12 o'clock midnight on December 31, 1917.

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

Done by the President, through Newton D. Baker, Secretary of War, in the District of Columbia, this 26th day of December, A. D. 1917, and of the independence of the United States the one hundred and forty-second.

By the President:

WOODROW WILSON.
ROBERT LANSING,
Secretary of State.
NEWTON D. BAKER,
Secretary of War.

STATEMENT OF THE PRESIDENT.

I have exercised the powers over the transportation systems of the country which were granted me by the act of Congress of last August because it has become imperatively necessary for me to do so. This is a war of resources no less than of men, perhaps even more than of men, and it is necessary for the complete mobilization of our resources that the transportation systems of the country should be organized and employed under a single authority and a simplified method of coordination which have not proved possible under private management and control. The committee of railway executives who have been cooperating with the Government in this all-important matter have done the utmost that it was possible for them to do; have done it with patriotic zeal and with great ability; but there were difficulties that they could neither escape nor neutralize. Complete unity of administration in the present circumstances involves upon occasion and at many points a serious dislocation of earnings, and the committee was, of course, without power or authority to rearrange charges or effect proper compensations and adjustments of earnings. Several roads which were willingly and with admirable public spirit accepting the orders of the committee have already suffered from these circumstances and should not be required to suffer further. In mere fairness to them the full authority of the Government must be substituted. The Government itself will thereby gain an immense increase of efficiency in the conduct of the war and of the innumerable activities upon which its successful conduct depends.

The public interest must be first served and, in addition, the financial interests of the Government and the financial interests of the railways must be brought under a common direction. The financial operations of the railways need not then interfere with the borrowings of the Government, and they themselves can be conducted at a greater advantage. Investors in railway securities may rest assured that their rights and interests will be as scrupulously looked after by the Government as they could be by the directors of the several railway systems. Immediately upon the reassembling of Congress I shall recommend that these definite guarantees be given: First, of course, that the railway properties will be maintained during the period of Federal control in as good repair and as complete equipment as when taken over by the Government; and, second, that the roads shall receive a net operating income equal in each case to the average net income of the three years preceding June 30, 1917; and I am entirely confident that the Congress will be disposed in this case, as in others, to see that justice is done and full security assured to the owners and creditors of the great systems which the Government must now use under its own direction or else suffer serious embarrassment.

The Secretary of War and I are agreed that, all the circumstances being taken into consideration, the best results can be obtained under the immediate executive direction of the Hon. William G. McAdoo, whose practical experience peculiarly fits him for the service and whose authority as Secretary of the Treasury will enable him to coordinate as no other man could the many financial interests which will be involved and which might, unless systematically directed, suffer very embarrassing entanglements.

The Government of the United States is the only great Government now engaged in the war which has not already assumed control of this sort. It was thought to be in the spirit of American institutions to attempt to do everything that was necessary through private management, and if zeal and ability and patriotic motive could have accomplished the necessary unification of administration it would certainly have been accomplished; but no zeal or ability could overcome insuperable obstacles, and I have deemed it my duty to recognize that fact in all candor, now that it is demonstrated, and to use without reserve the great authority reposed in me. A great national necessity dictated the action, and I was therefore not at liberty to abstain from it.

WOODROW WILSON.

Mr. SMITH of South Carolina. It will be noted that one of the recommendations of the Interstate Commerce Commission was closely followed in principle by the proclamation of the President. On December 28, through the Secretary of War, he formally took possession and control of the railroads of the country. As indicated in his proclamation, the operation of the roads under Government control was extended so as to include the entire traffic of the country as well as war material. It therefore became necessary to enact legislation in order to carry into effect the powers conferred by the act of August 29 and such other powers as were granted or implied in the declaration of war.

The bill under consideration was drafted by the administration and modified by the Interstate Commerce Committee of the Senate to meet the situation. The first essential point was what compensation would be offered to the railroads by the Government for the use of their properties while under Federal control and what should be the basis of computing this compensation. In the proclamation of the President, and in the bill drafted by the administration, it was suggested that the time of the taking over of the properties and the conditions existing when taken over should be considered, and that the earnings by the roads under war conditions should become the basis

of their compensation during the war period or the tenure of the Federal control. Therefore it is proposed in the bill, in pursuance of this idea, that the three war years—the fiscal years of 1915, 1916, and 1917—be taken as the basis to determine the average earning of the roads during the war period and to make compensation in accordance therewith. This seemed to the committee to be a fair basis of compensation, when it is considered that while all other corporate enterprises, as well as individual enterprises, not being subject to Federal regulation in regard to rates and charges were the beneficiaries of the extraordinarily high prices obtaining during the war period, the railroads, under the rules and regulations of the Interstate Commerce Commission, authorized by the commerce act, could not during this period increase their revenues except as those revenues were increased by increased traffic and travel, entailing on the railroads an increased service in comparison with the increased revenues from that service. There was an increase granted in rates in certain instances in the eastern district, but in the main the roads were practically operating under ante-war rates, and it is but just to say that though this increase was granted it was not put into operation in sufficient time to be reflected to any appreciable extent in the returns of the roads up to June 30, 1917, the terminus of the period contemplated as a basis for compensation, so that the compensation for the roads contemplated in the bill will not now reflect that increase in rates which was granted to them and which they would have enjoyed had they been left in possession of the property.

This basis of compensation is made to enable the President to enter into an agreement with the roads in lieu of all their lawful and constitutional rights, thereby avoiding the delays and difficulties that would necessarily result from attempting to ascertain what would be just compensation by due process of law.

It is believed, and confidently hoped, that the carriers will make the agreements, as provided in this bill, in order to avoid delay, and in order that the entire railroad and carrier facilities of the country may be utilized freely and wholeheartedly to meet the exigencies of the emergency that is now upon us. This contemplated compensation should appeal to the roads and the public in view of the fact that it is probable that this is approximately the amount that they would be likely to receive from a court decision.

The committee also gave due consideration to the financial situation that now exists and which influenced the committee in dealing with this subject of compensation. The basis of compensation is such as to guarantee to the security holders of these properties their usual interest and dividends, and to take care of such other obligations as they normally provide for, thus creating confidence in these securities and avoiding the embarrassment that might arise were they not secured at least at the rate that they had been receiving previous to and during the war.

The question of the real value of the property was not considered by the committee as a proper subject for this emergency legislation; that is, the committee took the facts as they appear in the reports to the Interstate Commerce Commission, filed in accordance with the law, as being the proper basis for them to act upon. The committee recognizes that the value of the properties is not definitely ascertainable. The Interstate Commerce Commission has not yet completed the valuation of the properties under the valuation act. From time to time the Interstate Commerce Commission has taken the investment in the properties, as stated in the annual reports, as providing the best basis available to show the trend of expenses and revenues in relation to the stated investment, and as representing the most accurate figure now available. The committee, therefore, in the absence of an accurate investment figure, has taken the aggregate net earnings of the properties as the basis to be applied under this act. In other words, the committee took the result of the railroad operations under the regulating power of Congress as a just basis to compute their compensation in time of this emergency. We did not think it was the time or the place to go into an exhaustive analysis to ascertain just what was the actual, real investment and what the roads might, as a result of that analysis, be entitled to. That would necessarily involve both time and litigation, and the result hoped for under this bill would have been made impossible.

The total property investment of all roads, as reported to the Interstate Commerce Commission, for the year ended June 30, 1916, was \$18,156,659,872. Class 1 roads, or those having annual operating revenues of more than \$1,000,000 and which receive approximately 96 per cent of the net operating revenue, had a property investment of \$16,872,373,900, as of June 30,

1916. This includes the investment of their nonoperating subsidiaries. It is estimated that on June 30, 1917, this investment of class 1 roads amounted to \$17,250,000,000.

Mr. THOMAS. May I interrupt the Senator for a moment?

Mr. SMITH of South Carolina. Certainly.

Mr. THOMAS. What does the Senator mean by the term "nonoperating" roads?

Mr. SMITH of South Carolina. That means the properties that are not actually used in operating activities. They have investments outside. The Senator, of course, will recall in his mind properties that are in no way actively employed in the railroad-operating activities. These class 1 roads receive about 95.87 per cent of the net operating revenues of all the roads, and the compensation provided for in this bill would approximate on their property \$896,259,264 per year. On this basis the \$896,259,264 for class 1 roads becomes when made to include all the roads of the country approximately \$935,000,000 annually.

It might be well for me to state here that certain reports that have gone abroad are to the effect that the Government is now considering a bill that will commit it to an annual payment to the railroads of approximately \$935,000,000, which is not correct.

Mr. SIMMONS. Is that the amount the Government would have to pay to the railroads?

Mr. SMITH of South Carolina. To the railroads if they took all the roads and made the compensation upon the basis that is suggested to be made to class 1 roads.

Mr. SIMMONS. That is based upon the prewar period?

Mr. SMITH of South Carolina. Yes.

Mr. SIMMONS. It has no reference to the value of the property out of which the money is earned?

Mr. SMITH of South Carolina. No.

Mr. SIMMONS. The question I want to ask the Senator is this: Suppose a railroad had no net earnings during the period which is made the basis of calculation, it would get no more than its earnings, though that might be less than the actual expense of operating the road.

Mr. SMITH of South Carolina. I will say to the Senator from North Carolina that there is provision made in another section of the bill for a basis of agreement with such roads as he has in mind.

Mr. SIMMONS. Suppose a railroad makes a million dollars after paying expenses—

Mr. SMITH of South Carolina. If the Senator will allow me, a little later I will come to that particular phase and see what provision the bill has made to take care of that situation.

Mr. SIMMONS. Of the deficit?

Mr. SMITH of South Carolina. Of the deficit.

Mr. SIMMONS. Very well.

Mr. SMITH of South Carolina. Of course, no definite figures can even be approximated until it is known definitely just what roads will be taken and operated under the act. There is a provision in the bill which gives the Government the right to make rejections of any road or roads up to July 1, 1918; after which time they can only be released during the period of the war by mutual agreement between the carriers and the Government.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I do.

Mr. CUMMINS. Before the Senator from South Carolina leaves section 1, which he has been discussing—

Mr. SMITH of South Carolina. I have not left it yet. This is just explanatory to another phase of section 1.

Mr. CUMMINS. I wish to ask the Senator a question. I do not know whether he has considered the matter very carefully or not, because it was not much discussed before the committee, but it will aid me in presenting the views which I intend to present during the consideration of the bill. I have a table in my office taken from the records of the Interstate Commerce Commission, comprising, I think, 17 roads or systems, just for illustration. These roads have now on hand more than \$800,000,000, either in cash or in nonrailroad property. I do not know nor do I suppose anyone could discover just how they have invested these sums of money. This particular item has no reference, of course, to physical railroad property which is being used in rendering the people of the country the service which is rendered. My question is, Has the Government taken over as a part of the railroad property, in the case of these 17 or 18 railroads, the \$800,000,000 which they now have on hand, not used in the operation of their systems of transportation?

Mr. SMITH of South Carolina. I will say frankly to the Senator that the hearings before the committee, the language of the bill, and the proclamation of the President do not con-

template taking over that property. I see the point that the Senator makes.

Mr. THOMAS. The act of August 29, 1916, would not permit it.

Mr. SMITH of South Carolina. It of course would become a factor in the argument that the Government is being taxed on the basis of property that they are not given the use of. I see the force of that.

Mr. CUMMINS. The question is not put in a disputatious way.

Mr. SMITH of South Carolina. I understand that.

Mr. CUMMINS. But it is really important for us to know whether the Government has taken over this vast sum of money which is now in the hands of the railroads.

Mr. SMITH of South Carolina. I understand that.

Mr. CUMMINS. I confess that it is a little difficult to reach a satisfactory conclusion upon the terms of the bill or upon the terms of the act of 1916. I think we shall be compelled to put an interpretation upon the law in that respect before we can advance safely toward a conclusion as to what is proper compensation. I would very much like to have the opinion of the Senator from South Carolina on that point. I say frankly that in my judgment neither the law of 1916 nor the bill we now have before us together with the action of the President puts this surplus or this money or property in the hands of the Government.

Mr. THOMAS. May I say a word here?

Mr. SMITH of South Carolina. I yield.

Mr. THOMAS. I was the author of the amendment to the act of August 29, 1916, which was quoted by the Senator from South Carolina a moment ago. I am not entirely familiar now with the exact phraseology that was used, but I certainly in preparing it had no intention of making it so operate as to invest the President with anything more than the power to control the possession of the physical property of the railroads for war purposes.

Mr. CUMMINS. I have always believed that to be the intent of the legislation and I think the language used was quite appropriate to express that intent, but it is claimed in some quarters that these railway corporations have been taken over as instrumentalities so that all their surplus and all their accumulations and all their profits, no matter whether necessary to the movement of traffic or not, have been taken over, and that we are awarding compensation to the corporations for all they have rather than for the instrumentalities of commerce in the way of transportation and service.

Mr. SMITH of South Carolina. I am sure the Senator has had presented to him tables showing the actual amount claimed to be invested in the physical property or in the operating property as contradistinguished from certain investments in nonoperating property, but the determination perhaps may be important before the conclusion of the consideration of this bill.

Mr. SIMMONS. If the Senator from South Carolina will permit me to interrupt him, the nine hundred million and odd dollars which the Senator spoke of a moment ago represented the net earnings of these railroads. Does that include the earnings from the nonoperating property to which he refers?

Mr. SMITH of South Carolina. No.

Mr. SIMMONS. It only includes the earnings of railroads proper, the physically operated railroad?

Mr. SMITH of South Carolina. Yes, sir.

Mr. WATSON. In regard to the phase of the subject which the Senator from Iowa [Mr. CUMMINS] has been discussing, the Senator from South Carolina will remember that the question as to whether or not cash in hand had been actually taken over by the proclamation of the President was dealt with by but one witness, as I now recall it, and he was Commissioner Anderson. My recollection is—if I am wrong the chairman will correct me—that his opinion was that cash in hand was not taken over nor were the other nonoperating properties. I recall that the question was asked him, for instance, as to the open ground north of the Senate Office Building, which, I think, belongs to the Baltimore & Ohio Railroad, "In your opinion was that taken over?" He said, "No; it was not." I recall also that it was the opinion of some of the railroad men who were present, as far as they were able to get any information on the subject, that that property was not taken over. But, on the other hand, my recollection is that the Director General has been construing the proclamation as placing in his hands that class of property also; that is, to pay the cash in hand.

Mr. SMITH of South Carolina. I am of opinion that before this debate is concluded I shall have a definite statement from those who are to take charge or who are now charged with the execution and administration of the law as to their construction of the point raised by the Senator from Iowa. What we are now

discussing in the bill, or the point to which I am addressing myself now, is the revenues the road received from operating activities, from which are to be subtracted the expenses incurred in such operation, and then the net is to be the compensation.

It is estimated that the net operating income of the roads in class 1 for the year ending June 30, 1917, was \$1,020,800,000. In 1916 the net operating income of these roads was \$984,872,959 and in 1915 it was \$683,104,833. It will be seen by these figures that in the fiscal year ending June 30, 1917, they had earned approximately \$36,000,000 more than in the year 1916 and \$337,000,000 more than in 1915, so that the average for the three years, which approximates the compensation that might be paid, is \$124,000,000 less than they earned during the fiscal year ending June 30, 1917.

Of course, it is a matter of mere speculation as to whether this increase, as reflected in the fiscal year 1917, would have been maintained, but the increase reflected in the returns of 1916 and 1917 makes it reasonable to suppose that they would have at least maintained the income of 1917. So that a majority of the committee believe that the basis of the proposed agreement was under the circumstances just.

Mr. CUMMINS. Mr. President, the figures which have just been stated by the Senator from South Carolina do not sound familiar to me, and I have given pretty close study to the subject. Unless there has been deducted from the net railway operating income of the year 1917 an estimate of the war taxes which the companies may be compelled to pay, the amount stated by the Senator, I think, is incorrect. I am sure he is in error with regard to the net railway operating income for 1915. I do not ask the Senator to recast his statement, but I could not allow it to stand without a suggestion that, as I understand the figures, they are not the ones that have been just reported by the Senator.

Mr. SMITH of South Carolina. Well, in justification of the quotation made by the Senator from South Carolina, I will state that these were the figures furnished me by the Interstate Commerce Commission as of yesterday. That commission is the final source of information, so far as I am concerned, and I will state also that the figures will be furnished to the Senator.

Provision is made in the bill, of course, to provide for such roads as are taken over as to which no agreement can be reached. That is the point to which the Senator from North Carolina called my attention.

Mr. THOMAS. Mr. President, the Senator from South Carolina is making a most intelligent and interesting exposition of one of the most important bills that ever came before the Senate or which ever will come before the Senate, and yet he is speaking to empty seats. In order, if possible, to induce Senators to remain and listen to this illuminating discussion, I again suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HENDERSON in the chair). The Secretary will call the roll.

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

Beckham	Johnson, S. Dak.	Norris	Smith, S. C.
Borah	Jones, Wash.	Overman	Smoot
Chamberlain	Kellogg	Pittman	Sterling
Culberson	Kenyon	Poindexter	Sutherland
Cummins	King	Pomerene	Thomas
Curtis	Kirby	Robinson	Thompson
Dillingham	Lewis	Saulsbury	Tillman
Fernald	Lodge	Shafroth	Trammell
France	McCumber	Sheppard	Underwood
Gallinger	McKellar	Shields	Vardaman
Gore	McNary	Simmons	Warren
Henderson	Myers	Smith, Ga.	Watson
James	New	Smith, Mich.	Wolcott

Mr. CURTIS. Mr. President, I desire to announce the absence of the Senator from New Mexico [Mr. JONES], the Senator from Arizona [Mr. ASHBURST], the Senator from North Dakota [Mr. GRONNA], and the Senator from Idaho [Mr. NUGENT] on official business.

Mr. CUMMINS. I desire to say in behalf of the Senator from Wisconsin [Mr. LA FOLLETTE] that he is detained at home on account of illness in his family.

Mr. VARDAMAN. I desire to announce the absence of the Senator from Louisiana [Mr. RANSDELL], the Senator from Minnesota [Mr. NELSON], the Senator from Ohio [Mr. HARDING], and the Senator from California [Mr. JOHNSON] in attendance on the Committee on Commerce.

Mr. MYERS. My colleague [Mr. WALSH] is still detained from attendance upon the floor of the Senate by the state of his health.

Mr. TRAMMELL. I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER] on account of illness,

The PRESIDING OFFICER. Fifty-two Senators having answered to their names, there is a quorum present.

Mr. SMITH of South Carolina. Mr. President—

Mr. WATSON. Mr. President, before the Senator from South Carolina proceeds, will he allow me to interrupt him for a question?

Mr. SMITH of South Carolina. Certainly.

Mr. WATSON. I should like to ask whether or not, in the figures which the Senator gave, he was stating the aggregate for class 1 or for classes 1, 2, and 3?

Mr. SMITH of South Carolina. I was stating the aggregate in the one set of figures for all the roads, of course, but in the last figures of those roads which are reporting to the Interstate Commerce Commission there were included classes 1, 2, and 3.

Mr. WATSON. Well, does the Senator desire to modify those figures or to stand on them?

Mr. SMITH of South Carolina. I shall stand on them, subject to such modifications as further investigation may justify; in other words, the Senator from South Carolina desires to be thoroughly accurate in his statement of those figures; and if, upon examination, he finds that they should be modified to any appreciable extent, or to any extent, he will call attention to the matter.

To resume. Provision is made in the bill, of course, to provide for such roads as are taken over as to which no agreement can be reached. Section 2—and I will read section 2 in this connection, because it is directly connected with section 1 in forming a basis of agreement between the Government and the roads outside of the courts—provides:

That if no such agreement is made, the President may nevertheless pay to any carrier while under Federal control an annual amount, payable in reasonable installments, not exceeding 90 per cent of the estimated annual amount of just compensation, remitting such carrier to its legal rights for any balance claimed to the remedies provided in section 3 thereof. Any amount thereafter found due such carrier above the amount paid shall bear interest at the rate of 6 per cent per annum, and any excess amount paid hereunder shall be recoverable by the United States with interest at the same rate.

It is also provided in section 3 "that all claims for just compensation not adjusted as provided in section 1 shall, on the application of the President or of any carrier be submitted to boards" or certain referees, who are empowered to require records, books, and correspondence, documents, and other papers, and after a full hearing of the case the President is authorized, upon the finding of these referees, to enter into an agreement with the carrier for just compensation upon a basis not in excess of that reported by such board, and may include therein provisions similar to those authorized under section 1.

In this section provision is also made for the Court of Claims to settle the amount of just compensation if the parties fail to agree.

The Government obligates itself, in the case of agreement, to keep the roads in practically the same repair as when taken over by the Government. It is provided that this may be done either by the roads out of their own funds or by the Government, as the particular case may require, but that records shall be kept in order that a just and fair settlement may be made and the extent to which the Government has kept its obligations be ascertained.

Provision is also made whereby any betterments and improvements may be taken care of by the roads, and the amount of compensation reckoned thereon, subject to the approval of the President, while such property is under Federal control. But it is provided that there shall be no increase of compensation for any additions, improvements, or betterments constructed out of or purchased by the earnings during the period of Federal control.

This is one of the difficulties that have presented themselves to the committee, and it is perhaps the most fruitful source of contention from some quarters. It is, in effect, that the railroads, out of their surplus, should not be allowed to make a capital investment of that surplus; that the railroads should be restricted in their earnings to a fair and reasonable percentage upon their actual capital investment; that fair and reasonable return to be an amount sufficient to pay the interest on their bonds and dividends on their stock, any amount above that to be denied in the rate making.

That theory might be all right, but in practice it amounts to this: Under our system of Federal control we have attempted to force competition in service by equalizing and rendering uniform, as far as possible, rates within competitive territory. This is absolutely necessary if we are to have competition of any sort. Let me illustrate: Four roads, I will say, run from Washington to New York; they are competing for the traffic; they can not compete in rates, because if preferential rates are given

to one road, then the others might as well go out of business, but the rates being made uniform they all compete for the business in service. It develops that road A gets twice as much traffic under the uniform rates as road B gets, and hence earns twice as much money as road B earns, and road A, therefore, earns a surplus beyond what would be a reasonable dividend and interest on the investment. If we lower the rate to road A in order that it may make a just and reasonable amount on the investment, we have still further increased its power to kill its competitor, because it will carry goods cheaper, while if we raise the rate to help road B we still further increase the surplus of road A. Now, the question arises if road A earns a surplus under conditions that we have created, and from which there seems to be no reasonable escape, shall it or shall it not be allowed to take this surplus which the circumstances have guaranteed and put it back into the property in the form of additions and betterments on which subsequently to charge another tax to the people? I confess that at this stage of my investigation of this question I can not see the difference between the money thus earned under rules and regulations that we have established and which when earned is being invested in further increasing the facilities of the property, and money not earned but borrowed from the bank invested in the property and being charged to it.

Mr. KELLOGG. Mr. President—

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

Mr. SMITH of South Carolina. I yield.

Mr. KELLOGG. I should like to suggest to the Senator from South Carolina, as to the figures which the Senator gave on which the guaranteed income is based, that they are aggregate, and, I think, are arrived at in this way: The net operating income for 1917 was \$1,020,800,000. That includes class 1 railroads, embracing railroads having an operating revenue of more than \$1,000,000.

Mr. SMITH of South Carolina. That is correct.

Mr. WATSON. Is that for the calendar year?

Mr. KELLOGG. No; that is for the year ending June 30, 1917. Now, for the year 1916 the operating income was \$984,872,959.

Mr. SMITH of South Carolina. Those are exactly the figures I quoted.

Mr. KELLOGG. And for 1915, \$683,104,833. The average of those would amount to \$896,259,264, but as this did not include all the railroads—

Mr. SMITH of South Carolina. That is right.

Mr. KELLOGG. The Interstate Commerce Commission arrived at the total for all railroads by applying a percentage to that and made the guaranty on that basis \$935,000,000 in round figures.

Mr. SMITH of South Carolina. I made that statement.

Mr. KELLOGG. I did not know the Senator had done so.

Mr. SMITH of South Carolina. Yes; I made that statement, as will appear from the Record.

Mr. CUMMINS. Mr. President, I did not understand that the Senator from South Carolina limited his statement to class 1 roads.

Mr. SMITH of South Carolina. I did.

Mr. CUMMINS. I think when the Senator comes to review his remarks he will find that he omitted that qualification.

Mr. SMITH of South Carolina. I took pains, I thought, to call attention to the fact that class 1 roads received as compensation for their service about 96 per cent of the total, and therefore I proceeded upon that assumption, and stated that if all the roads were included the amount would be \$935,000,000.

Mr. CUMMINS. The Senator stated in the majority report that it would be \$945,000,000.

Mr. SMITH of South Carolina. Yes.

Mr. CUMMINS. And that amount would be increased from ten to fifteen million dollars by the added compensation for the increased investment after the 30th of June, 1917, and prior to the 1st of January, 1918.

Mr. SMITH of South Carolina. Yes. I will call the Senator's attention to the fact that the report was interpreted as facts, when it was really based upon the estimate of all the roads being taken in.

I am very sorry that the discussion on the point to which I have just adverted could not be heard by more of those who will have to vote on this bill, because it is one of the points of contention, and is one that will be perhaps debated more than any other in this bill. Because there was a difference of opinion, there was a provision put in this bill to this effect, as I have said, that there shall be no increase of compensation for any additions, improvements, or betterments constructed out of or purchased by the earnings during the period of Federal control.

Of course, that will come up for discussion later. In section 5 it is provided—

Mr. CUMMINS. Will it embarrass or unduly divert the Senator if I ask him a question upon the point that he has just been discussing or stating?

Mr. SMITH of South Carolina. I shall be very glad to have the question asked.

Mr. CUMMINS. I should like those who are here to have it in mind. The Senator from South Carolina has very frankly and clearly stated the difficulty in railway-rate regulation. It is what everybody concedes to be an unsolvable problem in adjusting rates for transportation, namely, that two roads or three roads or four roads being competitive rates that will make one company excessively rich will barely pay the expenses of another. The Interstate Commerce Commission has found it utterly impossible to reduce the rates for the more favored companies to the point that would pay only an adequate return upon the capital because the consequence of doing so would be to destroy another road that must be maintained in order to serve the community through which it passes.

Now, one of the questions that the Senate will have to determine is this: Does this impossibility of adequate regulation on the part of the Interstate Commerce Commission pass over to the lawmaking body when it comes to ascertain the just compensation for the use of the several properties; in other words, must we award to the so-called favored company a compensation that will be vastly in excess of the amount required for adequate return upon the investment for the reasons that compel the Interstate Commerce Commission to do the same thing in rate making? That is one of the vital, cardinal points in this bill; and I interrupted the Senator from South Carolina only to suggest that the obstacles in the way of the Interstate Commerce Commission are not in our way. Those obstacles do not relate to the ascertainment of the values of the property or the value of the use of the property, and we are free to do what is just and fair and right, although the Interstate Commerce Commission in adjusting rates could not limit rates as to some companies so that only adequate compensation for the service would be paid.

I wanted the Senators who are here to understand clearly the point of view from which I look at the subject, and which I intend, before we have finished, to elaborate and emphasize as fully and completely as it is within my power to do.

Mr. SMITH of South Carolina. Mr. President, I do not think the point raised by the Senator, or raised by myself and spoken of by the Senator, is one that we can lightly disregard. I heartily agree with him that the prohibition under which the Interstate Commerce Commission finds itself acting does not extend to this body. This body created that body and can modify at its will the rules under which its creature operates. But at this time, while we are in the throes of an emergency the like of which we will never see again, I do not think we can attempt to settle a question that pertains to times of peace without defeating the very purpose and object of this bill.

Railroad legislation was bad in times of peace, perhaps. I do not deny that it may have been. I am not committing myself one way or the other, because I have not had time to investigate this vexed and abstruse problem so as to get my bearings thoroughly. But I do maintain that this is not the time for us to undertake to settle problems that we inherit from peace times, which were perhaps bad then, as claimed by the Senator from Iowa, and have projected themselves into this emergency, calling for the most careful, painstaking readjustment, and final solution, for the reason, amongst others, that the personal equation is in this problem. I do not charge that the railroads are not as patriotic as other citizens; but I do state here and now that personal interest will, in spite of ourselves, affect us even in the discharge of the most sublime patriotic service, and if we attempt now to regulate the railroads as it is claimed they should have been regulated before the war period and should remain thus regulated after the war period, while we are debating that question here—necessarily without any reference to the war—it would defeat the purposes of the bill. The question raised by the Senator from Iowa is one of dollars and cents and not of service, in the crucial hour of America's travail. It is a question whether the commercial interests of America have been getting too much or too little service or whether the railroads have been getting too many dollars and cents. We are not discussing that now. We are discussing the service to be rendered by an indispensable element in our commercial life and how we can best get that service.

I am perfectly willing to leave that question for solution to a time when the shadow of impending disaster shall have passed, and then I will join the Senator from Iowa in solving what to my mind is the crux of the whole business—this very question

raised here; but I hope the Senator will understand that those of us of the committee who did not insist upon—who, in fact, opposed—entering into the discussion of that problem now did not do it because of a leaning toward the railroads or an indifference to the American people, the shippers. We did it because we recognized that even if it took \$200,000,000 to pour on the machinery of personal interest in order to get the greatest efficiency, we would pour it on in the greater interest of efficiency during times such as these. That is what actuated me, and I believe it is what actuated other members of the committee.

Mr. KELLOGG. Mr. President—

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

Mr. SMITH of South Carolina. I do.

Mr. KELLOGG. If the Senator will pardon me, I should like to suggest that the point raised by the Senator from Iowa, as I understood it, was that the Interstate Commerce Commission was embarrassed because it could not reduce the rates of some road fortunately situated, earning too much, because if it did a competitor less fortunately situated would not earn enough, but that that condition does not bind the Congress.

It is true that if the Congress could simply appoint a commission or refer each railroad to the court to try through years of litigation and determine as to each road just how much was reasonable as just compensation for the use, that could be done; but that court would never find out how much should be paid until the time of use had passed, and, as I remember, the Senator from Iowa did not offer any amendment that secured that equalization. If he did, I should like to see it.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I yield.

Mr. CUMMINS. If the Senator from South Carolina will allow me, I will present my amendment in due time and will discuss it. It is sufficient to say now that, if adopted, it will save the American people about \$200,000,000 per year as compared with the compensation proposed in the bill. But I can not allow the impression to go abroad that I desire to bring about a situation in which all these roads must have their damages assessed in a legal tribunal, although the machinery for that is provided in the bill.

I understand and recognize as well as anyone can the desirability of an immediate adjustment; but I do not believe that in order to secure an immediate adjustment it is necessary to authorize the President to make just such agreements as the railroad companies demand. I am not willing to assume that their willingness to do right must be either coerced or bought. I am not willing to assume that they will not go forward and cooperate with the Director General in the operation of these roads so that they will be as efficient as they can be made.

The Director General is operating these roads now. He is not waiting for this bill, and could not wait for it. We are doing nothing more than, first, providing a means for ascertaining what the just compensation is; and, second, authorizing the President to make an offer which may result in a voluntary agreement that will settle the whole matter.

I hope we will authorize the President to make an offer that can be, in justice and good conscience, accepted by the railroads; but, in order to arrive at that standard, we will not find it necessary to settle the great problem to which the Senator from South Carolina refers. All that we will have to do, and that we must do in any event, is to reach a conclusion with regard to a standard that will afford just compensation for the use of these properties.

The Senator from South Carolina and the majority of the committee felt that a standard which was equal to the average net operating income for the last three years would be just. I do not think so. I have proposed another standard that is just as easy to analyze and apply as the standard proposed in the bill as it originally came from the administration. We are compelled to reach a conclusion upon it. We can not postpone it. I think I shall be able to demonstrate, and, I hope, convincingly, to the Senator from South Carolina that the standard which we here adopt will, as applied to at least 86 of the railroads and railroad systems of this country, give them a compensation of nearly \$200,000,000 per year more than they ought to have.

We must not forget, if the Senator from South Carolina will permit me, that when we make an arrangement that somebody shall receive money we at the same time make an arrangement by which somebody must pay money; and we have been looking altogether too much toward the satisfaction of those who are to receive the money, and altogether too little to the protection of those who are to pay the money.

I have not, and never have had, the very least doubt about the fidelity of the chairman of the committee. I know that he is just as wholly and thoroughly devoted to the public interest as I could claim to be, and I think that is true of every member of the committee. It is simply a difference of opinion. It will be fought out upon the floor of the Senate. I know that it will be fought out with complete recognition upon the part of every Senator of the integrity and uprightness of all other Senators. Let us make this, anyhow, an example of a debate in which there can be expressed difference of opinion without the least imputation concerning the motives of anybody who may be involved in the debate. I know that is the view of the Senator from South Carolina, and I intend to help him in every way I know how to preserve that atmosphere in this debate.

Mr. SMITH of South Carolina. I heartily concur in that.

In section 5 it is provided that without the prior approval of the President no roads under Federal control shall pay any dividend in excess of the regular rate of dividends during the year ending June 30, 1917. This was approved by the committee because of the possibility of serious market disturbances that might result from any abnormal increase of dividends on certain securities by railroads while under Federal control. They may have in hand a large surplus which they have under private control set aside for certain purposes that might not be needful while under Federal control, and in paying extraordinary dividends they might create a disturbance that at this time might be hurtful.

In section 6 a revolving fund of \$500,000,000 is provided for to meet any expenses that the Government might deem necessary in carrying out to the fullest extent the purposes of Federal control.

And this \$500,000,000 revolving fund might be added to by any net railway operating income in excess of the standard return.

The railroads under section 7 are authorized, with the approval of the President for purposes of reorganization in receivership or for meeting maturing obligations, and for other legal purposes, to issue such bonds, notes, equipment trust certificates, and other forms of securities as may be deemed consistent with public interest.

And the President is further authorized to purchase "all or any part of such securities at a price not exceeding par, and may sell such securities, whenever in his judgment it is desirable, at prices not less than the cost thereof." This is done in order to contribute to the stabilizing of the market and to avoid the dangers incident to such securities being allowed to be manipulated entirely by corporations or individuals during this period of necessary monopolization of financing by the Government.

Now, Mr. President, we come to the next question which, perhaps, gave the committee the greatest difficulty—the rate-making question. The trend of all regulation under the commission in reference to rates was to stabilize them, to make certain, as nearly as may be, rates and classifications and to eliminate the dangers of fluctuation. The whole rate structure as now obtains is so intimately interwoven with the commercial life of the country that a radical disturbance might result in disaster. It might create such confusion and embarrassment as a consequence as to jeopardize, if not destroy, the purposes of this bill. This has reference, of course, to the conditions in which we now find ourselves, the emergency that is now upon us.

It may be that the system and machinery of rate making is altogether wrong, that fares are in the wheat. The question is, Is this the time to eliminate them?

It is of course true that to avoid congestion or to remedy congestion, to mobilize and move the freight and traffic of this country expeditiously and satisfactorily it will become necessary to establish new routings and new rates. It may also become necessary to care for unforeseen increases and expenses to increase the revenue of the carriers by an increase of rates.

The difficulty presented therefore to the committee was that of the two conflicting principles—one to maintain as far as possible the stability of rates, the other to grant the power to change rates to meet the changed conditions incident to the emergency now on us. Therefore a compromise was reached as embodied in this bill, to the effect that the rules, regulations, classifications, and rates as now obtain in the tariffs filed with the Interstate Commerce Commission shall continue, except where the Director General deems it in the interests of the public and for the carrying out of the purposes of this war-emergency act, to initiate new rates and new routings to meet that condition. And in the event of a new rate and a new routing being initiated, upon complaint the Interstate Commerce Commission is still vested with the power to review the rates as heretofore and make their findings and orders as heretofore.

In other words, the progressive stages of the legislation regarding rate regulation had in the interest of rate stability

gradually taken away from the carriers in practical effect the power to initiate rates except upon the prior approval of the commission. That power is now restored to the Director General, subject, however, to the review of the Interstate Commerce Commission.

The bill provides—and to this I invite the attention of the Senators, and particularly the attention of the Senator from Iowa—that a railroad or railroads, system or systems, or any part thereof, may be rejected or released from Federal control prior to July 1, 1918, and it is probable that quite a per cent of the railroads will not be taken under Federal control. Some difficulty may arise as to the adjustment of the two rate-making forces that will then exist. The Interstate Commerce Commission will have jurisdiction, as now, over such roads as are not taken over, governed by the regulating statutes now existing, while a radical modification will be in existence in reference to the Government-controlled roads.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I do.

Mr. CUMMINS. I am very glad the Senator from South Carolina emphasized the point he has just made. He will remember, of course, that I was one of the members of the committee who did not accept the amendment which now appears in the bill; and the thought just suggested by the Senator was one of the reasons which compelled me to dissent from it.

I offered an amendment, out of which probably the compromise grew, which provided—and I shall offer it again on the floor of the Senate—that as to rates for general commerce, not rates for Government troops or Government property, the President should have no other power than is now exercised by the carriers. If that amendment had been adopted—as I hope it will be adopted when it comes to the Senate—the difficulty pointed out just now by the Senator from South Carolina would disappear, and we would not have two tribunals making rates for the transportation of property in general commerce.

Mr. SMITH of South Carolina. Mr. President, the reason why I called the Senator's attention to it was that this difficulty occurred to me in my investigations of this matter while I was preparing myself for the effort that I am now making. I was desirous that the Senate should know the problems sought to be solved in the bill; upon the Senate in part rests the responsibility of its ultimate solution. I shall not comment on this. I am calling attention to the fact that if, as now seems to be probable, a considerable per cent of the roads are left outside of Government control, they will, ipso facto, be under the jurisdiction of the Interstate Commerce Commission, while the balance of the roads, with which they cooperate and exchange freight and move and do the commerce of the country, will be under another jurisdiction.

Mr. THOMAS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Colorado?

Mr. SMITH of South Carolina. I yield.

Mr. THOMAS. It would seem that the simpler solution of that problem would be to provide in this bill that all the lines of transportation should be taken over and operated under one system by the Government.

Mr. SMITH of South Carolina. The alternative whether all shall be operated by the Interstate Commerce Commission or whether they shall all be operated by the Government is the question, it seems to me, that will appeal to the intelligence of this body.

Mr. CUMMINS. Mr. President, I want to say in that regard that I offered in the committee, and I have now presented to lie on the table of the Senate, an amendment which provides that there can be no competition between the Government and privately owned railroads. In other words, it provides—

Mr. THOMAS. Mr. President, I suppose the Senator means that there should be no competition. Of course there can not be, as a matter of fact.

Mr. CUMMINS. Well, I meant that there should be none, rather than that there could be none. It provides that as to any independent line—that is, a line not owned or operated or controlled by another line—if its trunk-line competitor is, or its trunk-line competitors are, taken over and operated by the Government, then this line shall also be taken over and operated by the Government and shall be entitled to all the benefits of the provisions of this bill. There is no other way of even approaching justice, in my judgment.

Mr. THOMAS. I think the Senator is right.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH of South Carolina. I yield.

Mr. POMERENE. I have a very distinct recollection of the amendment to which the Senator from Iowa has referred, and one of the very great difficulties that I had in passing upon it was to determine when the one road was in competition with the other. I should like to have the Senator advise the Senate, if he can, how many roads would be taken under that plan which would not be taken under the present bill, or how many would be left out.

Mr. CUMMINS. Mr. President—

Mr. SMITH of South Carolina. If the Senator will pardon me, I have only a few minutes more.

Mr. CUMMINS. Allow me to answer that question for a moment, because the Senator from Ohio has asked it as though it were difficult to answer. It is not.

Mr. POMERENE. I shall be very glad to hear the explanation.

Mr. CUMMINS. It is very, very easy to determine whether one railroad competes with another or with others for business. That is a question of fact which mere observation always settles. The other question which the Senator proposes, and which I suppose was not really directed to me, is, How do we know what roads have been taken over and what roads have not been? I can not answer that question. Because nobody knows what roads have been taken over. That is one of the difficulties about this whole thing up to the present time. There has not been a definite notice given to any railroad company in the United States that it has been taken over and its operation assumed by the Government. There have been general notices given to all the railroads, which, however, the Director General—and I can easily see how he reached that conclusion—declared were sent out as matters of form and were not intended to fix the attitude of the Government toward the properties owned by the companies to which the notices were sent.

Mr. POMERENE rose.

Mr. SMITH of South Carolina. I shall have to insist upon proceeding. I have only a few more remarks to make. However, I would like before leaving the point that is now at issue to call attention to the conclusion that seems to have been reached by some of the Senators, which is that it has had to throw the Government in entire control in the rate-fixing field with the commission. I should like to throw out this suggestion without comment for the Senators to be thinking upon pending such time as the final decision on that point. You must also take into consideration the purpose for which this bill was drafted. It is to keep the confidence of the shipping public in the stability of their rates as nearly untouched as may be. You and I can theorize, but you know and I know that there is no more terrific influence which can be brought to bear upon the machinery of commerce or finance than uncertainty as to the methods under which they are to do business, and as long as that is subject to violent fluctuation and uncertainty you are likely to paralyze the very sinews upon which this war is to be determined.

A majority of the committee agreed that the period at which Federal control should terminate should be 18 months after the declaration of peace.

This length of time was given because if between the cessation of hostilities and the termination of the 18-month period conditions should be obvious that demanded treatment, a sufficient time should be provided to meet the conditions thus arising.

Railroad operations during the war have made radical changes imperative to meet the emergency. Everything, every force and energy of the American people, should be held in readiness for the service of the Government in protecting itself and in maintaining its institutions.

Every necessary grant of power should be given to accomplish this purpose, and the powers thus granted should be used with all the wisdom and care that the executors and administrators of these powers can command. They should exercise these powers with the same care, hesitancy, and scrutiny with which we grant them, because the fate of the American people in the wise execution of these powers is precedent to the extension of still further powers.

The Nation is willing to sacrifice and is sacrificing whatever it is called upon to sacrifice for the supreme purpose in view; but it must be borne in mind that the sacrifices now made are for the successful prosecution of the war. When success shall come, as it will come, the problem of readjustment, of gathering up the lines that have fallen during this period of conflict, the prosecution of business upon the return of peace can not be determined until that time. We are now meeting the abnormal conditions growing out of the war, and meeting them with principles radically opposed to the principles invoked and operated during times of peace.

Democracy is making the supremest sacrifice that can be made, temporary suspension of certain precious principles, in order that she may perpetually preserve those principles for her progress and development in times of peace.

The PRESIDING OFFICER (Mr. HENDERSON in the chair). The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. THOMAS. If there is no further important business before the Senate I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 35 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, February 12, 1918, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

MONDAY, February 11, 1918.

The House met at 12 o'clock noon.

The Rev. William Couden, of Washington, D. C., offered the following prayer:

Heavenly Father, new every morning is the love our wakening and uprising prove. Be with us in our conscious thought throughout the day. And renew within us our homage to Thee, our interest in our work, our fidelity to duty, our fealty to honor, and our loyalty to our country. As disciples of Jesus the Redeemer we ask these things. Amen.

The Journal of the proceedings of Saturday, February 9, and Sunday, February 10, 1918, was read and approved.

EXTENSION OF REMARKS.

Mr. SLEMP. Mr. Speaker, I ask unanimous consent to insert in the RECORD an article by Vernon C. Barker, entitled "The Criminal v. International Law."

The SPEAKER. The gentleman from Virginia asks unanimous consent to extend his remarks by printing an article entitled "The Criminal v. International Law." Is there objection?

Mr. WALSH. Mr. Speaker, I object.

Mr. REAVIS. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise? Mr. REAVIS. To ask unanimous consent, Mr. Speaker, to extend my remarks by inserting in the RECORD a newspaper article written by the gentleman from Indiana [Mr. BLAND] concerning the trip to the Hawaiian Islands of the congressional party recently made.

The SPEAKER. The gentleman from Nebraska [Mr. REAVIS] asks unanimous consent to extend his remarks in the RECORD by printing an article written by the gentleman from Indiana [Mr. BLAND] on his observations in the Hawaiian Islands. Is there objection? [After a pause.] The Chair hears none.

JOINT MEETING OF THE TWO HOUSES.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution which I send to the Clerk's desk.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the resolution.

The Clerk read as follows:

House concurrent resolution 35.

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

Mr. WALSH. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Massachusetts rise?

Mr. WALSH. To reserve the right to object. I desire to ask the gentleman from North Carolina if he thinks so important a resolution as this should be considered with so few Members of the House here?

Mr. KITCHIN. Well, I rather think this could be considered and after that the gentleman could have a roll call if he desires.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

Mr. BARNHART. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. The gentleman from Indiana makes the point of order that there is no quorum present. The Chair will count.

Mr. BARNHART. Mr. Speaker, I withdraw the point of order.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed without amendment the following resolution:

House concurrent resolution 35.

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

ENROLLED JOINT RESOLUTION SIGNED.

The SPEAKER announced his signature to enrolled joint resolution of the following title:

S. J. Res. 128. Joint resolution granting to certain persons in the active war service an extension of time within which application for insurance may be made under section 401 of the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917.

HOUSING FOR SHIPYARD EMPLOYEES.

The SPEAKER. The gentleman withdraws the point of order. The House automatically resolves itself into the Committee of the Whole House on the state of the Union for the consideration of Senate bill 3389.

Mr. ALEXANDER. Mr. Speaker, as I understand from the statement of the Chair, the House will go into the Committee of the Whole House on the state of the Union automatically on this bill?

The SPEAKER. The Chair made a mistake. The bill is to be considered in the House as in Committee of the Whole House on the state of the Union.

Mr. ALEXANDER. I do not understand—

Mr. GILLETT. Under what rule is it to be considered in the House?

The SPEAKER. Why, the ordinary rule. The Chair has got the thing wrong the second time. This bill is to be considered in the Committee of the Whole House on the state of the Union under the five-minute rule.

Mr. ALEXANDER. Mr. Speaker, the agreement, I think, was to this effect, that the bill be made a special order following the Diplomatic and Consular appropriation bill and that the House amendment by way of a substitute to the Senate bill should be considered as an original bill. There is only one section in the bill, and it was further agreed that it should be considered by paragraphs under the five-minute rule. I suppose it is in order to move to go into the Committee of the Whole House on the state of the Union for the consideration of this bill (S. 3389).

Mr. MADDEN. Mr. Speaker, I would like to ask the gentleman from Missouri a question, or rather to make a statement. While it was agreed that the bill should be considered under the five-minute rule that did not preclude the right of general debate on the bill.

The SPEAKER. That is exactly what the Chair would hold if he were presiding over the Committee of the Whole House on the state of the Union.

Mr. GILLETT. May I ask the gentleman a question?

The SPEAKER. The Chair will read the order:

On motion of Mr. ALEXANDER, by unanimous consent, Ordered, That consideration of the bill S. 3389 shall be in order immediately after the final disposition of the bill (H. R. 3314) making appropriations for the Diplomatic and Consular Service, etc.; that the House substitute for said Senate bill (S. 3389) shall be considered in lieu thereof, as an original bill, and that said substitute shall be considered in the Committee of the Whole House on the state of the Union under the five-minute rule and read by paragraphs for amendments.

Mr. GILLETT. May I ask the gentleman from Missouri—the gentleman did not intend by that to cut off all general debate?

Mr. ALEXANDER. No; and before going into the Committee of the Whole House on the state of the Union I was going to ask unanimous consent that general debate in the Committee of the Whole House on the state of the Union may be confined to two hours, the debate to be upon the merits of the bill, half of the time to be controlled by myself and the other half by the ranking minority member, the gentleman from Massachusetts [Mr. GREENE].

Mr. GREENE of Massachusetts. Mr. Speaker, I have had a number of requests for time on the bill, and it was thought by those who have talked to me about it that they would like to have at least two hours of general debate.

Mr. GILLETT. Mr. Speaker, I think there would be no disposition not to agree that the debate be confined to the bill. I expect we would agree to that, but I think the gentleman would admit that on an important bill of this kind there ought to be a liberal amount of general debate if it was confined to the bill.