

Also, petition of the National Association of Chiropodists (Inc.), favoring appointment of podiatrists in the United States Army; to the Committee on Military Affairs.

Also, petition of the Commonwealth of Massachusetts, favoring adoption of recommendations of United States Department of Agriculture providing for closed season on waterfowl in Massachusetts; to the Committee on Agriculture.

By Mr. TILLMAN: Petition of sundry citizens of Yellville, Ark., against zone system of second-class postage; to the Committee on the Post Office and Post Roads.

By Mr. TIMBERLAKE: Petition of R. A. Cameron Post, No. 25, Grand Army of the Republic, favoring increase in pensions of Civil War veterans; to the Committee on Invalid Pensions.

By Mr. VARE: Memorial of city council of Pittsburgh, Pa., favoring Ohio River appropriation in rivers and harbor bill; to the Committee on Rivers and Harbors.

SENATE.

MONDAY, February 25, 1918.

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

Almighty God, Thou art the sovereign Lord and Master of all men and of all nations. We thank Thee that we have been taught to recognize Thy right to rule in our hearts and lives and in our Nation; that we think of our allegiance to Thee, our loyalty to Thy cause, our devotion to Thy name as the first and supreme obligation of life. We pray Thee that Thou wilt bless us as we come day by day to draw from Thee the wisdom and grace for the duties that are upon us. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of the proceedings of the legislative day of Thursday, February 21, 1918, when, on request of Mr. McCUMBER and by unanimous consent, the further reading was dispensed with and the Journal was approved.

ESTIMATES OF APPROPRIATION.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting an estimate of appropriation in the sum of \$4,506,997.30 for the temporary employment of additional employees in the War Department (S. Doc. No. 184), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting supplemental estimates of appropriations required by the Quartermaster Corps for the fiscal year 1918, \$398,140 (S. Doc. No. 182), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting an urgent estimate of appropriation in the sum of \$50,000, required by the Engineer Department for "Maintenance of Highway Bridge across the Potomac River, District of Columbia," etc. (S. Doc. No. 181), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, submitting an estimate of appropriation in the sum of \$300,000 to enforce, through the Customs Service, the provisions of the espionage law (S. Doc. No. 183), which was referred to the Committee on Appropriations and ordered to be printed.

FOOD INVESTIGATION.

The VICE PRESIDENT laid before the Senate a communication from the acting chairman of the Federal Trade Commission, transmitting a copy of the hearings held by the commission in connection with the food investigation directed by the President, which, with the accompanying paper, was referred to the Committee on Printing.

REPORT OF COMMISSIONER OF PATENTS (H. DOC. NO. 958).

The VICE PRESIDENT laid before the Senate the annual report of the Commissioner of Patents for the fiscal year ended December 31, 1917, which was referred to the Committee on Patents and ordered to be printed.

ADDRESS ON WASHINGTON'S BIRTHDAY BY SENATOR WARREN G. HARDING (S. DOC. NO. 180).

Mr. POMERENE. Mr. President, I have before me the manuscript of an address delivered by my distinguished colleague on Washington's Birthday at a celebration held under the auspices of the Sons of the American Revolution. It is a

splendid address, worthy of the occasion, and I ask that it be printed as a public document.

Mr. SMITH of Michigan. Mr. President, I rose to make the same request with reference to the address of the Senator from Ohio [Mr. HARDING]. Among the celebrations held throughout the country appropriate to Washington's Birthday there was none more fitting than the celebration held here under the auspices of the Sons of the American Revolution, and the address of the Senator from Ohio upon that occasion was most illuminating and inspiring. It was in every way becoming that occasion, and I join with the senior Senator from Ohio in his request to have this address printed as a document.

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

ADDRESS ON THE EXISTING WAR.

Mr. SWANSON. Mr. President, I desire to give notice that to-morrow, immediately following the conclusion of the regular morning business, I shall address the Senate on the existing war.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented resolutions of the Legislative Assembly of the State of Montana, which were referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

STATE OF MONTANA,
SECRETARY OF STATE,
Helena, February 19, 1918.

HON. THOMAS MARSHALL,

President of United States Senate, Washington, D. C.

DEAR SIR: I am herewith transmitting copy of substitute joint house resolution No. 3, passed by the extraordinary session of the Fifteenth Legislative Assembly of the State of Montana.

Yours, very truly,

C. T. STEWART,
Secretary of State.

DEPARTMENT OF THE SECRETARY OF STATE
OF THE STATE OF MONTANA.

CERTIFICATE.

United States of America, State of Montana, ss:

I, C. T. Stewart, secretary of state of the State of Montana, do hereby certify that I have compared the annexed copy of substitute joint house resolution No. 3 with the original thereof, filed in my office on the 19th day of February, 1918, and that the same is a correct transcript thereof, and of the whole of said original.

In testimony whereof, I have hereunto set my hand and affixed the great seal of the State of Montana this 19th day of February, A. D. 1918.

[SEAL.]

C. T. STEWART,
Secretary of State.

[Substitute joint house resolution No. 3, introduced by Harbert, Mason, and Larse.]

A resolution memorializing Congress for an appropriation of \$750,000 for the Flathead Irrigation project for the ensuing year.

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

Whereas the Fifteenth Legislative Assembly of the State of Montana, meeting in extraordinary session in response to a proclamation of the governor calling this body together for the consideration of measures necessary to a successful prosecution of the war, among which of primary importance is a bill providing for loans at low rates of interest to needy farmers for the enhancement of agricultural production in the State: Now, therefore, be it

Resolved, That the Fifteenth Legislative Assembly of the State of Montana bears with grave concern the reports from Washington of the intention of Congress to reduce a contemplated appropriation of \$750,000 toward the completion of the Flathead Reservation irrigation project in western Montana to \$250,000, and does hereby go on record as in favor of and registers its wish for an appropriation of \$750,000 for said project; and it is further

Resolved, That a failure of the Congress of the United States to make such appropriation of \$750,000 would be violative of the best interests of this Nation, a great discouragement to the farmers and to the farming interests of Montana, thereby resulting in decreased farm production in one of the most fertile sections of the State of Montana, and, being prompted by a consideration for the best interests of this Nation and the State of Montana, demands favorable action by the United States Congress of an appropriation of \$750,000 toward the completion of the Flathead Reservation irrigation project; and it is hereby ordered that a copy of this resolution be telegraphed to the Speaker of the House of Representatives, the President of the United States Senate, with the recommendation that it be read before both bodies and referred to the proper committees.

(Signed)

JAMES F. O'CONNOR,

Speaker of the House.

(Signed)

W. W. McDOWELL,

President of the Senate.

The VICE PRESIDENT presented resolutions of the Legislative Assembly of the State of Montana, which were referred to the Committee on Public Lands and ordered to be printed in the RECORD, as follows:

STATE OF MONTANA,
SECRETARY OF STATE,
Helena, February 19, 1918.

HON. THOMAS MARSHALL,

President United States Senate, Washington, D. C.

DEAR SIR: I am transmitting herewith copy of resolution passed by the Legislative Assembly of the State of Montana, which resolution relates to the Myers homestead bill (S. 3439), and the same is self-explanatory.

Very truly, yours,

C. T. STEWART,
Secretary of State.

DEPARTMENT OF THE SECRETARY OF STATE
OF THE STATE OF MONTANA.
CERTIFICATE.

UNITED STATES OF AMERICA,
State of Montana, ss:

I, C. T. Stewart, secretary of state of the State of Montana, do hereby certify that I have compared the annexed copy of resolution memorializing Congress for the passage of Senate bill No. 3439, with the original thereof filed in my office on the 19th day of February, 1918, and that the same is a correct transcript thereof and of the whole of said original.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Montana this 19th day of February, A. D. 1918.

[SEAL.]

C. T. STEWART,
Secretary of State.

A resolution memorializing Congress for the passage of Senate bill No. 3439 in the interest of increased food production in the United States.

Whereas the Government of the United States is in need of increased production along all lines, and particularly increased production in food-stuffs, for the purpose of successfully prosecuting the war; and

Whereas there are now more than 100,000 homestead settlers in the Northwest, many of whom, on account of the short crop of 1917, are without seed grain and have not sufficient credit to purchase such seed and have not sufficient credit to enable them to live and carry on their farming operations until the crop of 1918 shall have been harvested; and

Whereas the granting of title to such settlers will enable them to borrow sufficient funds to carry on their farming operations and will add many millions of bushels to the production of grain and other food products in 1918: Now, therefore, be it

Resolved by the Senate of the Fifteenth Legislative Assembly of the State of Montana in extraordinary session assembled (the house concurring herein), That we petition the Congress of the United States to pass Senate bill No. 3439, introduced by the Hon. HENRY L. MYERS, United States Senator from the State of Montana, which bill is a bill for the relief of homesteaders and desert-land entrymen in the United States;

Resolved further, That a copy of this memorial be forwarded by the secretary of the State of Montana to the Senate of the United States and that a copy of this memorial be forwarded by the secretary of the State of Montana to the House of Representatives of the United States; And be it further

Resolved, That a copy hereof be transmitted by the secretary of state of the State of Montana to the Senators and Representatives in Congress of the State of Montana, with the request that they use every effort within their power to bring about a speedy action for the accomplishment of the ends and purposes herein indicated.

The VICE PRESIDENT presented resolutions adopted by the Legislature of the State of South Carolina, ratifying the national prohibition amendment, which were ordered to be filed and to be printed in the RECORD, as follows:

STATE OF SOUTH CAROLINA, EXECUTIVE CHAMBER,
Columbia, February 19, 1918.

HON. THOMAS R. MARSHALL,
President of the Senate, Washington, D. C.

MY DEAR MR. MARSHALL: In accordance with the provisions of the joint resolution ratified by the South Carolina Legislature, I have the honor to transmit herewith a true copy of the said preamble and resolution. The title of the resolution is as follows:

"A joint resolution ratifying a proposed amendment to the Constitution of the United States of America, prohibiting the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof, for beverage purposes, and to provide means for the enforcement thereof."

With high esteem and personal regards, I am,
Cordially, yours,

RICH. I. MANNING, Governor.

[No. 97—Acts of 1918.]

A joint resolution ratifying a proposed amendment to the Constitution of the United States of America, prohibiting the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof, for beverage purposes, and to provide means for the enforcement thereof.

Whereas both Houses of the Sixty-fifth Congress of the United States of America, by a constitutional majority of two-thirds thereof, made the following proposition to amend the Constitution of the United States of America in the following words, to wit:

"A joint resolution proposing an amendment to the Constitution of the United States.

"SECTION 1. Be it resolved by the Senate and House of Representatives of the United States of America, in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of the Constitution when ratified by the legislatures of the several States, as provided by the Constitution:

"ARTICLE —.

"SECTION 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof, for beverage purposes is hereby prohibited.

"SEC. 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States as provided by the Constitution within seven years from the date of the submission hereof to the States by the Congress": Therefore be it

SECTION 1. Resolved by the General Assembly of the State of South Carolina, That the said proposed amendment of the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of South Carolina.

SEC. 2. That certified copies of this preamble and joint resolution be forwarded by the governor of this State to the Secretary of State at Washington, to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

In the senate house the 8th day of February, A. D. 1918.

ANDREW J. BETHEA,
President of the Senate.

T. P. COTHAN,
Speaker of the House of Representatives.

Approved the 12th day of February, A. D. 1918.

RICHARD I. MANNING, Governor.

A true copy.

JOHN ELLIOT PUCKETTE,
Secretary to the Governor.

Mr. LODGE. I present resolutions of the Legislature of the Commonwealth of Massachusetts, 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:

THE COMMONWEALTH OF MASSACHUSETTS,
In the year one thousand nine hundred and eighteen.

Resolutions in favor of the creation of a league of nations to safeguard permanent peace upon the termination of the present war.

Whereas the President of the United States has declared that our present and immediate task is to win the war; and

Whereas he has proclaimed that the chief aim of the war is to secure a permanent peace guaranteed by a partnership of free nations: Therefore be it

Resolved by the General Court of Massachusetts, That the Commonwealth of Massachusetts pledges all its resources to the vigorous prosecution of the war until Prussian autocracy has been defeated; and be it further

Resolved, That the Commonwealth of Massachusetts favors the entrance of the United States after the war into a league of nations to safeguard the peace that must be won by the joint military forces of the allied nations; and be it further

Resolved, That certified copies of these resolutions be sent by the secretary of the Commonwealth to the President and to the Presiding Officers of both branches of Congress and to each of the Senators and Representatives from Massachusetts.

In the house of representatives, adopted, February 6, 1918.

In senate, adopted, in concurrence, February 11, 1918.

A true copy.

Attest:

ALBERT P. LANGTRY,
Secretary of the Commonwealth.

Mr. LODGE. I present resolutions of the Legislature of the Commonwealth of Massachusetts, 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:

THE COMMONWEALTH OF MASSACHUSETTS,
In the year 1918.

Resolutions in favor of the ratification of regulations establishing a closed season on waterfowl.

Resolved, That the General Court of Massachusetts favors the approval and ratification of the regulations recommended by the Bureau of Biological Survey of the United States Department of Agriculture on the 13th day of May, 1918, in pursuance of an act of Congress providing for a closed season on waterfowl in Massachusetts between the 16th day of January and the 30th day of September, said regulations being ineffective, owing to their not being approved and ratified on August 16, 1918.

Resolved, That the General Court of Massachusetts favors the ratification of the aforesaid regulations and requests its Senators and Representatives in Congress to take such steps as may be necessary to secure the approval and adoption of said regulations.

Resolved, That copies of these resolutions be sent by the Secretary of the Commonwealth to the Senators and Representatives in Congress from Massachusetts and to the Bureau of Biological Survey of the United States Department of Agriculture.

In house of representatives, adopted, February 7, 1918.

In Senate, adopted in concurrence, February 12, 1918.

A true copy. Attest:

ALBERT P. LANGTRY,
Secretary of the Commonwealth.

Mr. LODGE presented a petition of the City Council of Cambridge, Mass., praying for the submission of a Federal suffrage amendment to the legislatures of the several States; which was ordered to lie on the table.

He also presented resolutions adopted by the National Association of Merchant Tailors of America, pledging their loyal support to the Government in the prosecution of the war and favoring the establishment of a league of nations at the expiration of the war, so as to insure a permanent world peace; which were referred to the Committee on Foreign Relations.

He also presented a petition of the Massachusetts prohibition State committee, praying for the adoption of national prohibition as a war measure, which was ordered to lie on the table.

He also presented resolutions adopted by the City Council of Malden, Mass., favoring the acquisition and control of coal mines by the Government during the period of the war, which were referred to the Committee on Mines and Mining.

He also presented a memorial of the Massachusetts Dairy-men's Association, of Amherst, Mass., remonstrating against any change in the present laws relative to the manufacture, sale, or tax on oleomargarine, which was referred to the Committee on Agriculture and Forestry.

Mr. POMERENE. I have a memorial in the nature of a petition addressed to Congress by the governor of my State in his individual capacity on the subject of the woman-suffrage constitutional amendment. I ask that it be incorporated in the Record without reading.

There being no objection, the memorial was ordered to be printed in the Record, as follows:

Memorial to the Sixty-fifth Congress of the United States.

In view of the fact that one-quarter of the States of the Union have now extended full suffrage to women; and

In view of the fact that since the war began suffrage has been granted or pledged to the women of Canada, Great Britain, Russia, and France; and

In view of the fact that every State and country which has tried woman suffrage gives unanimous evidence that the women voters have proved a positive force for good:

We, the undersigned, believe that when the world is fighting for democracy—the right of those who submit to authority to have a voice in their own government—the time has come to take steps insuring political freedom to the women of the entire United States, and we therefore unite in asking the Sixty-fifth Congress to submit a Federal suffrage amendment to be ratified by the legislatures of the several States.

JAMES M. COX, Dayton, Ohio.

Mr. POMERENE. I also have two series of resolutions from the Civic Council of the city of Cleveland, one relating to Government ownership of the telegraph and telephone systems of the country and the other relating to the liberation of Slavic races in Austria-Hungary. I ask that they be published in the Record.

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

Whereas the telephone and telegraph service now given by private companies is inefficient and unsatisfactory; and

Whereas in many cities, Cleveland among them, the private ownership of this important means of communication has led to duplication and consequent waste, which has resulted in further increases in already exorbitant charges; and

Whereas the telephone and telegraph systems are an essential part of the means of communication, and as such should be owned and operated by the United States Government as part of the Postal System: Now, therefore, be it

Resolved by the Council of the City of Cleveland, State of Ohio, That we urge the Congress of the United States to take immediate action toward acquiring ownership of the telephone and telegraph systems of the country and operating same as one unified system; and be it further

Resolved, That a copy of this resolution be sent to the Congressmen from the twentieth, twenty-first, and twenty-second districts and to the Senators from the State of Ohio.

Adopted by the council February 4, 1918.

Approved by the mayor February 8, 1918.

I, C. J. Benkoski, clerk of Council of the City of Cleveland, do hereby certify that the foregoing is a true and correct copy of resolution (file No. 46213) adopted by the Council of the City of Cleveland February 4, 1918.

Witness my hand and seal at Cleveland, Ohio, this 14th day of February, A. D. 1918.

[SEAL]

C. J. BENKOSKI,

Clerk of Council of the City of Cleveland.

Whereas the President of the United States at the beginning of the hostilities between the United States and Germany solemnly declared that one of the aims of the United States will be the liberation of all Slavic races from the tyranny of the Hapsburg dynasty, and explicitly named Bohemians and Slovaks as the nations first to be considered among Slavic nationalities of Austria-Hungary to be independent free States; and

Whereas the President of the United States has again lately stated his war aims and named 14 conditions which must be considered in making peace between the allies and central powers, one of the conditions being the liberation of Poland; and

Whereas Cleveland is a great cosmopolitan city, about 165,000 of the inhabitants being Bohemians and Slovaks (Czecho-Slovak), who are patriotic and loyal to their adopted country and lovers of liberty and law-abiding citizens: Therefore be it

Resolved by the Council of the City of Cleveland, State of Ohio, That the Council of the City of Cleveland request the President of the United States and Congress to consider the freedom of Bohemia-Slovak (Czecho-Slovak) subjects as a free and separate nation, as tens of thousands of these subjects are now in the ranks of the allies fighting for our President's aims. Be it further

Resolved, That copies of this resolution be sent to the President, Senate, and House of Representatives.

Adopted by the council February 4, 1918.

Approved by the mayor February 8, 1918.

I, C. J. Benkoski, clerk of Council of the City of Cleveland, do hereby certify that the foregoing is a true and correct copy of resolution (file No. 46288) adopted by the Council of the City of Cleveland February 4, 1918.

Witness my hand and seal, at Cleveland Ohio, this 14th day of February, A. D. 1918.

[SEAL]

C. J. BENKOSKI,

Clerk of Council of the City of Cleveland.

Mr. TOWNSEND presented a memorial of the congregation of the Sherman Street Christian Reformed Church, of Grand Rapids, Mich., remonstrating against the enactment of legislation granting certain protection to secret organizations, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of Local Lodge No. 29, Independent Order of Odd Fellows, of Battle Creek, Mich., praying that proper conditions may be maintained in the prosecution of the war, which was referred to the Committee on the Judiciary.

He also presented memorials of the Woman's Home Missionary Society of the Methodist Episcopal Church of St. Joseph, of the congregation of the Methodist Episcopal Church of Ludington, and of sundry citizens of Lansing, all in the State of Michigan, remonstrating against the running of railroad tracks directly opposite the Lucy Webb Hayes Training School and the Sibley Memorial Hospital, in the city of Washington, D. C., which were referred to the Committee on the District of Columbia.

He also presented a petition of Fairfield Grange, No. 278, Patrons of Husbandry, of Jasper, Mich., praying for the enactment of legislation authorizing the Secretary of the Treasury to purchase at par the 4½ per cent bonds issued by the Federal Loan Banks, which was referred to the Committee on Finance.

He also presented a petition of Woodbury Post, No. 45, Grand Army of the Republic, Department of Michigan, of Adrian, Mich., praying for an increase of pensions to veterans of the Civil War, which was referred to the Committee on Pensions.

He also presented a petition of the Federation of Labor of Detroit, Mich., and a petition of sundry citizens of Hillsdale, Mich., praying for an increase in the salaries of postal employees, which were referred to the Committee on Post Offices and Post Roads.

Mr. ROBINSON presented a petition of Local Union No. 576, United Brotherhood of Carpenters and Joiners, of Pine Bluff, Ark., praying for Government supervision or ownership of telephone and telegraph systems, and also for the operation of coal mines, etc., which was referred to the Committee on Post Offices and Post Roads.

Mr. MYERS presented a petition of the Board of County Commissioners of Teton County, Mont., praying for the enactment of legislation granting certain rights and issuing certain patents to settlers upon reclamation projects in that State, which was referred to the Committee on Public Lands.

DIPLOMATIC AND CONSULAR APPROPRIATIONS.

Mr. OVERMAN, from the Committee on Appropriations, to which was referred the bill (H. R. 9314) making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919, reported it with amendments and submitted a report (No. 287) thereon.

CLAIMS OF INDIANS IN OREGON.

Mr. McNARY. Mr. President, on the 18th of January I introduced a bill (S. 3572) authorizing the Coos Bay, Umpqua, and Siuslaw Tribes of Indians in the State of Oregon to submit claims to the Court of Claims, and I asked that it be referred to the Committee on Claims, which was done. After considering the matter further, I am of the opinion that it should be referred to the Committee on Indian Affairs, inasmuch as it affects the legislative consideration of the welfare of these Indians. I ask that the Committee on Claims be discharged from the further consideration of the bill and that it be referred to the Committee on Indian Affairs.

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

BILLS INTRODUCED.

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

By Mr. SHEPPARD:

A bill (S. 3935) to prohibit the sale, manufacture, and importation of intoxicating liquors in the Territory of Hawaii during the period of the war, except as hereinafter provided; to the Committee on Pacific Islands and Porto Rico.

By Mr. LODGE:

A bill (S. 3936) to provide temporary increased rank for officers of the United States Coast Guard while operating as a part of the Navy during the period of the present war, and for other purposes; to the Committee on Naval Affairs.

By Mr. SMOOT:

A bill (S. 3937) granting an increase of pension to Rosanna Miller (with accompanying papers); to the Committee on Pensions.

By Mr. JONES of Washington:

A bill (S. 3938) to survey and locate a military and post road from St. Louis, Mo., to Olympia, Wash.; to the Committee on Military Affairs.

A bill (S. 3939) to establish a fish-cultural station in the State of Washington; to the Committee on Fisheries.

A bill (S. 3940) validating and confirming conveyances of lands made by allottees on the Yakima Indian Reservation, in the State of Washington; to the Committee on Indian Affairs.

A bill (S. 3941) authorizing the setting aside of certain lands for highway purposes through the public domain, forests, and other reserves of the United States; and

A bill (S. 3942) making timberlands available for homestead settlement, and for other purposes; to the Committee on Public Lands.

By Mr. MYERS:

A bill (S. 3943) to provide for the disposition of public lands withdrawn and improved under the provisions of the reclamation laws, and which are no longer needed in connection with said laws; to the Committee on Public Lands.

By Mr. CALDER:

A bill (S. 3944) for the relief of Emma H. Ridley; to the Committee on Claims.

By Mr. KENYON:

A bill (S. 3945) to authorize the President of the United States to appoint Fred H. Gallup, major of Field Artillery in the United States Army (with accompanying paper); to the Committee on Military Affairs.

A bill (S. 3946) granting an increase of pension to Warren M. Easton (with accompanying paper); and

A bill (S. 3947) granting an increase of pension to John F. Loehr (with accompanying papers); to the Committee on Pensions.

By Mr. CURTIS:

A bill (S. 3948) to authorize the Secretary of the Interior to adjudicate claims covering the expense of removing certain Choctaw Indians from Mississippi to Oklahoma (with accompanying paper); to the Committee on Indian Affairs.

By Mr. PENROSE:

A bill (S. 3949) granting a pension to John Cunningham (with accompanying papers); and

A bill (S. 3950) granting an increase of pension to Josiah Weaver; to the Committee on Pensions.

By Mr. STONE:

A bill (S. 3951) granting an increase of pension to August Schaeffer (with accompanying papers); to the Committee on Pensions.

By Mr. LEWIS:

A bill (S. 3952) creating a Bureau of Farm Colonization to make a national survey of all public lands suitable for farming, to develop, establish, and maintain in a practical manner rural colonies and farm homes for qualified families; to the Committee on Agriculture and Forestry.

COMMISSIONED OFFICERS IN THE ARMY.

Mr. OWEN submitted an amendment intended to be proposed by him to the bill (S. 3748) fixing the grades of the commissioned officers of the Medical Corps and of the Medical Reserve Corps of the United States Army on active duty, and for other purposes; which was referred to the Committee on Military Affairs and ordered to be printed.

AMENDMENTS TO URGENT DEFICIENCY APPROPRIATION BILL.

Mr. MYERS submitted an amendment proposing to appropriate \$9,117 to pay to Katherine Macdonald, of Butte, Mont., for and on account of unpaid claims held by her on account of work and services performed on or supplies furnished for the construction of the Corbett Tunnel, etc., intended to be proposed by him to the urgent deficiency appropriation bill; which was referred to the Committee on Appropriations and ordered to be printed.

Mr. LODGE submitted an amendment proposing to appropriate \$7,056.37 to reimburse the State of Massachusetts for expenses incurred for supplying State troops at the request of the United States marshal at Boston for guard and patrol duty at Boston Harbor, in the interest of the Federal Government, intended to be proposed by him to the urgent deficiency appropriation bill; which was ordered to be printed, and, with the accompanying papers, referred to the Committee on Appropriations.

DISTRICT OF COLUMBIA TELEPHONE SYSTEM.

Mr. KING. I send to the desk a resolution and ask for its present consideration.

The PRESIDING OFFICER (Mr. NEW in the chair). The resolution will be stated.

The Secretary read the resolution (S. Res. 207), as follows:

Whereas it is reported in the public press that the Postmaster General of the United States offered to take over and operate, in behalf of the United States, the telephone system of the Chesapeake & Potomac Telephone Co., within the District of Columbia: Therefore be it

Resolved, That the Postmaster General be, and he is hereby, directed to transmit to the Senate the proposition made by him to the Chesapeake & Potomac Telephone Co., and also to transmit to the Senate any information which he may possess authorizing him to make such, or any, proposition looking to the taking over of and the operation by the Government of said telephone system.

Mr. KING. Mr. President, there is such a hysterical demand nowadays for the Government to take over and operate everything with which we have to do that we need not be surprised if it takes form calling for governmental ownership and con-

trol of telephones and affects the Post Office Department. I have felt compelled, in view of the statements contained in the public press, to present the resolution and move its adoption.

The resolution was considered by unanimous consent and agreed to.

CONSIDERATION OF TREATIES IN OPEN SENATE.

The VICE PRESIDENT. The morning business is closed.

Mr. BORAH. Mr. President, some time ago I introduced a resolution asking the proper committee to report a change in the rules of the Senate with reference to the hearing upon treaties, and the action of the Senate regarding treaties. At the time the resolution was introduced the senior Senator from New Hampshire [Mr. GALLINGER] made some objection, and in what I supposed was the interest of time I accepted the amendment offered by the Senator from New Hampshire. The resolution as it was finally adopted called upon the committee to make a report upon this subject matter in order that we might have it before the Senate. I should like to ask the chairman of the committee if there seems to be any likelihood of an early report upon it?

Mr. OVERMAN. I must confess to the Senator that I did not know about the resolution. I called the committee together to consider all matters pending before it, and somehow this resolution was not brought before the committee at the time; but, if the Senator desires, I shall call the committee together again. It was my fault, I suppose; but I ordered my secretary to have everything brought before the committee, and I apologize to the Senator from Idaho for not having it considered by the committee.

Mr. BORAH. I have no desire to have an extra meeting of the committee, because all I want to know is that we are making progress and that a report will be made in due time.

Mr. OVERMAN. I am sure of that.

Mr. BORAH. We have plenty of time to deal with it, in case we act in good faith in regard to it, before any treaties are likely to come before us. If the chairman is of the opinion that it will be acted upon at the next meeting of the committee, that will be satisfactory.

Mr. OVERMAN. I assure the Senator from Idaho that it will be acted upon. I shall call a meeting of the committee for that very purpose.

DISMISSAL OF CAPT. ARTHUR E. PERELESS.

Mr. McCUMBER. I gave notice last Thursday that on the close of the morning business to-day I would submit some remarks upon the Bolshevik doctrine in our labor unions and its effect upon our war preparations. The Senator from Montana [Mr. MYERS] desires to take a moment on a matter of personal privilege, and I assume that that is superior to any claim I may have at this time, and, with the permission of the Chair, I yield for that purpose.

The VICE PRESIDENT. The Chair will recognize no one after the Senator from Montana concludes save the Senator from North Dakota.

Mr. MYERS. I thank the Chair and the Senator from North Dakota. I desire to speak but a few minutes, but I can hardly confine my remarks to the limitation of a moment, as by the Senator from North Dakota indicated. I wish to speak for a few minutes on a matter of personal privilege; something in the nature of an explanation.

In the Washington Post of Saturday, the 23d instant, there appeared an article in regard to the action of the Senate Committee on Military Affairs in ordering Capt. Pereless to appear for examination before the committee and give his version as to why he was honorably dismissed from the Army. The article said in part:

The Pereless case goes to the root of the whole question in connection with the pending Senate inquiry—the ability of the committee charged by the Senate with this task to obtain the free and fearless opinions of witnesses summoned to the stand.

It has aroused the interest of Senators regardless of their party affiliations, and, judging by the present temper of the Senate, and the determination to investigate it thoroughly, it may become a cause celebre in the history of the war.

The decision to go to the bottom of the discharge of Capt. Pereless, ascertaining the reasons and the influences which promoted it, if any such suit exist, was reached yesterday at an executive session of the committee, with Senator HITCHCOCK presiding in the absence of Chairman CHAMBERLAIN.

Members of the committee felt that the dismissal of this officer one month after he had testified against the contract, which was canceled as a result of the investigation he had made in his official capacity, and against the protest of Charles Eisenman, vice chairman of the supply committee of the Council of National Defense, was an affront to the dignity of the United States Senate in view of the superficial evidence existing that it amounted virtually to the disciplining of an officer of the United States for testimony given by him at the command of the Senate.

The Senate is jealous of its prerogatives, of the immunity it gives to its witnesses, and of its surpassing dignity as the greatest deliberative body in the world.

It is regarded in some respects as one of the gravest issues ever raised between the legislative and executive branches of the Government.

At yesterday's meeting of the committee there was virtually a unanimity of opinion that the Senate could not afford to permit the incident to pass.

I have no criticism or condemnation for that article, Mr. President. It is not to that that I rise. There is, however, one statement in it about which I wish to make an explanation.

I cast no doubt upon the veracity of the newspaper writer or the accuracy of statement of the article, as far as the actions and attitude of the committee are concerned. However, I want to call attention to the closing statement which I have read. I have the honor to be a member of the Senate Committee on Military Affairs, but I was not able to be at that committee meeting on Friday. I received the usual notice of the meeting; but it gave no indication of the nature or object of the meeting and I did not know what was going to be the subject matter of the meeting. I had no way of knowing, as far as any information that came to me was concerned. As I had other pressing demands upon my time for the same hour, very important matters of another nature to attend to at the same hour as the committee meeting, I was unable to attend the committee meeting. I will say, however, that is the only statement I wish to correct—and I have no grievance as to it, because it is a natural one, and doubtless the writer was sincere in it and was informed to that effect—the only statement that I wish to correct is the closing statement of what I read, that at Friday's meeting "there was virtually a unanimity of opinion that the Senate could not afford to permit the incident to pass."

The action of the committee may have been, and doubtless was, unanimous as to all those who were present, but I want to say emphatically that that unanimity does not include me. It was all right to make inquiry as to why Capt. Pereless was dismissed, but that was done by a member of the committee, the Senator from Colorado [Mr. THOMAS]. He addressed a letter of inquiry on the subject to Gen. Goethals, the Acting Quartermaster General of the War Department, and he received a reply from Gen. Goethals, and that reply was published in the CONGRESSIONAL RECORD, and it was and is entirely satisfactory to me. I believe that Gen. Goethals is an upright, honorable, and truthful man, and when he says that Capt. Pereless was not dismissed on account of any testimony that he gave before the committee, that ends the matter with me. I am willing to accept his statement. I believe what Gen. Goethals says, and I have no disposition nor desire to go into an inquiry, an investigation, as to whether or not he is telling the truth.

So, while I was not able to be present, the statement that there is unanimity in the committee about the action of Friday is not correct. While I was not present, I am a member of the committee, and I emphatically dissent from what was done Friday. If I had been present, I would have opposed the action of the committee on the ground that it is unnecessary, and unnecessarily prolongs the investigation which the Senate Committee on Military Affairs is making.

Furthermore, I take this occasion to say that I not only dissent from that action of the committee, but that I dissent from very many of the things that the committee has done in the course of its investigation of the War Department. Of course, I admit the right of the majority to do as it will—that is, the right so far as the power of superior numbers gives it the right. I realize that the majority must rule, but I do question the justice of and the justification for much else that has been done in the course of the investigation by that committee as well as in the particular instance of its action on Friday.

I simply want to make it plain and emphatic that I am not in accord with the action of the committee that was taken on Friday. I do not consider that there has been any affront to the dignity of the committee or of the Senate or that there is any ground for a feeling of injured dignity on behalf of the committee or the Senate. If the War Department may not drop an officer from its rolls for what it considers good cause without offending the dignity of a committee of this body, then indeed I think the War Department is in a deplorable situation. I am not willing for the statement to go to the public nor to the Senate that the action of the committee on Friday was unanimous, so far as my assent is involved. I want it made perfectly plain and most emphatic that I dissent from the action of the committee on Friday, and had I been present I should have opposed it.

This is all I shall say about the matter at this time, but in the future I may take occasion to make better known and more emphatic my dissent from many of the things that have been done by the Military Committee in the course of the investigation it has been making of the affairs of the War Department. On many things I am not at all in accord with it.

EFFECT OF BOLSHEVIKI DOCTRINES IN LABOR UNIONS.

Mr. McCUMBER obtained the floor.

Mr. GORE. Mr. President—

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

Mr. McCUMBER. I will yield for a question, Mr. President.

Mr. GORE. I intended to state to the Senator the object for which I rose. I have several letters here from farmers in Oklahoma, Kansas, and California in relation to the wheat situation, and I was wondering whether or not the Senator would yield to me to have them read into the RECORD?

Mr. McCUMBER. I wish the Senator from Oklahoma would ask later to have them read.

Mr. GORE. I will not insist on my request.

The VICE PRESIDENT. It is in violation of the rule. A Senator holding the floor can not be interrupted for such a purpose.

Mr. McCUMBER. Mr. President, when the Czar of Russia was dethroned, an element known under the general name of "Bolsheviki" seized and assumed control of the government. I am informed that the word "Bolsheviki," while originally meaning majority, has, by reason of its adoption by the most radical element of that country, come to signify a creed which may be expressed in the words "more, still more, and always more." The combined soldiers and workmen's organizations, through whose ukase government was to be conducted and military campaigns operated, were the followers of this creed of illimitable avarice and impossible application.

The first act of these organizations in assuming the onerous duties of government was to shoot all their military officers and commanders. Their last act was to surrender Russian territory nearly as great in extent as the German Empire itself, and then demobilize the Russian Army, that no patriot might rekindle in their hearts the flame of loyalty and rally them to the defense of their fatherland.

Search the world's history through all its volumes vast, and nothing can be found to even approach this most damnable treachery to faithful and bleeding allies—this blackest treason to country and national honor. For this ignominious surrender under Bolsheviki reign let every Russian patriot for a thousand years wear branded on his cheek the blush of shame.

With this spectacle of national impotency and disgrace before us, and enlightened by the appalling conditions in our shipyards, is it not about time we were turning our attention to the Bolsheviki doctrine of those in our own country who are paralyzing the arms of the Government and imperiling the lives of our soldiers in France?

Mr. President, in the midst of a life and death struggle, when victory or defeat depends upon whether we shall or shall not produce the ships to meet the devastation of submarines and to support our armies, I find these same Bolsheviki sentiments expressed in an address before a convention of boiler makers by an officer high in the ranks of organized labor:

Organized labor is a part, and a powerful part, a real part of the war in the United States. Nothing can take place, nothing can be done unless we are consulted and practically give our consent to it.

Mr. President, in the United States is this true? Is it a fact that this Government can do nothing without first consulting an element in the United States called the labor unions? Is it true that nothing can be done in carrying out great war measures without first securing the consent of this element of American society? I for one do not believe it. When, the other day, there was a carpenters' strike in the shipyards of the United States, the President of the United States, who all along has attempted to do justice, and more than justice, to the American workmen, finding that his patience had become exhausted, stated to those in authority that he would refuse to talk with them and that their duty was to go to work; they went to work. They did so because they well understood that their strike in that particular instance was unjust and that the American people would not stand back of them. And, Mr. President of the United States, the people of this country will back you in this and any other position you shall take to secure just service for just compensation.

Again, said this orator:

We have organized boards, different commissions covering all phases of this war game, and in all these commissions and in all these boards organized labor has its representations.

I think that is true. He proceeded:

You take the shipbuilding, and we are not talking about getting a penny an hour increase now. You remember when we used to strike to get 25 or 26 or 27 cents, an increase of a cent or two an hour. Now we are striking for dollars. We have forgot there is such a thing on the market as a penny any more. It is dollars we are talk-

ing about. Out on the Pacific coast, you know what is going on out there now. Seattle, Portland, San Francisco, all asking for dollars, \$2 a day increase, \$3 a day increase. It doesn't frighten anybody any more. Nobody gets bolsterous about it any more. We are just coming together and going to get dollars now instead of pennies.

Again, he says:

That is only the beginning. We are now working on another plan to handle all the munition plants, outside of the shipbuilding, all of the munition factories where munitions of any kind are made for the Government, either direct or by contract or by subcontract. That commission will handle all that. That will be for the purpose of giving labor the benefit of the increased cost of living, which is climbing head over heels upward every day. And if four jumps \$2 to-morrow, and jumps again the next day, we will call the commission together and jump wages, keep jumping, getting more and more and more. I like that word "more." It sounds good to me. It is natural. It is human.

Mr. President, it sounds like Bolsheviki to me.

Now, I hope the boiler makers in convention here will get in their minds that beautiful thought of "more." Place your officers in a position to go out and demand and then back them up. Give them your united and undivided support. And in this crisis, instead of our organization being wiped out, instead of our power being lessened, we will come out after the war is over bigger and greater and grander and better understood than we ever were before.

Mr. President, that sounds like the Kaiser to me.

Mr. President, all autocrats and all autocracies speak the same language. Unlimited power is always unblushingly frank and brutally arrogant. The Kaiser and his pan-Germans say: The world belongs to those who have the power to take and govern it. They say we have the military power to crush our neighbors and seize their territory that we may extend our domains and dominate the world. We have attained our present greatness by the sword of conquest. Poland, Russia, Austria, Denmark, Holland, France has, each in its turn, surrendered its territory and been compelled to pay us tribute for having dared to attempt its defense. Our motto is "More territory, more power, still more and always more," until the world, lying prostrate at our feet, acknowledges our domination. Place your Kaiser in the position to make this demand and then back him up, and when we shall come victorious out of this war and impose our kultur on the world we shall be bigger, and greater, and grander and better understood than ever before. Mark the similarity.

Mr. President, neither of these autocracies recognizes the rights of other classes or other nations or any standard of equal justice, and, as the world can not submit to the domination of one nation over all the others, neither can this country afford to submit to the domination of any one class of people over all the other people.

Mr. President, we have seen the effect of Bolsheviki government in Russia. So, too, we have seen the effect of this Bolsheviki sentiment, "more, still more, always more," regardless of justice, regardless of patriotic duty, in the shameful delay in ship construction on which the very life of a great world principle depends. Drunken with power, swelled with importance, guided by no standard but that of more, and more, and still more, we are told that all munition plants, every line of industry upon which the life of the Government depends, will soon be reduced to the same condition of dependency and impotency as the shipbuilding program of to-day.

The time has arrived for the American people to accept this challenge and to answer the boast that any organization in time of desperate war needs can throttle our energies and destroy our power. We are a patient people. We wait for those in power to meet a situation. But when they fail, through cowardice or abject surrender to a great wrong, we find means to meet the situation. And, Mr. President, nine-tenths of the people of the United States are not going to have the country held up by the other one-tenth. This country is not Russia, and before we get through with those who are preaching the Bolsheviki doctrine in this country, before we allow this country to be disgraced and dishonored for all time, before we, like Russia, shall betray our allies and our cause, these nine-tenths of the American people will be heard from.

Mr. President, about last September, I think it was, when the I. W. W.'s were strolling through the State of North Dakota, at a time when we had a quarter or an eighth of a crop to harvest, and they were placing pieces of iron in the shocks and holding meetings to prevent the farmer from securing labor to take care of his crops, I received a communication from an organization asking me if the Government would loan them 1,500 rifles and 5,000 rounds of ammunition, and they would take care of the I. W. W. element in the State of North Dakota. I had to inform them that the Government would not and could not do so, but that undoubtedly they could take care of the situation. Only a few days ago a Senator received from my State a circular calling upon people to report at a certain place the number of guns

they had, the kind of guns, the caliber of those guns, and what ammunition they had for their use. The circular was signed "Vigilance Committee" or "Committee of Safety." What did it mean? It simply meant that in a threatening situation, when the Government is so weak that it can not protect its own citizens, there are always a sufficient number of naturally law-abiding men in this country who will take care of themselves just as the miners in the West, without government and without law, took care of the situation in forty-nine. So I repeat, the President need have no fear, the nine-tenths of the people will never allow the one-tenth or any element of that one-tenth to throttle this country. It is not necessary for us to surrender to anything that is wrong—and slacking anywhere is wrong.

While this Bolsheviki cancer, which is sapping our strength and jeopardizing our safety, is not confined to any one class, it nevertheless manifests itself in its most malignant form in supply profiteering and in labor profiteering in our shipyards. I wish to consider and condemn both. In supply profiteering I shall mention the case of but one shipyard. To get the general situation, you can multiply that one by the number of yards in the country.

Mr. President, Hog Island has added a new glory to its name. Everything connected with this shipyard, from the time of the purchase of the land on which it is located, down to the present day, has exemplified in the superlative degree the hog nature of man. The land, as I am informed, was assessed and paid taxes on a base value of about \$100 per acre. It was sold to the Government for \$2,000 an acre. And, finding what an easy mark the Government is, the owner is now bemoaning the fact that he did not ask \$4,000 an acre for it.

Mr. NELSON. Mr. President, will the Senator yield for a moment?

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

Mr. NELSON. The Senator is not quite correct in stating that it was sold directly to the Government. It was sold to the International Shipbuilding Co., which rented it to the Government at the price of 6 per cent upon \$2,000.

Mr. McCUMBER. I thank the Senator for the correction. It was rented to the Government on a basis of \$2,000 per acre.

Mr. NELSON. Yes, sir. What I wanted to say to the Senator is that Mr. Black, who sold the land to this shipbuilding company for \$2,000 an acre, had agreed to sell it the year before, and had an option outstanding, for \$1,000 an acre. As a reward for his getting \$2,000 an acre he has been taken out of civil life and is now a lieutenant colonel in the Ordnance Department of the Government.

Mr. McCUMBER. I thank the Senator.

Mr. KING. Mr. President—

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

Mr. KING. It seems to me, under the facts stated, that that man ought to be court-martialed and dismissed from the Army.

Mr. McCUMBER. The testimony before the Committee on Commerce, as I remember it, showed that it was assessed for about \$100 an acre.

Now, Mr. President, after this land had been purchased and the foundation laid on graft, it was but natural that the superstructure should be in harmony with that foundation; and so every act, every contract, every expenditure for material or labor has been madly, wildly extravagant. The hard-earned dollars of the industrious people of the country, exacted by the heaviest burden of taxation, have been burned in a wild Saturnalia of extravagance. To add to the cost, and thereby increase commissions and profits, the management thought it necessary to have a paper published at the plant. And so writers for the paper were paid from \$500 to \$833.33 a month to write paragraphs concerning this shipyard and to invite labor to that vicinity. Automobiles and trucks were hired at \$25 to \$30 per day for the machines alone.

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

Mr. McCUMBER. Gladly, Mr. President.

Mr. NELSON. I will say that the shipbuilding company at Hog Island has three publicity agents, whose aggregate salaries are something like \$2,400 or \$2,500 per month, for carrying on a publicity bureau at Hog Island, paid by the Government.

Mr. McCUMBER. Yes; I will quote some of the evidence on that point.

Mr. BORAH. Mr. President, may I ask the Senator from Minnesota what are the objects and purposes of this publicity?

Mr. McCUMBER. I will cover that by the evidence in just a moment, if the Senator will allow me.

Mr. BORAH. I shall be very glad to hear it.

Mr. McCUMBER. Freight cars were allowed to pile up and remain unloaded until 1,300 cars stood for long periods of time

without being unloaded while the country was freezing because cars could not be obtained to haul coal.

Mr. JONES of Washington. Mr. President—

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

Mr. JONES of Washington. The Senator may not have observed that in that connection it was also shown that there were 3,000 cars on the way that had to be held up.

Mr. McCUMBER. Yes; I thank the Senator for adding to that.

Contracts were made to pay double salaries for expert services. The cost of the construction, it is now conceded, will be three to four times the Government's original estimate. This single hold-up of the Government will probably cost it not less than \$30,000,000. Just think of the supreme nonsense of spending the people's money to get out a little paper at this institution! I quote from the examination of Mr. Towle before the Committee on Commerce, and this will answer the question of the Senator from Idaho:

Senator VARDAMAN. I notice here that three men were employed as follows: R. N. Hunt, publicity assistant, \$666.66 per month; D. T. Pierce, publicity manager, \$833.33 per month; Thomas B. Reed, publicity assistant, \$500 a month. These gentlemen I understand are the editors of this little paper. Did they really accomplish anything other than furnishing a pretty good story for some very excellent gentlemen?

Mr. TOWLE. The idea was to create interest in the job among the employees.

Mr. Towle testified that in the gathering of machinery, for instance, an ordinary crane that you should buy for from seven to eight thousand dollars cost the Government from twenty to twenty-five thousand dollars. When they needed lumber the lumber dealers immediately added 50 to 100 per cent to their selling price.

Mr. KNOX. Mr. President, may I make an inquiry for information?

Mr. McCUMBER. Certainly.

Mr. KNOX. Were these salaries for publicity, and so forth, paid by the Government?

Mr. NELSON. Yes.

Mr. McCUMBER. Yes; I understand they are.

Mr. KING. Mr. President, if the Senator will yield—

Mr. McCUMBER. I yield, Mr. President.

Mr. KING. I was told on Saturday that, notwithstanding these disclosures, the present person in charge, an admiral, is still perpetuating this publicity organization. Does the Senator know whether or not that is so?

Mr. McCUMBER. I am not informed as to whether it is continuing, but I had not heard that it was discontinued; and therefore I do not suppose that these gentlemen are throwing up these very lucrative jobs.

Mr. KING. Is the Senator a member of the committee?

Mr. McCUMBER. I am not a member of the committee.

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

Mr. McCUMBER. I yield.

Mr. NELSON. I think Admiral Bowles went up there about two or three weeks ago to take charge and to reorganize the institution and put it on its feet. He is gradually weeding out the dead timber. He probably has not gotten around to this part of it yet; and I do not think he ought to be criticized because he has not done all the cleaning out that ought to be done there. It is a big stable to clean out, and he can not accomplish it all in a short space of time. I think if he is left in charge there he will undoubtedly take care of this matter.

Mr. SHERMAN. Mr. President—

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

Mr. SHERMAN. The private pay roll of the American International Corporation and the American International Shipbuilding Co. when the Government commandeered the yard were taken over by the Government, along with the visible property. The Government has had control for some time. The record will show, I think, that immediately upon the taking of the pay roll by the Government the compensations of many of the places then existing, if not all of them, were increased, and very materially increased. In addition to that some of the places to which the Senator from North Dakota alludes were created; but a part of this, at least, was during the latter part, while the Government was in control not only of the pay rolls but of the material delivered, the shipments made, the congestion of cars, and the yard.

Mr. NELSON. Mr. President—

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

Mr. NELSON. I think, with all due respect, that the Senator from Illinois is a little in error. This was an agency contract, and the matter was put under the control of this shipbuilding company; and it is only lately that the Government has intervened directly. While the Government has a right to take possession of the yard, to commandeer it, it has not done so

absolutely. It has simply placed Admiral Bowles in charge of the yard; but it has not been taken over, as it might be, by the Government.

Mr. SHERMAN. Mr. President—

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

Mr. SHERMAN. I do not want to take too much of the Senator's time. It is true that there is not an absolute ownership; but for a long time, beginning probably in September or October last, the Government has had agents and officers in the yard; and the pay roll will show in the case of Mr. Goodnow, who is the general superintendent, an increase of, I think, from \$12,000 or \$12,500 to \$25,000 a year. That was after the Government assumed the pay roll and became responsible out of the Treasury for its payment. It is true, as the Senator from Minnesota says, that there was not an absolute ownership, but there was some Government supervision during that time.

Mr. McCUMBER. Mr. President, let me say that I can only strike the high places. I can only give the headings of chapters, upon which volumes might be written.

Mr. GALLINGER. Mr. President—

Mr. McCUMBER. I yield to the Senator from New Hampshire.

Mr. GALLINGER. As the name of Admiral Bowles has been mentioned—he having been designated, as I understand, to take charge of the situation there in behalf of the Government—I want to say that I have known Admiral Bowles for a great many years, and I shall be woefully disappointed if Admiral Bowles, honest man that he is, does not do everything in his power to remedy this evil which is so apparent.

Mr. McCUMBER. I certainly hope the Senator will not assume that I am criticizing Admiral Bowles in reading his own testimony criticizing the work that has been done there.

Mr. NORRIS and Mr. SHERMAN addressed the chair.

Mr. McCUMBER. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I wish the Senator would explain, unless he intends to do so later, just how this corporation comes in. If there is an official of the Government there that has charge of it, why is there a corporation intervening, and who is it that composes this corporation?

Mr. McCUMBER. I would rather have that stated by some member of the Committee on Commerce, as that committee has been taking the evidence, and it is too long for me to deal with at this time.

Mr. SHERMAN. Mr. President—

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. McCUMBER. I yield to the Senator.

Mr. SHERMAN. I think we ought to especially pay attention to the remark of the senior Senator from Minnesota [Mr. NELSON] that Admiral Bowles has only been up at Hog Island about three weeks, at the outside, and his designation for that work came as a result of these investigations that were had before the Committee on Commerce. I think we all have the very greatest confidence in Admiral Bowles, but the size of the task has been of such a character that he has not yet produced the needed results. I am confident that he will.

Mr. McCUMBER. Going back to this little paper, the wonderful effect of this little paper with its high-priced editors upon the labor is evidenced by the further testimony of Mr. Towle. Let me again quote:

Senator VARDAMAN. We have not seen very much manifestation of a patriotic desire to serve the Government either in price of material or for personal services.

Mr. TOWLE. Only on very rare occasions.

Senator CALDER. Mr. Towle, you said the labor cost is three times that of normal times?

Mr. TOWLE. Yes, sir.

Senator CALDER. Was that given to labor or was it because of waste of time?

Mr. TOWLE. The labor would eventually get all of that, but the amount of work performed by the labor was only one-third of what it would have been and should have been under right conditions.

Senator CALDER. In other words, the men were doing about one-third of a day's work?

Mr. TOWLE. Yes.

Thus we have laborers being paid three times the ordinary wages and performing one-third of the ordinary service, so that each dollar paid out produced about one-ninth of what it would have produced under normal conditions.

Mr. STERLING. Mr. President—

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

Mr. STERLING. I just wanted to ask the Senator from North Dakota, if he would permit me, who Mr. Towle is. What is his relation to the Government or to the shipbuilding corporation? The Senator has introduced him as a witness here, but he did not state the capacity in which he was employed.

Mr. McCUMBER. He has been in charge of that yard, and he was sent there to investigate conditions by the Government itself.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Washington?

Mr. McCUMBER. I yield.

Mr. JONES of Washington. He was not only sent there, but he was a civil engineer, generally supervising the work for the Government—looking after the agency, under Commander Reed.

Mr. McCUMBER. Yes; but, according to his own testimony, the work had begun there long before he was sent to supervise it.

Mr. JONES of Washington. I think that is true.

Mr. McCUMBER. And that is the question, as I understand it, asked by the Senator from South Dakota.

Mr. JONES of Washington. He represented the Government.

Mr. McCUMBER. S. M. Felton, a War Department engineer, stated:

I should estimate that possibly between 5 and 10 men out of every gang of 100 congregated about the plant were busy. I never saw such idleness in my life. Half the men we saw there, if properly organized, would have done more work than all the men we saw.

Think of it! With most excessive wages being paid, only 5 to 10 per cent of the men there were busy when he visited the plant.

Mr. SMITH of Michigan. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. McCUMBER. I do.

Mr. SMITH of Michigan. It may be interesting to note that Mr. Felton, whom the Senator is quoting, is a practical business man and is the president of the Chicago Great Western Railroad. He is one of the men who volunteered their services and has been put in a responsible position in the War Office in connection with the transportation problems affecting that department. He went to study those problems, and in the course of his observations he found that condition.

Mr. McCUMBER. I thank the Senator.

Mr. KNOX. Mr. President, will the Senator pardon me just a moment in that connection?

Mr. McCUMBER. Certainly.

Mr. KNOX. I should like to add to the testimony as to the value of Mr. Felton's evidence by saying that I have known Mr. Felton ever since he came out of college, and that he has earned the reputation in the railroad world that if there is anything so disorganized or so badly gone that nobody else can do anything with it, they send for Felton.

Mr. McCUMBER. His evidence shows that he was more than shocked at the situation as he found it in the shipyards.

Mr. SMITH of Michigan. Mr. President, I will not interrupt the Senator further except to say that, quoting further from Mr. Felton, he regretted the construction there of superfluous tracks, and so forth, which he thought were entirely unnecessary.

Mr. LEWIS. Mr. President—

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

Mr. LEWIS. Joining with both Senators, the Senator from Michigan and the Senator from Pennsylvania, in their tribute to Col. Felton—whom, of course, I know personally, he being a constituent and a personal associate—I should like to ask the Senator whether the evidence does not make it clear that Col. Felton had nothing to do with these enterprises until after these wrongs were set afoot?

Mr. McCUMBER. Why, certainly, Mr. President.

Mr. LEWIS. He was seeking to correct them.

Mr. McCUMBER. He was there to investigate and correct them.

Mr. LEWIS. I thank the Senator. I wanted that clear, as I understood that to be the purpose.

Mr. McCUMBER. Mr. President, this Hog Island carnival of waste and extravagance is not an isolated case. Like conditions prevail throughout the country where speeding-up production has become necessary.

I found, on a visit to Camp Meade one Sunday last summer, about the same conditions. I rode down there at a time when all the laborers were performing their Sunday work. I saw one individual chopping a root off of a stump. Evidently he intended to chop it into a sort of kindling wood so that he could carry it away. A span of mules would have pulled the whole thing out of there in 10 or 15 minutes. He was chopping in a "Weary Willie" sort of a way upon a root that was about 3 inches in width and 6 inches deep. I passed through there and came back in three-quarters of an hour and he had

cut that root nearly halfway off during that period of time. I looked around upon the other workers, and I found they were all working in the same leisurely way. And this was on Sunday, and they were drawing double pay for their work on Sunday!

I made a few inquiries about the situation in the construction of our cantonments, and I found that these men were not averse, on account of religious scruples, to working on Sunday, and therefore they were all present and they got twice as much wages on Sunday, but they laid off the next day and made Monday a holiday, so that they would work no longer than six days and get double pay for the holiday; and that character of service was followed in the construction of every one of our cantonments.

Mr. President, I want to read an article from the Post by a carpenter who was working here in Washington, I think, last October, and his letter was published in the Post. He says:

Editor the Post: I have read the article in the Post last Sunday entitled "Four Men to One Man's Job on Government Work," and I want to say that I can verify this statement, as I am a carpenter now employed in this city. I was sent here a little more than a month ago from the Pittsburgh office of the George A. Fuller Co., and I am working on the building at Eighteenth and D Streets NW.

The Hoover Building, as we call it now—

I came here believing that there was a labor shortage, but I find that there is none.

Not only have we four men for every day's work, but the job is overloaded with superintendents and foremen. I know of some two or three foremen who have but two or three men in their gangs and several who have no gangs at all under them, and these foremen are mostly incompetents, who do not attend to their work properly, with the result that it has to be done over several times.

Mr. Hoover has been preaching economy, and yet on his building there has been expended \$15 for every dollar's worth of work accomplished. I am signing my name to this and you can use it if you wish to.

(Signed) WILLIAM A. YOUNG.

No one has attempted to deny this statement, that we are paying \$15 where we should pay \$1 in the cost of our cantonments.

Mr. President, I think we pay \$40,000 to educate young men at either Annapolis or West Point. There are good engineers who graduate from these academies. Those engineers certainly understand how to build bridges. Those engineers certainly understand how to build a plain board and scantling shack, and that is all that is done in the building of these cantonments. Yet we have to hire men from all over the country to do the work that we have been paying \$40,000 per head to educate men in the United States Army to do. Any one of the officers from West Point, I think, could have taken charge of a single one of these cantonments and produced ten times the results that we got out of the labor employed; and they were not all busy at that time.

Mr. LODGE. May I ask the Senator a question?

Mr. McCUMBER. I yield to the Senator.

Mr. LODGE. Did all these occurrences take place under the system of contracts on the basis of cost and commission?

Mr. McCUMBER. I think they did.

Mr. LODGE. The secret-contract system?

Mr. McCUMBER. I think so; and, of course, there was everything to encourage greater expense, because it meant greater commissions.

Mr. KING. Will the Senator yield?

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

Mr. KING. Is the Fuller Co., of which the Senator speaks, the same company now doing business for some department of the Government?

Mr. McCUMBER. I think it is the same. The same company has its plants in Philadelphia, I think, and in New York, Chicago, and in all the great cities.

Mr. KING. Why is that company and the Sterritt-Thompson Co. apparently favored in giving these contracts?

Mr. McCUMBER. I do not know that. You must ask that question of the department. I do not even know that they are.

Mr. STERLING. Mr. President—

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

Mr. STERLING. The Senator has given some data in regard to the cost of labor under this system of building, the contract or fee system, as it is called. I wonder if the Senator has any data in reference to the cost of materials?

Mr. McCUMBER. Except that which I have read. I have very much more data, but the testimony here shows that for the lumber and the material, taking the Hog Island project, for instance, the charges were from 50 per cent to 100 per cent higher than had been previously charged others.

Mr. STERLING. I speak of that because in a communication made by the Secretary of War to the Committee on Military Affairs it was contended that the cost of material was even less

for the building of these cantonments than in the ordinary market, that they were paying less.

Mr. McCUMBER. I cited the testimony of Mr. Towle that it was from 50 per cent to 100 per cent higher at this particular place, and that in the matter of cranes the Government had to pay from \$20,000 to \$25,000 for cranes that had been selling at from \$7,000 to \$8,000.

Mr. GALLINGER. Mr. President—

Mr. McCUMBER. I yield to the Senator from New Hampshire.

Mr. GALLINGER. Mr. President, this is a very interesting discussion, and I am optimistic enough to believe that it will result in great good, because those in authority can not by any possibility evade the responsibility, and they must look into this matter for the purpose of correcting it.

I believe there is inordinate and criminal waste of the Government money in many of these enterprises. A few days ago I was looking over the building that is being constructed, and I think is almost finished, running along Sixth Street back to the Fish Commission building, covering six or seven acres. One little incident came to my attention, and I would not mention it were it not that I have two witnesses to it who were riding with me in my motor car at the time. A load of boards was driven up. One man took a board from the wagon and six men conveyed it to a space where they were going to work on it. They were supposed to be carpenters. I understand that any man who can drive a nail or saw a board, whether he saws it straight or crooked, is a carpenter nowadays. They were getting a very high wage. That fell under my immediate observation, and, as I said, I had two witnesses to the transaction. Those men were not working, and it is a notorious fact that they are not working to-day. They believe they have the Government in their power, and they are going to do just as they please.

It is reasonable to suppose that if the men who are building ships, or pretending to build ships, and who are getting inordinate wages can carry that work along twice as long as it ought to be carried, they get their big wages, their big commissions, their big salaries for twice as long a time as they otherwise would.

I think it is a scandal, Mr. President, and I believe the discussion we are listening to now will have the effect of remedying many of the evils which exist at the present time.

Mr. McCUMBER. Mr. President, these facts that I have so far given are very unimportant and immaterial compared with what I intend to give before I get through.

Contracts of the most atrocious character, always against the Government, have been O. K.'d by Government officials. The Government pays every dollar of expense for raw materials, and yet pays individuals enormous profits. Men who never saw a shipyard, men who had no capital, have been given contracts to build ships, and they in turn have contracted to sublet those contracts to others, retaining big commissions. Banks have charged immense bonuses for securing contracts for their customers, and all this within the knowledge of, or easily obtainable by, Government officials.

So much for supply profiteering. Now, about labor profiteering. Mr. President, never before have we so needed ships. Never before has the cause of democracy, the cause of these very laborers, needed ships as they are needed to-day. The very life of that cause depends upon ship construction. Now, what is labor unionism doing to help that cause? Now, what is Mr. Gompers doing? We know what he is attempting to do—everything in his power to keep labor organizations loyal to the interests of the Government. But what is labor unionism doing in this battle? Mr. President, in our shipyards it is slacking in a most shameful and disgraceful manner. It is stated that there have been over 3,500 strikes in the shipbuilding industry and those industries connected therewith within a period of six months.

Mr. Frederick Lewis Allen, writing for the Outlook in the issue of February 20, 1918, is authority for the statement that up to Christmas there had been lost through strikes in the shipyards alone 596,992 working days, an equivalent of 30 days for 20,000 workmen, aside from the demoralization caused thereby.

Mr. President, those 20,000 workmen are just as essential and even more essential to the safety of this country and its success in this great war than any 20,000 soldiers we could land in France at this particular time.

Now, let us suppose that 20,000 soldiers with Bolshevik sentiments in their breasts should declare that the conditions or the situation was not to their taste and should refuse for 30 days, for a whole month, to obey the commands of their officers or do anything to carry out a military project. Is it not just as essential that these workmen should perform their duty, and

must the Government stand idly by and allow them to refuse without any occasion, without any reason, to produce the very ammunition and the ships to carry that ammunition to protect our soldiers in foreign lands?

Notwithstanding the patriotic fervor of Mr. Gompers, notwithstanding the fact that the large majority of the membership of these unions may be loyal, notwithstanding his hostility to the I. W. W. doctrines, the fact remains that there are few union organizations to-day that have been able to eliminate from their ranks the I. W. W. element with its anarchistic sentiments, and that many of them seem to be ruled by that element.

I have a short clipping here on the shipping situation from the Scientific American of February 16, and I ask the Secretary to read it.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary read as follows:

THE SHIPPING SITUATION.

In his summary last week of the first year of Germany's unrestricted submarine warfare, Sir Eric Geddes, First Lord of the Admiralty, said: "The submarine destruction still exceeds the production of ships, and in the meantime the demands for tonnage are increasing by leaps and bounds. * * * When we first asked the United States for ships there was a quick response. In no way can the United States help more than in building ships. Is she succeeding? Is she throwing her best brains and energies into it? I hope she is."

Is she? She is and she is not. Congress has done its part by loyally granting every dollar of the vast sums which have been requested. Capital has done its part by the construction of enormous shipbuilding plants and by the enlargement of those which existed. The great industrial plants of the country have done their part by bending every effort to produce the huge quantity of materials needed for the construction of the ships. The press of the country has done its part by explaining the serious character of the shipping problem and urging upon the country the need for pushing it through with all possible expedition.

Nevertheless, in spite of this widespread combination of national effort, the shipbuilding scheme is threatened with failure because the most important factor of its success—the hearty, whole-souled and patriotic cooperation of labor—has failed to materialize.

Mr. McCUMBER. I think no one can deny the truth of that statement.

Mr. THOMAS. May I suggest to the Senator that I do not think Congress will have done its entire part until it enacts appropriate legislation, as Parliament has done, to meet this unfortunate situation, and at least restrict if not entirely prevent it?

Mr. McCUMBER. This whole discussion, Mr. President, is for that particular purpose.

Mr. HOLLIS. Mr. President—

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

Mr. McCUMBER. I yield.

Mr. HOLLIS. Will the Senator kindly repeat that last sentence, in which he says no one will dare deny?

Mr. McCUMBER. I say no one can deny the truth of that statement as to the conditions in the shipping yards.

Mr. HOLLIS. Will the Senator give me about two minutes in which to deny it?

Mr. McCUMBER. No; I can not allow the Senator to interject that at this time, because the Senator can not be unmindful of what has been going on in our shipping yards; and I will take the evidence of all of those who have given their testimony before the Committee on Commerce and the evidence that I shall present as against any one man's mere denial or statement.

Mr. HOLLIS. Mr. President, I do deny it.

Mr. McCUMBER. Mr. President, that denial does not change the truth.

Mr. HOLLIS. But the Senator will not permit me to say why I deny it and present argument on the other side.

Mr. McCUMBER. The Senator will have plenty of opportunity to deny it and to make any argument he sees fit.

In the January number of the Sunset Magazine is an article entitled "Bolsheviks of the West. What the Labor Unions of the Pacific Coast are Doing to Help Win the Great War." Every patriotic American ought to read that article. And after reading it and realizing the truth of it, the American people then ought to say, We will not submit longer to such a state of affairs. Copperheadism in whatever form it may exist ought to be stamped out.

From 20 to 25 ships are going to the bottom of the ocean every week, even during this time of lull, as it is called, in submarine offensive. There are ships on the western coast that are abandoned because the owners refused to compel their deck hands to join the union. There are ships awaiting boilers, and union labor will not put the boilers in because they were not constructed by union labor. What is the Government doing? Why does not the Government take those ships and see that they are completed and put into service, and put into service immedi-

ately? Are we so weak that we have no power to do this? I, for one, deny it.

If large forces of American soldiers are sent across the Atlantic and supplies fail for lack of tonnage, thousands of boys will sacrifice life and health in vain. If only a small force is sent, the duration and cost of the war in both life and treasure will be extended greatly.

It is stated that in the shipbuilding plants on the Pacific coast youngsters in their teens, with only a few months' training, are earning from \$20 to \$25 and \$30 a week. Riveters have earned on piecework and overtime from \$60 to \$100 a week at the old rates before the Federal Adjustment Board had recommended an increase of more than 30 per cent.

Instead of working three shifts a day of eight hours, in order to turn out the necessary shipping, as we should, the shipyards of the West are working one shift of eight hours, plus overtime, and they are short handed even on this one shift.

It is stated in this article that on straight shell work almost any able-bodied, normal man can become a fair riveter with three months' practice. If the material is on hand, the speed of ship construction depends largely on the speed of the riveting gangs: that the average stint of an average riveter on straight shell work is about 400 rivets a day, and to exceed 500 rivets a day is not an unusual performance. Therefore, if we take 300 rivets per day, which is 25 per cent below the average, to constitute a day's work, we will be appalled by the inefficiency, or rather lack of patriotism, on the part of these riveters, or the unions which control them, to perform their duties even for the enormous sums that are being paid them. There is published in this article a table which is explained as follows, and which I shall ask to insert.

The first column designates the individual riveting gang, consisting of the riveter, the holder on, and the heater boy. The second column shows the number of rivets driven by each gang on a day early in October. The third column shows the amount of wages the gang received for the eight hours in which the members were "working." The fourth column shows the amount they would have received had they been paid by the piece at the accepted standard rate per rivet, which averages \$4 per 100 rivets. Hold your breath and study this table carefully:

| Gang. | Number of rivets. | Wages received | Wages earned (piece rate). |
|------------|-------------------|----------------|----------------------------|
| R-1..... | 50 | \$11.10 | \$2.80 |
| R-2..... | 66 | 11.10 | 2.64 |
| R-3..... | 65 | 11.10 | 2.64 |
| R-4..... | 72 | 11.10 | 2.88 |
| R-5..... | 78 | 11.10 | 2.96 |
| R-6..... | 61 | 11.10 | 2.17 |
| R-7..... | 42 | 11.10 | 1.68 |
| R-8..... | 18 | 11.10 | .72 |
| R-9..... | 63 | 11.10 | 2.32 |
| R-10..... | 63 | 11.10 | 2.55 |
| R-11..... | 60 | 11.10 | 2.40 |
| R-12..... | 59 | 11.10 | 1.77 |
| R-13..... | 16 | 11.10 | .72 |
| R-14..... | 44 | 11.10 | 1.79 |
| R-15..... | 52 | 11.10 | 2.60 |
| R-16..... | 50 | 11.10 | 1.12 |
| R-17..... | 55 | 11.10 | 2.20 |
| R-18..... | 55 | 11.10 | 1.92 |
| R-19..... | 58 | 11.10 | 2.32 |
| R-20..... | 45 | 11.10 | 2.28 |
| R-21..... | 50 | 11.10 | 2.00 |
| R-22..... | 23 | 11.10 | .81 |
| R-23..... | 71 | 11.10 | 2.84 |
| R-24..... | 41 | 11.10 | 1.43 |
| R-25..... | 30 | 11.10 | 1.12 |
| Total..... | 1,277 | 277.50 | 50.74 |

It is asserted that if these 25 gangs had done a normal, fair day's work they would have driven 10,000 rivets, 400 per gang per day. Instead of that they averaged 51 rivets per day. Think of it! With this enormous increase in wages, these men, who could and should have driven 400 rivets per day, actually drove 51 per day.

As a rule, it would cost the Government not to exceed 4 cents per rivet. That would be \$400 for 10,000 rivets. According to this table, it cost the Government not \$400 but \$2,175 per 10,000 rivets. In other words, these 25 gangs took \$1,675 out of the \$2,175 for which they rendered no service whatever. Presenting the matter in the form of percentages, the work actually performed was a little more than one-eighth of an honest day's work. Undoubtedly all of this is not due to the riveters alone, but to some extent to the lack of management or lack of organization.

Again, notwithstanding the fact that we were being sorely pressed for ships to partially meet the submarine destruction, all these laborers insisted upon a Saturday half holiday. It seemed to make no difference to them that the submarine did not lay off on that half day.

To show the petty annoyances and the enforcement of these union rules, I quote the following:

If a welder is needed to repair a boiler, he can not do the work himself. A union boilermaker must be hired to sit and watch the welder work with his oxyacetylene flame. By the same token, the steamfitters' union insists that a member be present, drawing pay and doing nothing except to discuss the war while the welder repairs a steam pipe.

To bring this matter into clear relief, I shall ask to read and insert into the RECORD the following excerpt from this article:

A heater boy decided that he needed a rest. Having arrived at this decision, he slipped away, picked out a warm place between two piles of lumber, and went to sleep for two hours. During his absence the riveter and the holder-on twiddled their thumbs, waiting for the red-hot rivets that did not come. The foreman was in a white rage. He demanded an explanation. The boy grinned.

"None of your damned business," he replied, impudently. "I got a right to stay away as long as I please."

The foreman fired him on the spot. Within an hour every heater boy in the plant had quit. A thousand riveters and helpers were idle. In two hours the culprit was back at work—and every heater boy puffed out his chest when the foreman passed.

This incident occurred early in November in one of the big shipyards of San Francisco Bay. It is an incident typical of the spirit in which Far Western union labor approaches the task of building ships for the Government. It is a most significant incident. With the facts to be hereafter recited it shows that discipline in the industrial army is rapidly disintegrating. It indicates that the same processes which turned Russia's military and manufacturing organizations into reckless, heedless mobs are likewise at work in the most important of the American arsenals—the shipyards.

Here is the companion piece of the heater boy episode:

In September all of the employees of a San Francisco factory struck in common with the metal trades. An assistant foreman, member of the machinists' union, noticed that there were scores of loaded cars in the factory yard. He knew that every freight car was needed to haul coal and war supplies; that perishable food materials were spoiling and factories shutting down because not enough cars could be had. As a patriotic duty he offered to unload those cars, but among the union men he found no helpers. He fired the small yard locomotive, hooked onto the cars, pushed them to the big electric traveling crane and single handed, working 14 to 18 hours a day, he unloaded and released for the Nation's use more than 40 freight cars. He also enabled the strikers to start work as soon as they returned.

In France he would have been given the *croix de guerre* for his devotion. In San Francisco he was cited to appear before a court composed of the officers and business agents of the machinists' union and accused of treason. When he asked them whether they placed the welfare of the union ahead of the country's need, they replied that his first duty was not to play the scab. Though he protested that he had done no machinist's work, he was found guilty, fined \$50, assessed six months' dues, and forbidden to work in any union machine shop within 500 miles of San Francisco.

It sounds incredible, but every statement can be substantiated. And this is but one minor occurrence in a mass of facts that throw a glaring light upon the uses to which the war needs of the Nation are put by many of the Pacific coast unions and their leaders.

Mr. President, I ask here to insert, without reading, a couple of very brief excerpts from the March number of the same magazine, written by the same author.

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

The excerpts referred to are as follows:

In the car I found a seat alongside of an intelligent-looking chap. "Working over in the yard?" I inquired innocently. He grinned and nodded. "Been at it a year'n a half now, steady." "Riveter?" "Hell, no! I'm a carpenter, drawing down thirty-nine eighty a week, steady. Could get a lot more if I wanted to, but no overtime for this chicken. Eight hours, steady, is enough for any man." "The work is pretty hard, isn't it?" I suggested. "Not as hard, by a damn sight, as building houses," he replied. "In times like these it's me for the easy pickins."

"I suppose they drive the men pretty hard in the shipyards," I ventured. "Drive 'em?" His tone suggested astonishment. "Say, if they wanted to get a day's work out of that bunch they'd have to have a foreman to watch every man, and then they couldn't do it. The only ones that ain't loafing are the riveters on piecework, the fellows that knock out eighty or a hundred a week, and they don't do all they can. Say, you go in a room on the inside of a hull almost any time, and like as not you'll see six or eight of the straight-time riveters sitting around counting their money or swapping yarns. If the straw boss hollers at 'em, they just pick up and quit. There's dozens of places that'll take 'em, and no questions asked. There's too much work nowadays for anybody to stand being hollered at."

Yet nobody, not even the stingiest employer, would begrudge these union mechanics these very high wages if the union workers would give an honest, full-day's work for a full-day's pay. They don't do it now. Here are a few more instances of what is going on:

A house carpenter went to work in the yards. He was given the job of putting up brackets to support the ceiling in a boat approaching completion. He put up three brackets the first morning. At noon the shop steward of the union came, looked in, and shook his head disapprovingly.

"Put up all those this morning?" he inquired. "Well, three ain't so very much for half a day," apologized the carpenter, "but I'll do better when I get used to the work."

"Do better?" sneered the steward. "Say, if you put up another bracket to-day you'll get canned. Take a walk around, but don't forget that three is a day's work."

Mr. McCUMBER. How long can civilized society live under such conditions?

Mr. President, I made inquiry to ascertain the condition in some of the eastern shipyards from a source which I believed would give me most accurate information, and I received the following table and notations, which I here insert:

Some wages paid at one of America's largest shipbuilding plants, which at the time was running only at minimum capacity.

| Workmen. | Hour- working per week. | Wages per week. |
|------------------|-------------------------------|--------------------|
| Riveters: | | |
| A..... | 50½ | \$7.24 |
| B..... | 55 | 49.11 |
| C..... | 50½ | 52.11 |
| D..... | 42 | 68.32 |
| E..... | 51 | 57.57 |
| F..... | 67 | 144.11 |
| G..... | 78 | 172.50 |
| H..... | 78 | 141.11 |
| I..... | 113 | 86.37 |
| Fitters: | | |
| A..... | 46½ | 60.49 |
| B..... | 50 | 124.81 |

The labor report from which these figures are taken states that although the men are getting this liberal pay they are only 50 per cent efficient. In this yard 18,000 men have been hired during 1917 and only 11,000 have returned to work after working a few days.

Capt. Pillsbury, of the United States Shipping Board, in charge of the work in the San Francisco district, testified that the output of the men in that district was 35 per cent and more below normal, and that while the average number of rivets driven by a riveting gang before present war conditions was 350 per day in the San Francisco yards, it now was only in the neighborhood of 150, and he attributed this in part to the labor unrest, the men moving about, working in one yard and then quitting, and going elsewhere, etc.

I did not understand from this statement whether these wages were paid to the gang or to the individual, and I wrote to get that definite information and received this reply:

With regard to your further inquiry in the matter of the reference given you—of wages given riveters in a certain shipyard—the wages paid in the table noted are not the wages of the riveting gang, but the individual wages of the individual riveters and fitters. Mr. Burton Hendrick, who has made a study of the labor conditions in the shipbuilding yards for some time past, who cited this record, took this from the original pay-roll report sheet in a certain shipyard where he saw this, and the name of each workman was on the original, but in the transcript, for various reasons, these individuals are designated merely as "A, B, C, D," etc. These men averaged in pay, it is noted, about \$90 a week each. There was a labor report made with these pay-roll figures, which stated that these men were only about 50 per cent efficient.

While the conditions in the shipyards of the Atlantic coast are not quite so deplorable, they are, nevertheless, a disgrace to this country. The New York Tribune of February 4 quotes a high official of one of the largest shipbuilding yards in the vicinity of Baltimore as stating that it is impossible to estimate the actual cost of ships under contract at this yard, as the major work done is by the piece. Riveters get anywhere from \$2, \$2.50, \$6, \$8, and as much as \$12 a hundred for rivets, according to location; that in some instances by working time and a half and overtime the men have made as much as \$35 a day, and it is not uncommon for one man to make as much as \$100 a week.

This official goes on to say:

This has brought about a condition which makes the men difficult to control, and they readily tell the boss if there is any complaint raised that they will quit and go to work somewhere else. The result of this is that the men are working at 50 per cent efficiency. They work when they want to and lay off at any time, no matter how urgent the work may be.

Before the war, when there was keen competition, when the men depended on their weekly wage, they put forth their best efforts. Now, when the country is calling for the best that they can produce, there is an utter indifference, and they can not be relied upon.

Mr. President, I am unaware what portion of the men who are giving less than 50 per cent efficiency are American citizens. I have heard it stated that close to 65 per cent were born in foreign countries, and that very many can not even speak our language. I might find some little excuse for their indifference, but can not see how any American, or any person whose nation is in alliance with us in this great war, can square such conduct with any claim to patriotism. The only excuse I can find for this is that they have been misled by the doctrine promulgated by their leaders—the doctrine of more and more and always more—and feel that they are justified in taking advantage of their Government, even to the extent of fatally crippling its war endeavors.

Nor is the Government at all blameless in this matter. On the contrary, it has surrendered soul and conscience, in some instances, to unionized labor. I am informed that on the West

coast the Government itself stepped in and forced yards to either close business or recognize labor unions with all their disastrous rules.

Mr. GALLINGER. Mr. President—

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

Mr. McCUMBER. I yield, Mr. President.

Mr. GALLINGER. At that point I should like to ask the Senator from North Dakota if he can tell the Senate what proportion of the laborers of this country are in labor unions?

Mr. McCUMBER. About one-tenth, I am informed.

Mr. GALLINGER. That is precisely what I have been led to believe is the fact, that 90 per cent of the laboring men of the country are not in labor unions, and yet the situation seems to be dominated by the 10 per cent.

Mr. McCUMBER. It certainly is.

Not only this, but the contracts which are made with the shipbuilding concerns are so drawn as to invite the very practices I have enumerated. To illustrate: If the contract provides that a certain ship shall be constructed for \$285,000, which will yield the contractor, say, a profit of \$35,000, it will specify that the contractor shall pay not less than a certain price, which is set out in detail, for the several classes of labor employed, and certain specified prices for the material to be used, and that, if the expense is greater, the contractor shall still have his \$35,000 above that added expense. So there is no incentive on the part of the contractor to keep down expenses. If he has been paying \$4 a day to his laborers, and they have been satisfied with \$4 a day, the walking delegate will say to these men, "Strike for \$8 a day." He will then say to the contractor, "There is no use in your objecting to this because it does not cost you a cent additional," and the contractor, rather than have a strike, naturally accepts the proposition, and the Government instead of paying \$285,000 for that ship will probably pay \$350,000 or more.

Mr. President, just to show that this Bolshevik spirit is not confined to shipyard employees, but affects the production of food as well, I wish to read a portion of a letter I received from a former resident of my State, on whose probity and conservatism one can well rely:

I think that at the next session of Congress it behooves every American citizen, and especially our Senators and Representatives, to make some provision for the carrying out of a civil government.

In the irrigated district of western Idaho, especially in the Payette Valley and Twin Falls Valley, hundreds and thousands of bushels of apples and potatoes have been destroyed through lack of help, principally, and opportunity to move them into districts where they would be used and were wanted.

Men were paid from \$13 to \$17 a day for picking potatoes and putting them in a sack. They were not satisfied with this, and struck for \$20 to \$24 a day. A great many of those potatoes and apples were frozen. Little girls, boys, and women demanded \$6 to \$8 a day for picking apples or potatoes. Grown men, picking a couple of days at \$15 to \$17 a day and beard, would refuse to work over two days in a week. The rest of the time was spent in pool halls and other soft-drink loading places—and the crop was allowed to be destroyed.

Some law or some arrangement will have to be made to conscript the loafer either to labor or to the trenches, and if another farmer boy is taken from the farm in the coming draft this country will suffer.

Ah, Mr. President! I know only too well the truth of that statement. I know the impossibility of getting any labor upon the farm that will do one-fourth of what a 16-year-old boy can perform on the farm, and he does not work eight hours a day, either. He does well if he gets through, in the busy season, with 16 hours a day.

Now, just how long the American people will submit to being robbed, first by the material man, then by the laborer, and then to having both robberies encouraged and acquiesced in by the Government, the Lord only knows.

As I have stated, I hardly expect that portion of our laborers who are not Americans, but foreigners, to be governed by the same patriotic motives that should control Americans. But I have a right to say to them: "If you come over here and receive the benefit of these American wages, \$10 where you received \$1 in your own country; if you are to receive from \$5 to \$10 a day, while our soldiers defend you and our country with their lives for \$1 a day, you shall do an honest day's work; you shall not help our enemies by stealing time from the Government."

Every man who holds up the Government in this time of danger commits a crime, and every Government official who stands by, armed with the power to prevent such acts against the Government and allows them to continue, is a participant in that crime. Every official who signs such contract, every official who pays, is guilty of assisting in despoiling his own Government in this time of war, and the Congress of the United States which takes no step after the facts are established to stop this spoliation can not clear its skirts from blame.

Mr. President, we already have in our hands the power to obtain everything necessary for this war in the shape of materials for what such materials are actually worth. We do not have to be robbed in getting our materials. If the country is being robbed, it is the fault of the officials in charge and not because of lack of power to prevent it. If the Government needs material it has a right to take it, and if the owner will not accept a reasonable profit the Government can still take it, paying 75 per cent of the price offered and allow the courts to determine what additional should be paid. The labor question, however, presents an entirely different case, and the labor question is a hundredfold more important. Let us therefore see what remedy we can propose to meet that situation.

Mr. President, on the 21st day of January, 1918, I introduced and had referred to the Committee on Military Affairs a bill which would organize into a reserve army the manhood of this country to sustain and support our boys on the battle line. It provided for the registration of all male citizens over 18 and under 62 years of age not called into military service, and their organization into units at their homes. It required no drilling; no uniforming. It interfered with no employment or right to contract for labor. But it did subject the whole or any unit to the call of the Government to perform such service in transportation, ship construction, and war supplies as the Government might require. It contemplated most liberal wages and conditions of service, but also contemplated honest service in return.

Mr. President, this is not a bill to conscript laborers, but a bill to bring to the service of the Government the actual service of millions of men who have never been engaged in any gainful trade or occupation and to make efficient those who are so engaged, to the end that every man shall have the opportunity to serve his country in some way and the Government have the benefit of the just service of every man in these days of dire need. Enact a law of that kind and we would secure this service.

On January 16 of this year I charted the war situation in reference to the resources of the opposing forces in material and man power and the weakness of ourselves and our allies in shipping. The figures I gave and the conclusions therefrom are absolutely correct. I established the fact with mathematical accuracy that to supply even a million men and to supply the minimum demanded of our allies, to just maintain the present strength of our cause, we and our allies should construct or otherwise bring under our control 17,000,000 gross tons of shipping in 1918; that Great Britain could not supply more than 2,000,000 tons, leaving 15,000,000 tons as a minimum to be constructed by the United States. But I am answered that this can not be done.

Mr. President, it can be done, and I shall proceed to show how it can be done.

We have now in the United States about 105,000,000 people. We have the greatest steel and lumber resources and the greatest steel plants on earth, and they are scattered all over the country. Harness the energy of these 105,000,000 people to our vast resources and we can do any and everything required to make a mighty success of this war. It is simply a question of the proper application of the human energy to the problems that are before us. We have that energy, we have those resources upon which it can operate, and we have the intelligence to properly direct it. What, then, are we lacking? Courage. Courage to do the right thing and to do it right now.

Mr. President, as every thinking man knows, this is a battle between productive industries. The real struggle is being fought far behind the battle lines. Those lines are deadlocked, and they will remain deadlocked. Three and a half years of appalling slaughter have not perceptibly changed the western front. As the steady stream of brave men goes down to death a steady stream of living flows in to maintain the level. But the very life of the whole line is dependent upon the productivity of the great industrial world behind it. Clog or break the industrial wheels and the whole line collapses.

More and more it appears to be a question as to which group of belligerents shall be first industrially exhausted; and that depends upon which is best able to conserve and use to advantage every ounce of its productive energy. In this the central powers have an immense advantage over their adversaries:

First, in that autocracy can and does so dominate every avenue of business and so control all labor as to secure the maximum of energy of every man, woman, and child who is compelled to labor and labor to the limit of his or her capacity to support the government. When hundreds of thousands struck about 10 days ago in Berlin, an autocratic Government said: "Be back at your workshops Monday morning," and every man of them was back at the shops.

Second, in that the central powers have millions of prisoners, now slaves, working in every line of agricultural and other important industries that serve the national war ends.

Third, in that all civilians in conquered territory, male and female, capable of performing any labor or service, have been conscripted to produce that which is to destroy their own peoples.

Fourth, in that tributes to the last farthing have been levied upon the peoples of conquered territory—in Belgium nearly \$500 per capita per annum—which vast sums go into the war chest of the central powers.

Fifth, in that all the mines of coal and iron and oil deposits in said conquered territory, without the investment of a dollar in capital, are being worked by prisoners and the products turned into missiles of death against their rightful owners.

Sixth, in that every product necessary to support the armies of the central powers is being produced just back of the lines—and that is a mighty important feature—while those products necessary to sustain the allied powers must be brought from all corners of the earth, across an ocean infested by the deadly submarine.

But, Mr. President, with the United States in this conflict, all these gigantic advantages can be overcome if we, a self-governing people, will consecrate our energies to a degree approximating that which an autocratic governed people yield at the command of a dictator.

Mr. President, we are now facing the supreme test of democracy. Can a self-governing people voluntarily impose upon itself that labor, that sacrifice, that subserviency to the necessities of war which an autocratic government can enforce by a mere word of command? If it can not, it is doomed. I have faith that it can and will answer every sacrifice if the way is clearly pointed out, if the necessity is clearly established, and if the Government will direct the course to be pursued.

And, Mr. President, upon that hypothesis I proceed to point out the way in which we can produce not 3,000,000 tons of shipping but 15,000,000 or 20,000,000 tons, fabricated all over the country, assembled and put together at our ports and set afloat in 1918.

Let this Government say to the American people: The time has arrived in which your Government needs every ounce of American energy in the field of production. This Government proposes to deal with its people in a spirit of most generous liberality. The compensation is and shall be worthy of the majesty of American labor, and in return for that labor must and shall be worthy of that generous liberality. But the Government must treat all alike; it must not impose the whole burden upon those only who will voluntarily assume it.

Mr. President, when this Government proposed the draft system for raising an army, we heard Senators and others declare that it would produce a revolution. I had no such fear. That draft system was so just and so equitable that it appealed to the conscience, the sense of fairness of the American people, and they applauded it. Of course, it found some opposition after it became a law. But this, for the most part, could be traced to a disloyal element, which will always be found in any country.

So when I introduced this bill I found the same people informing me that an attempt to do such a thing would cause a revolution. Mr. President, there can not be a revolution against a just demand. This Government says to its people: We are in a desperate war. Our soldier boys are baring their breasts to the enemies' shells, are interposing their bodies and their lives between our people and the destruction of that freedom which every true man loves more than life. Their sacrifices, their heroisms demand, not that you sacrifice anything on your part, but only that you and every one of you who are here at home, shielded by their devotion, shall perform an honest day's labor in whatever field required, to support and sustain your patriotic brothers. We do not ask uncompensated service, but service paid a better and higher remuneration than was ever received by you before.

Do you mean to tell me that this country has fallen so low, that the men and women at home are so constitutionally lazy or disloyal, that they are not even willing to give honest service for this country and its great cause?

Mr. President, if I had such an opinion of the American people I would welcome a revolution, for, if we are that kind of a people, God knows we are not worth saving.

My proposition is not a labor-conscription measure. It is a conscription of the American manhood of the country, whether laborer, clerk, professional, or official.

Is there a Senator in this Chamber who would not be willing to labor six days in the week and eight hours a day for the next four years to support our soldiers in the trenches? I know many of you work 16 hours a day and dream of your labors the

other eight hours. And do any of you imagine that the rank and file of our American people are less loyal than you are?

No, Mr. President, such a law would not only be the most important, the most effective measure that could be passed, but the very justice of it would drown the protests of the leaders of any organization who should attempt a mutiny against the war requirements of this country.

We have the human energy to win this war and win it quickly, but that energy needs mobilization. At present the greater percentage of it is being wasted or unused. On the whole, it is backed by patriotic impulses, but, unhappily, in many instances those natural impulses have been warped or misdirected by those who are not satisfied with securing justice, but who advocate taking advantage of the present situation and holding the country by the throat until it shall surrender to the most exorbitant demands.

As stated, we and our allies should put 17,000,000 additional gross tonnage of shipping afloat in 1918. If concrete ships can be utilized, we could quickly construct 10,000,000 tons, but as this character of ship has not been used for a sufficient length of time to demonstrate beyond any possibility that there may not yet be some undiscovered weakness in it, we will leave that out of the question in this discussion. I am satisfied that concrete ships will meet the demands, and we should proceed to build them on that assumption—our desperate situation justifies the chance.

But suppose we build only standardized ships. There are sufficient steel mills in the United States, if the production of parts is properly distributed, to make every bolt and plate, every engine and boiler necessary to construct 15,000,000 tons of shipping in 1918, and there are a sufficient number of riveters organized, if they will perform an honest day's work for an honest wage, to put together and set those ships afloat.

You say you are short of labor. I deny it most emphatically. What you lack is mobilization of the labor we have to draw upon and the ability to insist that a day's work by those pretending to labor shall be given for a just and liberal compensation on the part of the Government. There are millions of people in the United States who produce nothing, and millions of others who produce almost nothing and whose services could be enlisted in these days of national danger.

Few people realize what a large proportion of our American population are not engaged in any gainful occupations; in other words, what a large number there are who do not earn their own living.

The Census Bureau gives us the number of those who were not so engaged in 1910. From 1910 to 1916 our population increased about 10 per cent. Assuming that the proportion was about the same in 1916 as in 1910, I am able from the census tables to compute the number of men and women over 18 and under 62 years of age who were not engaged in any gainful occupations in 1916. This computation, and I know it will be more or less astounding, would show males over 18 and under 62 not employed in any gainful occupation, 6,539,652; females over 18 and under 62 years of age not employed in any gainful occupation, 24,963,878.

And so, Mr. President, without even reclaiming the lost efficiency of those now engaged in remunerative employment, we have in the United States 6,539,641 men between 18 and 62 years of age—slackers—who are doing practically nothing and living off of the rest of humanity. Soldiers die for these men. Is it asking too much of them that they at least go to work during the war and do something for their Government? There are 24,963,879 women between the ages of 18 and 62 years not engaged in any remunerative employment. Of course we can not apply the same rule to them that we apply to our male population. While they are not engaged in remunerative employment, most of them are engaged in their household duties, which are just as necessary. They are rearing the families, caring for the children who are to be the bulwark of strength in every conflict that shall darken our country in the future. And yet out of these nearly 25,000,000 there are a vast number whose services could be utilized in many occupations, thereby releasing men for the more arduous labors. All honor to the millions of women who are laboring in the services of the Red Cross and whose industrious fingers in every gathering, day and evening, in private and in public, in social gatherings, and even in the galleries of the Senate, are turning out clothing for our American soldiers. But even in their ranks is a mighty field of opportunity. I note, for instance, in many of our apartment houses in this city young girls are operating the elevators and attending to the doors. There are thousands of lines of light labor which could be performed by women that are now performed by strong men whose physical prowess could well be turned into channels of productivity.

We say we need 500,000 men to assist in shipbuilding. We probably would need that many to build the tonnage that I have spoken of. Where will you get them? Well, I will tell you where you can get a great many. I find in the United States there are:

| | |
|-------------------------------------|---------|
| Landscape gardeners..... | 4,154 |
| Greenhouse laborers..... | 18,476 |
| Male dressmakers and seamsters..... | 1,740 |
| Male clerks in stores..... | 303,147 |

Mark this—

Male clerks in stores, 303,147.
Actors, possibly I should not include these, but in the dire necessity of the country the best actor in the world is the one who can produce for his country..... 17,935

Elevator tenders, nearly every place could be held by a woman..... 27,511

Laundry laborers..... 39,488

Footmen, gentlemen who sit on the box beside the driver and convey the ponderous weight of a lady's calling card to the porter standing at the door with a silver tray to receive it..... 13,750

They ought to be ashamed to be doing it, but if they are not they ought to be sent either out into the trenches or put to some honest labor—

Other men servants..... 112,366

Waiters in restaurants, etc..... 113,239

Making a total in 1910 of..... 651,806

just in those 10 avenues alone, and you can double it and treble it if necessary. This estimate has been obtained by adding 10 per cent to the 1910 census figures.

Mr. President, there has been much said of late about women usurping men's places in the industrial world. But I have heard nothing said about men usurping woman's places in the domestic world. Here we have more than 200,000 men serving as domestic servants and waiters, places a few years ago held almost exclusively by women, and properly so. To me a man is about as much out of his place waiting on a table as a woman would be cleaning a livery stable.

There, Mr. President, is your army—at present a not only useless, nonproductive army, but a very expensive, consuming army—an army producing no surplus but consuming what would otherwise be a great surplus, a heavy load of industrial slackers to be supported by those who do produce. They are not unpatriotic, but acting individually they can not change their environments or occupations. Organize them and they will become a mighty power in helping to win this war. We should begin that organization immediately that they may be ready when called upon. This is the solution of the problem of production.

Mr. President, it would be amusing were the situation less tragic, to note the awakening of those responsible for the conduct of this war to the ludicrous truth that while they have been preparing a large army for France they seem in the beginning to have just forgotten all about the necessity for ships to transport that army and to supply it.

We declared war 10 months ago and immediately began the construction of our army, and the great press of the country also began to discuss what terms of peace should be imposed upon the conquered enemy. It very naturally occurred to some, whose experience in the realities of life had taught them to build their bridges before crossing them, to inquire about the ships to transport and supply an army of from one to five million men; and as the departments made no mention of the matter of transportation as one of the necessary adjuncts of an American military campaign in Europe, but confined their disjointed efforts to raising and supplying the army, some of us sought to attract their attention to this element of preparedness by placing in concrete form the exact situation of the world's shipping at that time, the inroads that were being made by the submarines, the vast excess of tonnage lost over tonnage constructed, and the fact that unless we immediately found means to overcome or neutralize the destructiveness of the U-boat, we should be compelled to enter upon a shipbuilding program far beyond anything the world had ever dreamed of as being within the realm of possibility.

It was impossible to secure any consideration of our plea. We were called pessimists, our prophecies gloomy forebodings.

Mr. President, on January 30 of this year Secretary Baker said in substance: "We have available to be shipped to France 1,500,000 men if we had the transportation facilities." Think of it! One million five hundred thousand men ready to depart to-morrow for France. Can they depart?

He further said: "I am revealing no secret when I say that ships is the crux of our problem." That is your answer, Mr. President, to the charge of pessimism and gloomy forebodings.

But let me ask Secretary Baker this simple question: Why were those words not uttered by the War Department 10 months ago? You knew then just what tonnage you would

need to transport and supply an army of from 500,000 to 1,500,000 men. You knew it would require 9,000,000 tons for 1,500,000 soldiers. You could easily have inquired as to where you were to look for this shipping. If you answer that this was no part of the duties of the Secretary of War, that a Shipping Board had been created for that purpose, and you were concerned only with the creating of an army, then it seems to me you have given an unanswerable argument in favor of a war board that would bring into accord all of the programs of war.

Mr. KNOX. Mr. President—

Mr. McCUMBER. I yield to the Senator.

Mr. KNOX. Would the Senator mind explaining how he formulates the estimate that it requires 9,000,000 tons of shipping to transport 1,500,000 men?

Mr. McCUMBER. To transport and supply them thereafter.

Mr. KNOX. That is what I wanted to understand.

Mr. McCUMBER. While the British in their Boer war needed, I think, between 6 and 7 tons per man. Admiral Harris, I think is the one, gave testimony before the Committee on Commerce to the effect that it would require from 5 to 7 tons per man. I am not certain whether this estimate was made by Admiral Harris or Admiral Bowles. I think both testified on the subject.

Mr. KNOX. That includes the initial transportation and constant operation to keep them supplied?

Mr. McCUMBER. Yes, sir; that was my understanding of it, and a number of others gave like expert testimony before the Committee on Commerce. I am not a member of the committee. There are, however, members of that committee who could give the names of those who gave the expert testimony. I can say also that in addition to this testimony almost every expert over the country has given about the same figures.

Mr. KING. Will the Senator yield?

Mr. McCUMBER. I yield, Mr. President.

Mr. KING. The tonnage which the Senator has given in answer to the suggestion of the Senator from Pennsylvania would also include munitions and guns and all sorts of war material which would be shipped.

Mr. McCUMBER. Certainly, to supply the Army.

Mr. KING. Much of that consists of locomotives and railroad paraphernalia, sawmills, and so forth.

Mr. McCUMBER. Whatever is necessary to take care of our Army and supply it with food and munitions. I am really inclined to think it will take more unless we are able to deal with the submarine, as some think we can deal with it before next August.

Mr. KING. If the Senator will pardon me, is it not fair to state in connection with the Senator's statement that a number of experts have placed the amount as low as four tons per man, including all the war material which will be essential to the maintenance of the Army?

Mr. McCUMBER. Yes; but I beg to state that those who have given that have made no allowance for destruction of ships or other marine casualties and unforeseen delays.

Mr. KING. Yes; that is true.

Mr. McCUMBER. They have made no allowance for it whatever, and I think it safe to say that 6 tons per man is a fair estimate.

Mr. POMERENE. May I ask the Senator a question?

Mr. McCUMBER. I yield.

Mr. POMERENE. What was the maximum estimate?

Mr. McCUMBER. From 5 to 7 tons per man. On the floor of the Senate you had been informed at the very beginning of this war what shipping would be required and what we were up against, but those declarations from the Senate floor could not catch the ear of the public like one coming from the Secretary of War, and nothing short of a miracle could have opened the ears or eyes of the Shipping Board. And so, when 10 months later the Secretary made this declaration, startling only to those who had not given the subject consideration before, the press of the country suddenly caught the alarm, and editorial pages, which 10 months ago were condemning as pessimistic every attempt to awaken the administration to the impending danger of our gross neglect of ship construction, are now sending the S O S signals throughout the land.

Now that we have awakened, now that we have an Army of 1,500,000 ready, now that neither we nor the world have the shipping to take that Army over and supply it, what are you going to do about it? Well, I will tell you one of two things you are going to do. You will either get right down to business and construct ships on a greater scale than you have ever contemplated or you will allow this war to be over before you get into it, and our President's 14 articles of peace conditions will be a less heeded scrap of paper than the Belgian treaty.

Now, Mr. President, there is nothing pessimistic about this at all. It is simply God's truth. Unless we stop our dillydallying, and stop now and get to work, nothing short of a debacle in the central powers akin to that of Russia can save our faces and those of our allies, and I am not looking for anything of that kind in the central powers.

We are about to call for our second draft contingent. What will we do with them? Keep them in cantonments one or two years? Our allies are calling for food. The United States, Canada, Argentina, and Australia combined have an overabundance of food products to answer their call, but there are no ships.

Australia has 300,000,000, I am informed from her last year's crop and will have nearly that much more this spring.

Mr. SMITH of Michigan. Of wheat?

Mr. McCUMBER. Of wheat; and there are more than 70,000,000 bushels of surplus in Argentine, as I am informed, and all this year's crop yet to be handled; but we have not the ships.

So, again I ask, What are we going to do about it? Camouflage our eyes, hide the truth from our own people? The country has finally aroused itself from its lethargy sufficiently to observe that our boat is in the rapids and headed for the cataract. Shall we continue to drift with a drunken stupor of optimism or shall we seize the oars and with the full power of our reserve energies save ourselves from a shameful war failure?

Mr. President, I believe in paying most liberal wages. I believe, strongly believe, that he whose labor produces the things that go into the homes and the lives of the American people should receive a wage that would enable him to enjoy equally with other laborers and workers of the United States in every line of human employment or avocation that which is produced by the efforts of all. That means not only an honest day's pay for a day's work, but it means also an honest day's work for an honest and just compensation.

Mr. President, if I were to declare in a single sentence my own personal conviction as to what constitutes a just compensation for labor or services, I should say, that with the present efficiency of mechanical power in every line of production the compensation should be such as would permit any person, with reasonable industry and frugality, to accumulate sufficient savings to enable him to lay aside the working tools of life at an age certainly not greater than 65, without fear of destitution to himself or those dependent upon him; but that compensation should apply to all services in whatever line, whether in the laying of bricks, in the agricultural field, in the accounting room, in the transportation of goods, in the telegraph, in the telephone, and in all lines of clerical service, due allowance, of course, being given to the necessity for preparation or the arduousness or danger of the vocation.

Whenever, by the edict of any organization, the law of supply and demand is suspended and the wage fixed by such edict is so much greater than the general level of earnings of these others as to make the price of necessary commodities beyond the fair means of the general public, such wage is per se unjust and extortionate. The farm laborer, the clerk, the millions working for very ordinary salaries, have rights equal in every respect to those of the carpenter or the riveter, and in the case of war the Nation has rights superior to any or all of them.

Mr. President, when you send men to France and then allow those who remain here at home to receive either enormous wages for labor which they do not perform or enormous profits on goods furnished, thereby delaying and hindering the Government in its effort to speed up construction, the death of every soldier by reason of this delay is chargeable not alone to the slackers and idlers, but to Members of Congress as well. Can not we appreciate the fact that we have a duty to perform to the American people who are paying taxes, and to the sons and brothers whom we have sent to the war, and that every day's delay in the performance of that duty is an industrial and a legislative crime?

This is not an appeal to any class of American citizens, but an appeal to the American manhood of all classes. Your country needs you. Enlist in your country's cause. You who are younger give to that country your physical strength. You who are older give to that country in whatever line you can serve her interest. We do not ask of you what we ask of our soldiers. We ask them to give their lives. We ask them to labor, not 8 hours a day but 24 hours a day if need be. From you we ask eight hours of honest labor, with no dangers surrounding you, and for that we are prepared to pay you exceptionally high wages. You are, therefore, not asked to yield anything, but rather to serve your country for most remunerative compensation. Is there a true American patriot in the United States who, understanding the situation, is so gov-

erned by his prejudices and so influenced by his leaders that he fails to comprehend the results of his inactivity? Can you not understand that holding back your service, failing to do an honest day's work, if it does not operate to defeat your country will at least continue the war for many, very many months longer, and the death toll due to those added months of slaughter will be chargeable to you who fail to support your country with the very best efforts that are in you?

Senators, recognizing as we must recognize that the compensation assured to every man who will render any kind of service in the field of production is not only most generous but in most instances almost fabulous; recognizing as we must recognize that, notwithstanding these more than liberal wages, in these hours of national danger, the labor performed, in the now most important fields of production, is only about 50 per cent normal or efficient, and in many instances not even 25 per cent normal; recognizing as we must recognize the lack of sufficient shipping to convey our soldiers to the battle's front or support them there, or to supply our allies with the food and war material necessary to sustain them during this war; recognizing as we must recognize that there are millions of able men in this country who are at present nonproducers; recognizing as we must recognize that this crisis can only be met by mobilizing the energies of all our people and consecrating those energies to the cause of production and transportation, are we not serving the interests of our enemies, are we not failing to support our allies, are we not jeopardizing the very lives of our soldiers who, with ardent hearts and patriotic souls, have braved the ocean's deadly zones and left their homes and all that was dear to uphold our honor in foreign lands; are we not betraying the very cause of world liberty and democracy in permitting the continuance of this most pitiful failure to respond to these earnest calls for action?

Mr. President, whatever may be the views of the administration, whatever may be the views of the several heads of departments or boards, whose previous inactivity has brought us to this crisis, however long the public may exercise its hopeful patience, its confidence that somehow and some time we shall see and correct our errors, and that our resources and our bigness will in some way bear down our great adversaries, notwithstanding all these views and these hopes, I assert with all the power within me that the time has arrived when we should call upon every American, whether patriotic or disloyal, to give his energies to the support of this Government; when we should insist that each and every man shall perform an honest day's labor for this most generous wage, to the end that the great cause of this country in the bloodiest battle the world has ever known, shall not be crippled in its purpose by any man or set of men who put selfish greed above national welfare; that this great cause shall not be hampered by industrial slackers; that our hope of victory shall not be shattered by commercial disloyalty, that the very institution of democracy for whose principles and for whose very existence this greatest battle of the ages is being waged shall be vindicated throughout all the world as worthy of all this mighty sacrifice of blood and treasure.

Mr. President, I ask to insert at the end of this address a portion of the letter which I have received upon the labor question. There are but few pages, but it deals with all this labor problem so succinctly and clearly that it is well worth reading.

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

The matter referred to is as follows:

Have you ever stopped to consider, after realizing that this war is nothing more nor less than an industrial balance, what the odds are against us in trying to balance the equation with our geographical handicap? While Germany gathers her raw material, works it, and delivers it on the battle line, all within a radius of a few miles, consider what we have to do to secure the same result. After producing our steel and fabricating it into munitions, etc., at Pittsburgh or some other similar point, we have to ship it a thousand miles to the seaport, while Germany ships hers a few miles to the battle line. This means that we have to maintain, with the use of much labor, extensive railroad systems and equipment, and that we have to mine and use a large quantity of coal for this first operation. Next, we have to build and maintain large terminals, docks, warehouses, trucks, lighters, and various equipment for handling and loading this material at our ports. We must unload it from the cars, transfer it to warehouses and docks, and then load it on ships.

But we must first, before we get this far, take the greater part of our labor and energy to build ships, and to do that we must expend a large part of our labor in mining and producing raw material and converting it into the finished product. After building the ships and making all the tremendous machinery necessary to operate them, we have to mine, load, transfer, and unload vast quantities of fuel to drive these ships, and in that one operation we have to produce and maintain further great transportation investments of labor and material.

After we have thus transferred the products of our labor across the ocean, we must provide great docks, terminals, and warehouses, unloading and handling equipment for the reception of these products of warfare, and we must again handle all this material, unloading it from

ships. We must then manufacture, produce, and similarly deliver it in France, after three to four handlings of labor, all the railroad equipment and rolling stock necessary to remove the shipments from the ports of entry. We must then load them into cars with another expenditure of labor, and then, with a further expenditure of labor and fuel, transport the material across France to the scene of war activities.

Compare this with the one or two handlings of material produced by Germany, with her labor within almost gunshot of the seat of war, and you will realize that in this labor equation we must supply many times, maybe four or five times, the same amount of industrial effort to produce ultimately what Germany can do with the single effort.

This is all very much in point in relation to the labor situation. It explains quite fully why Germany has every present advantage in this war because the industrial equation is all balanced in her favor.

The result is, and the great important point is, that the only way we can nullify Germany's great industrial advantage is to mobilize our industrial labor so much more effectively than does Germany that with the help of France and England we can overbalance the opposing side of the equation.

It must be realized that Germany with her long-perfected system of autocratic organization employs her labor and has mobilized it on the most effective and productive basis possible. It must be equally apparent that with our own industrial energy ineffectively mobilized and inefficiently productive there is utterly no chance in the world of our balancing or overbalancing this industrial equation, which, in other words, means the winning of the war. So far as labor is available the central powers in the present circumstances are at no distinct disadvantage, so far as natural resources and raw materials through which labor expresses itself are concerned, in the ultimate production. The central powers have all the necessary resources to carry on the war. They hold the key to the steel and coal situation, which is the backbone of warfare. In population Germany, with her 70,000,000 people, and Austria, with her 50,000,000 people, combined with the population in the countries overrun of 42,000,000 people, the labor of which is drawn on without pay and without stint, give the central powers a population on which to draw of 162,000,000 people, all of which are geographically concentrated on interior lines.

Opposed to this we and our allies have our own population of 100,000,000 people, the English population of 40,000,000 people, and the French population of 38,000,000 people, and the Italian population of 35,000,000 people, or a total of 213,000,000. But the largest element of this, our own population of 100,000,000, being 3,000 miles away, is equivalent to but a fraction of its nominal amount and in its finality may be considered no more productive and effective in the field of warfare than a population of 30,000,000 people located as is Germany.

So far as available energy, therefore, is concerned, the advantage lies distinctly with the central powers, and so far as the raw materials necessary for the successful application of that energy in this great conflict are concerned the advantage again lies distinctly with the central powers, because the materials necessary for the allies must in large part be brought from a source three to four thousand miles away, with all the loss of energy which I have outlined.

This all comes right down to the fact that we never can hope to do anything in this war without the most skillful and efficient application of the industrial energy we possess. With the present attitude of labor and its attempt to take advantage of this situation to carry on its organization ambitions at such a time at the expense of production and of the country's success it is clear that we are hopelessly increasing our handicaps, which are most formidable under the most favorable conditions. It is absolutely a first essential, therefore, that we enforce the necessary regulations to properly organize our industrial energy and give it its maximum productivity. The logical thing to do is, of course, to conscript our industrial armies, regulate and discipline them the same as we do our fighting armies. It is clear to me, however, that labor occupies a position that will make the actual accomplishment of such a logical outcome improbable. The strength and influence of organized labor, in other words, I believe, as a practical proposition, is too great to hope for such a happy and effective solution of our internal organization.

There is absolutely no reason, political or otherwise, however, why we can not greatly improve conditions and pass a law which will prohibit strikes in any case during the period of the war, and determine all matters of dispute by arbitration. The Canadians have successfully applied this most reasonable statute on their books, and I think we should at least secure this much efficiency in our industrial organization, so that we will not have a continued repetition throughout the year of the strikes which have already greatly demoralized our war efforts, particularly in the all-vital shipbuilding.

I do not believe in class favoritism or class distinction. Both employers and employees should be called upon in the Nation's hour of need to give their best. Whenever either side attempts to take advantage of such a situation for its own gain, it should be promptly disciplined or regulated. If employers attempted, in organized effort, to do what the labor organizations have attempted and will continue to attempt to do—a hampering of production—they would be brought up with a sharp turn, not only by the Government's own disciplinary measures, but by public opinion, and they would well deserve it. That organized labor should be permitted to exploit the situation for the purpose of carrying on its warfare against unorganized labor, and the establishment of closed shops, inflated wages, and reduced production is intolerable, and no influence which they may have possessed should be permitted to allow such conditions to continue. It is the avowed intention of organized labor to attempt, during this crucial war period, to increase its pressure in its effort to spread its organization, and secure closed shops—all with impunity.

Whatever merits may be argued for such a system, the exploitation of the present situation to secure it, at the cost of a national loss, is nothing short of treason, and is worthy of only the severest punishment.

There should also be restrictive measures which would prevent the great loss of energy arising out of labor drifting back and forth, working a few days at one job, then quitting, leaving, and going to another job. The attempt to overcome this by bonus is a makeshift and a failure. This should be prevented by direct restrictive measures and regulations. Such regulations can be formulated and made a part of the Government's laws for supervision in these war industries, so that labor may be made to stick to its job and not cause this tremendous and continuous economic loss of repeated "turnover" and intermittent idleness. Labor would be the gainer, not the loser, under such regulations, and I would recommend for your consideration some suggestions in what you may have to propose that will deal as well with that source of lost energy.

Mr. HOLLIS. Mr. President, in the general indictment of this country and the people thereof that has just been delivered by the distinguished Senator from North Dakota [Mr. McCURRER], my attention is attracted by his charge that the labor of the United States in this emergency is unpatriotic. He challenges anyone to deny that charge. I deny it most emphatically. I ought further to say that the Senator began by indicting the Government, the War Department, the Shipping Board, the capitalists, those who work, those who do not work, those who work in shops, those who work on the farms. With his natural gallantry, he exempts the women, and I thought that he was going, through a sense of pride, to exempt Members of Congress, but before he took his seat he indicted the Members of Congress—all of them.

Let the capitalists take care of themselves; I have no doubt they will. Let the farm laborers take care of themselves, as I know they will, and none will be so devoted to them by the next campaign as will the distinguished Senator from North Dakota; but I do wish to say a word about the specific case of union labor at Hog Island.

It is easy enough to get up and read from some magazine which is controlled by capital, that is dependent for its success upon the contributions from advertisers, that labor is but 50 per cent efficient; it is easy enough to read from newspapers, from some special article written by a reporter who must attract attention by his sensational statements in order to be retained in the employ of the paper, that labor is 50 per cent efficient; but, Mr. President, labor has not yet been heard from in regard to the Hog Island inquiry. It seems to me that the operations at Hog Island have been somewhat discouraging. We are called on, as the Senator from North Dakota calls on us here now, to build ships, and it is said, "Do not be so careful about what they cost, but build ships." The Shipping Board turned to the captains of industry of this country, Stone and Webster, Mr. Vanderlip—the list of names sounds like a meeting of the American Manufacturers' Association, in combination with the American Bankers' Association and a Republican convention. Those men were told to build ships and to build shipyards, and then the evidence comes in that they have been wasteful and extravagant about it. There are Senators now at Hog Island investigating that subject, and we shall get the truth from them; but when these capitalists are charged with extravagance it is attempted by them to lay it on organized labor and to say they are not driving as many rivets as they did before the war. My information is that laborers have been taken there and kept day after day without having a chance to work; that they have been taken there and set to work, and yet there is no place for them to live, except miles and miles away, so that it takes them hours to get to their work. How can a man drive rivets when he is traveling on street cars or walking back and forth to his work?

I am told that the rivets that have been furnished by the capitalists of this country are deficient; that they are not made of the proper material; that they can not be clinched. I am also told that the pneumatic power furnished for driving rivets has been insufficient, due to the lack of coal or due to cold weather.

I do not know but that the labor at Hog Island is deficient in some respects. That would not be surprising, for the best workmen are the men who are living in their own homes. They will not leave New Hampshire, they will not leave New York, and they will not leave Ohio to go to Hog Island to work when they are satisfied with their conditions at home. You get the floaters for that work; you get the men who are looking for a chance to improve their condition; who are looking for a small day's work for a large day's pay, perhaps. You will not get the best men there at first, though they may come later.

There will be impudent boys; there will be boys who will not work; you can not help that; but those isolated cases do not prove that the great bulk of American labor in this country is unpatriotic. If I believed that statement, I would favor making immediate peace with the Kaiser on the best terms I could get. We can not win this war unless American citizens generally and American workmen in particular are patriotic.

It is no way to make workmen satisfied and contented and efficient to call them names; to call them Bolsheviks; that is not the way to do it. There is a great labor problem in this country; there is a greater one in England; there is a great one in France; and the greatest one of all in Russia; but the way to solve that problem is by calm, dispassionate argument and debate and counsel with one another, and not by abusing labor and making ex parte statements against them.

Mr. SIMMONS obtained the floor.

Mr. GALLINGER. Mr. President, will the Senator from North Carolina permit me a word before he makes his motion?
Mr. SIMMONS. I yield.

Mr. GALLINGER. Mr. President, during the debate on the shipping problem I have remained silent for the purpose of saving time, although I have been tempted on several occasions to speak. I go back to 1904, when the Merchant Marine Commission traveled over this country and Europe collecting data in reference to the shipping question, particularly with reference to our merchant marine, upon which subject the commission made an elaborate report and submitted a carefully prepared report. Had that bill, which was presented to both Houses of Congress, been enacted into law, we would not have been in the plight in which we were when this war commenced.

Had the bill, which proposed the establishment of 10 lines of steamships traversing almost all the oceans of the world, become a law the cost to the Government would have been about \$2,000,000 the first year, with a largely decreased cost for subsequent years, because of the increased tonnage taxes that the bill provided. It is safe to say that \$15,000,000, covering a period of 10 years, would have given the country a fleet of steamships that would have been the marvel of the world and would have been of inestimable value to the country when we engaged in the present war. It should be remembered that it was pointed out by me at that time that if a great European war between the maritime nations of the world should result our transportation system would be entirely broken down, as the foreign vessels then carrying our goods would be called into the service of their respective governments, the very thing that has happened; but that proposition was defeated, and as a result we have in the last year appropriated nearly \$1,000,000,000 for the building of ships of one kind or another, a considerable portion of them being of wood, the value of which has yet to be determined. We were then building ships at \$45 per ton, while we are now paying about \$175 or \$180 per ton, and the cost to the Government and the people of the United States that has resulted as a consequence of the defeat of that legislation, which was recommended by the Merchant Marine Commission, is a sad commentary on the wisdom of the Congress of the United States.

But, Mr. President, that time is passed; that legislation which would have done so much for the country, which would have given us fast mail steamship lines to all parts of the world, with auxiliary ships to convoy our merchant ships and our battle fleet, was defeated, and we are now face to face with a proposition to build ships as best we can and at a cost which is almost beyond belief.

I have had little faith in the scheme to build wooden ships. I recall the fact that Daniel Marcy, a distinguished Democrat, of Portsmouth, N. H., representing at one time his district in the other House of Congress, when he built ships, built them out of live oak, and when they built ships in Bath, Me., they built them also out of live oak, but we are now building ships out of pine, and I am very much concerned as to what will be the result. Of one thing, however, I am sure, and that is that when this war closes, whether it be within one year or five years, we shall have a job lot of worthless ships on our hands that will have cost this country an enormous amount of money.

Now, what I want to say is this, that while I have no disposition to attack the Government—the administration of the War Department or the Navy Department or the President himself—in this matter, I do insist that if there is waste, if there is a lack of economy either on the part of labor or on the part of those who are taking these contracts, if contracts are being made upon a basis that is not wise, that wastes the money of the people of the United States, those contracts ought to be abrogated or a different system adopted by the Government.

I think, Mr. President, that what the Senator from North Dakota said to-day will have an effect to bring about just that result.

I do not unqualifiedly indorse all the Senator has said, because I do not know the facts, but I believe that he has presented an indictment against somebody—perhaps against a good many people—that will be given due weight by the President, by the War Department, by the Navy Department, and, more particularly, by the people of the United States, who, after all, have got to pay in taxes the enormous cost that is being fastened upon them as a result of the necessary legislation that we are enacting to carry on the war to a successful issue.

The unwisdom of what Congress did in the past in reference to shipbuilding is admitted by all, but that fact makes it all the more imperative that we should now hasten the work and prepare ourselves to do our part in the great conflict in which we are engaged.

I thank the Senator from North Carolina for giving me an opportunity to say these few words on a subject in which I am profoundly interested.

WAR FINANCE CORPORATION.

Mr. SIMMONS. I move that the Senate proceed to the consideration of Senate bill 3714, commonly called the war finance bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Carolina.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 3714) to provide further for the national security and defense and for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and for other purposes, which had been reported from the Committee on Finance with amendments.

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

The PRESIDING OFFICER. 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:

| | | | |
|----------------|------------------|--------------|------------|
| Fankhead | Hollis | Norris | Smoot |
| Borah | Johnson, S. Dak. | Ov-rman | Stone |
| Calder | Jones, N. Mex. | Owen | Sutherland |
| Coit | Jones, Wash. | Page | Swanson |
| Culberson | Kendrick | Pheelan | Thomas |
| Curtis | Kenyon | Poinexter | Tillman |
| Dillingham | Kirby | Pomeroy | Townsend |
| France | Knox | Shafroth | Trammell |
| Frellinghuysen | Lewis | Sheppard | Underwood |
| Gallinger | McKellar | Sherman | Wadsworth |
| Gerry | Martin | Simmons | Warren |
| Gore | Myers | Smith, Ga. | Watson |
| Hale | Nelson | Smith, Mich. | |
| Henderson | New | Smith, S. C. | |

Mr. STONE. I desire to announce that my colleague [Mr. REED] is absent from the city on committee or official business.

Mr. NELSON. I wish to announce that the Senator from Utah [Mr. KING], the Senator from Delaware [Mr. WOLCOTT], and the Senator from South Dakota [Mr. STERLING] are necessarily detained from the Chamber in connection with a hearing before a subcommittee on an important bill.

Mr. LEWIS. I desire to announce the absence of the Senator from Oregon [Mr. CHAMBERLAIN] and the Senator from Kentucky [Mr. JAMES], caused by personal illness.

I also desire to announce that the Senator from Kentucky [Mr. BECKHAM] is detained on official business, and that the Senator from Florida [Mr. FLETCHER] is necessarily absent.

Mr. CURTIS. I wish to announce the absence of the junior Senator from California [Mr. JOHNSON] on official business. I will ask that this announcement stand for the day.

Mr. JONES of Washington. I desire to state that the Senator from North Dakota [Mr. GRONNA], the Senator from Arizona [Mr. ASHURST], and the Senator from Idaho [Mr. NUGENT] are necessarily absent on official business connected with Indian matters.

Mr. KIRBY. I announce the unavoidable absence of the Senator from Arizona [Mr. SMITH], who is detained from the Senate on account of sickness.

Mr. MYERS. I desire to state that my colleague [Mr. WALSH] is still detained from the Senate by illness.

The PRESIDING OFFICER (Mr. NEW in the chair). Fifty-four Senators have responded to their names. There is a quorum present.

Mr. SIMMONS and Mr. PHELAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. SIMMONS. Mr. President, I am advised that the Senator from Oklahoma [Mr. OWEN] has given notice of his purpose to speak. I am also advised that the Senator from Illinois [Mr. SHERMAN] desires to submit some remarks to the Senate concerning another matter than this bill. Under the circumstances, and at the request of several Senators, I have concluded not to ask the Senate to proceed with the unfinished business this evening; but I give notice that on to-morrow, immediately after the routine morning business, I shall call up the unfinished business and as the Senate to proceed with its consideration.

Mr. CURTIS. Mr. President, in common with other Senators on this side, I was unable to hear the announcement of the Senator. We should like to know what the announcement was with reference to this bill.

Mr. SIMMONS. I stated that, in view of the fact that certain Senators desire to address themselves this afternoon to another subject than that contained in the bill, and, at the request of a number of Senators, I have decided not to ask the Senate to continue the consideration of the bill this afternoon; but in the morning, immediately after the routine morning business, I shall ask the Senate to proceed with its consideration.

LABOR AND THE WAR.

Mr. SHERMAN. Mr. President, at the time of the formation of the Council of National Defense, after the passage last April of the resolution declaring a state of war to exist, there was a substantial concurrence of opinion among the authorities representing both employers and employees on the council. There were present representatives of the unions, their responsible officers, those who are unquestionably patriotic and trying to give their best service and to induce their different locals to give of that service to the preparation for the task that faces the country. It was agreed that this should be the foundation:

That employers and employees in private industries should not attempt to take advantage of the existing abnormal conditions to change the standard which they were unable to change in normal conditions.

There was a wage commission provided for the settlement of differences that might arise out of each change in the cost of living as affecting rent, provisions, clothing, and the like. This agreement has been in constant operation since that time; the changes that have occurred from time to time have been met, and there is no occasion with conditions facing the country with this agreement—

Mr. BORAH. Mr. President, I rise to a point of order that the Senate it out of order. We can not hear the Senator at all. The PRESIDING OFFICER. The Senate will be in order.

Mr. SHERMAN. Mr. President, it is the Senate's own business, I presume, what kind of order it preserves, and I thank the Senator from Idaho for reminding it of its own duty to preserve its parliamentary self-respect. So far as I am concerned, I will make myself heard if I want to, and if I do not I can talk without an audience in the Chamber. The galleries are always here, and, after all, most of us are talking to the galleries, anyhow. We are getting used to empty seats. I am perfectly oblivious to the order preserved or to anybody's being present except the reporters, to whom I can dictate, and who are very appreciative of anything that may be said. I hope this will be permitted to be stricken out of the RECORD when I come to revise my copy, Mr. President. It is an interpolation, but I appreciate the effort to preserve order.

I recur now to the point which I was attempting to make a while ago. The Bureau of Labor Statistics have made a report and used up a great deal of paper, which is valuable nowadays. From that report I find that in the month of September, 1917, there were 283 strikes and 7 lockouts, and that the total number of working days lost in the month of September was 1,031,443. Since September, 1917, the strikes have been just as frequent, or more so, and probably the reports from the bureau will show a greater loss of days' work because of strikes, and possibly some lockouts, than indicated in the month of September, 1917. This goes to show that the men who are at the head of the labor movement find it impossible to control the locals, or the individuals in the locals, in order to obtain from them full service. This is a condition. It is not because the heads of the labor unions are willing to have it so, but because they can not control them so as to obtain full service from the members of the different unions throughout the country.

I am particularly moved to add this to the remarks of the Senator from North Dakota [Mr. McCUMBER] because it will appeal to the persons who are striking. Ultimately, if the strikes continue, it must impair our ability to win. We can not lose a million workdays every month in the year—the average of September, 1917—and reach our full fighting strength in this country. I am not violating any confidence when I state that at least one very eminent authority in this country, in a hearing, said that the inability of the country to receive a full day's work, and the failure of the unions of the country to perform their duty in time of war, were slowly exhausting the resources of the United States for war purposes. I am moved to say this in the hope that here and there there may be some member of a union who will feel himself to some degree individually responsible for giving a fair day's work for a fair wage, and that he will postpone the settlement of his difficulties until peace shall have been concluded.

Coming from Amsterdam, under date of January 30, there is an extract from the German metal workers' paper. It shows that the great international strike in Germany came to an end, and the labor movement is richer by a very grievous experience. It shows, too, that the minister of the German Government in charge of this matter would not discuss the demands of the strikers when they were presented to him.

The strikers, through the heads of the workmen's committees, presented a series of demands, including a fair distribution of food, the introduction of the eight-hour day, suspension of martial law, grant of right of free assembly, the introduction of equal direct voting, peace without annexations or indemnities,

permission to establish a labor journal, and nonpunishment of participants in the strike. The minister refused to discuss these demands. He stated that work would be resumed the next morning, Friday, or the matter would be referred to the military commander.

He added that the working people would suffer heavily if, against wiser counsels, they persisted in their strike. The delegate reported the result of this interview to the strikers. It was hardly to be expected, in view of the existing excitement, that a vote to resume work would be passed. All entreaties were in vain, and the strike was to be continued. A few hours after this fateful decision had been taken the orders of the military authorities were posted up in the streets of Berlin and in all the striking centers of the country. These required that work should be resumed on Friday morning, in default of which strict conditions of martial law would be introduced. I should like to have the workmen who are going out on strikes in this country keep this in mind when they are misled by those who tell them that they ought to take advantage of these conditions. The instigators of the general strike were the first to return to work, while the mass of the strikers gathered at their meeting places, where the authorities would allow no assembly to take place. Meanwhile a special military court had been set up, working day and night. The arrests and trials numbered more than 100, and terms of imprisonment up to 10 months were imposed. Workers between the ages of 17 and 48 who were subject to military service were brought under military control, and were ordered to perform certain work for which they would receive only military pay. Large numbers of working people gave up their membership in the local trade organizations, and the heads of families who struck were impressed into the military service, sent into military areas, put in the trenches, and paid military wages. This is the imposition of the rule of an autocratic form of government upon labor people. I wish every laboring man in this country, whether a member of a union or otherwise, would remember that we are fighting to preserve a form of government where such methods are not used either in peace or in war.

I think the remarks of the Senator from North Dakota [Mr. McCUMBER] are pertinent to-day. I have no answer to make to the comments of the Senator from New Hampshire [Mr. HOLLIS]. I am not unfriendly to organized labor, but I do wish organized labor, while this war is on, to take no advantage of the emergencies facing the Government, but to give loyal service, and wait until time of peace to settle controversies about the open and closed shop, the number of hours to be worked per day, and the conditions attending their time of service.

It is this, Mr. President, that I particularly desired to be added to the remarks of the Senator from North Dakota, showing the difference between an autocratic form of government in settling strikes and a democratic form of government. Those two forms of government are on trial, and if we can not get from the labor of the country and from our resources something equal to the wages or commensurate with the effort they put forth, the republican form of government can not seek to compete in the battle fields with an autocracy. We must approach at least fairly the despotic measure of military efficiency. We will not get it as the Kaiser is getting it out of his subjects, whether willing or unwilling, we will not hope to approach it closely, no people's government seems to do so; but we must approach it nearer than we are approaching it now or we can not hope to succeed in the struggle the larger part of which is yet to fall upon us in the future.

Mr. OWEN obtained the floor.

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

Mr. OWEN. The Senator from California, I understand, wishes to proceed for a few minutes. I yield to him.

Mr. PHELAN. Mr. President, I listened to the speech of the Senator from North Dakota [Mr. McCUMBER] and expected an adequate reply to be made which would go out to the country at the same time; and whereas the Senator from New Hampshire [Mr. HOLLIS] made a reply, it was only to that part of the Senator's remarks which referred to American labor.

I think it unfortunate that the Senator from North Dakota should have selected this day, of all others, to bring up the matter of the Hog Island contract, because I, in common with many of my colleagues, desire to hear more fully from both sides the circumstances which have created a scandal. The Senate committee in charge of the investigation is absent at this moment at Hog Island for the purpose of determining the facts; and as the members of that committee are most familiar with the developments brought about by the investigation, of course they would have been best equipped to have given us accurate information at this time. But they are absent. I do

not for a moment desire to create the impression that there is any objection from any quarter, so far as I know, to a full and free investigation of all matters affecting the executive branch of this Government. I may say for myself that I voted for the Weeks amendment, which intended to create a permanent committee of this body to check, so far as possible, the expenditures of the executive departments and to pour the light of publicity upon every act of the administration, in order to preserve pure the operations of every branch of the executive departments of this Government; because light and air are necessary in a democracy for maintaining such conditions, and no man seeking the best for the Government, without any respect whatever to party considerations, should dissent from the general principle of investigation.

Those who objected to the Weeks amendment, probably wiser than myself, said that the work of investigation could be done more properly and better by the standing committees of this body—the Military Affairs Committee, the Committee on Commerce—and I bowed to their superior judgment, because these committees have taken up vigorously the investigation of the affairs of the executive departments of this Government; and certainly no reflection can be made upon the executive departments of this Government, so far as concerns their willingness to reveal information and to lay before us and before the country the exact facts, so far as they possess them. I do not know that there has been any accusation to the contrary from any source, and I was astonished at the statement to-day of my friend and colleague from Montana [Mr. MYERS] that he was opposed to the action of the Military Affairs Committee, of which he is a member, in deciding to investigate the case of the dismissal of Capt. Pereless. I should think the learned Senator would have waited until the evidence was all in before he prejudged the case.

I am not willing to accept the unsupported testimony of any one man in a judicial investigation, in a matter which I regard as of the most serious importance—that witnesses called before committees of this body should be exposed either to censure or to dismissal. It having been ascertained that his testimony before committees of this body was the cause of his dismissal from the service, it should at once arrest the attention of Congress, in order that it may preserve the integrity of its proceedings and its independence as a coordinate branch of this Government.

So there is no apology to make for the administration, and I submit that in the matter of the Hog Island scandal the President of the United States, before any action was taken by the committee in the way of pursuing their investigation on the ground, which they have wisely done, ordered the Department of Justice not only to investigate but to prosecute should it find evidence of wrongdoing. There is that disposition in the White House, which we all applaud, not only to carry on the war efficiently but to carry it on as economically as possible. But war is not economical. War is wasteful. It has been said of war that it wipes the people from the face of the earth as though heaven had repented the making of man. It burdens the people with debt to pass down from one generation to another like the curse of original sin. Its evils can not be written, even in human blood; and in that view all discussion here seems trivial. We are in the presence of a great world tragedy, and we are not counting the cost, but appropriating in Congress billions of dollars, always solicitous, however, to see that the money is expended wisely and economically; but expending billions of dollars, whereas but yesterday economy, retrenchment, and reform were party shibboleths, now they are cast aside, because we are in the presence of a great danger affecting our very national existence, our rights, liberties, and institutions. It is well, in passing, to comment upon laxity of expenditures for the purpose of getting the greatest amount of good out of the money that we appropriate; but it is no time in any other spirit than that of constructive criticism to cavil and to doubt.

I have heard of the cost of cantonments. There are cantonments in my own State. I have seen them grow up as in the night, under efficient labor, well directed. I did not inquire what they cost; and yet I know from the Council of National Defense that their only purpose was to have the work done, in order to house the soldiers of the Republic before the winter came in to decimate their ranks by disease and exposure. In that spirit, work was given to the builders: "Go ahead. Build the cantonments. You shall receive for your superintendence a percentage of so much."

There was no attempt to put out the work at competitive bidding. They could not spare the time. The Nation demanded that its sons be housed properly. So the only purpose in the minds of these men was not to save money but to spend it, because by attempting to save it they would delay the con-

struction a month or two months. Maj. Starrett, at the head of construction of the Council of National Defense, told me that he was well aware that there were slackers among the workers, and that they had employed secret-service men to detect the slackers, and they did detect slackers, and they dismissed them, hundreds of them, in the camps where the construction was going on, in the interest of wise administration and economy. They tried to check in their department, so far as cantonment construction was concerned, that wave of extravagance which has gone over the whole country.

Everything has gone up in price; and as to the laboring men of the country, they have, I suppose, in common with others, found this an opportunity for bettering their condition, so far as the receipt of increased pay is concerned, justified in part by the high cost of living, the cost of housing, and the cost of heating, the cost of food, of shoes, of clothes. Why, we have gone to the extent, sir, of even constructing houses for these men engaged in great public works, on account of the inadequacy of the habitations now existing; and where there was that extraordinary demand there was an extraordinary increase in rental value, even in the District of Columbia, where Senators and Members of Congress are ousted from their houses where they have not been protected by contract. It is universal. It does not apply alone to labor.

I remember a few years ago, when the Democratic Party was in the minority in this Chamber, that the "captains of industry," the "malefactors of great wealth," in the euphonious language of a great Republican leader, were profiteering during times of profound peace to a degree which excited resentment in the minds of those who worked by the sweat of their brow, who regarded men in high places as taking advantage of their superior position and trafficking with the Government. You recall those days. And now my friends on the other side of the aisle, representing the great Republican Party—I hesitate to introduce party matters on an occasion of this kind—seem to be of one mind in reproving the labor of this country for attempting, if you please, to put itself in the position enjoyed a few years ago by the employers of the country.

I do not know that one is entitled to more criticism than the other, but I am quite certain that these stories of profiteering, not only in the past but to-day, have been, by the force of their example, one of the causes which have led to economic unrest among the laboring men of this country. I say, I hesitate to speak in a partisan sense or to refer to the painful past. I am not very much of a partisan. I am with these gentlemen in every legitimate investigation which they may choose to make and the punishment of every malefactor without remorse; but I read an article in the morning Post to-day, and when I heard the learned Senators on the other side as I came into the Chamber discussing with much heat these grave affairs I reverted to the column on page 2 of the morning Post, which began:

Republican drive near. Fight to control Congress begins with Hays's arrival. Chairman due to-morrow. Announces that he is willing to work under the direction of Chairman Woods, of the Congressional committee. Leaders sure of victory. Could control House now.

So we are drifting away from patriotic thought to party considerations, and the opening cannon of the campaign is to be heard to-morrow; and as a preliminary barrage fire, I suppose, we have had this drive in the Chamber to-day, when these gentlemen gallantly went "over the top," having had some inspiration in this purpose of one of our great political parties of beginning a movement, I hope, for the edification and not the confusion of the American people. If they have merit in their cause; if this administration fails in its work or hesitates to punish those who have failed them, either treasonably or actuated by meaner motives of greed and of gain, I say, may they triumph! The country can survive with either political party in power; but I think it is an unfortunate time to indulge in destructive criticism. The administration has done its work—extraordinary and tremendous, in a few brief months—I think, with the approval of the American people; and where there has been laxity, where there has been scandal, I do not know any man more eager to stamp it out, and with enthusiasm, than President Woodrow Wilson.

Mr. McCUMBER. Mr. President, I hope the Senator from California will not do me the injustice to assume for a single moment that the remarks that I have just made were in furtherance of any political scheme of any character. To disabuse the mind of the Senator and to dissuade him from remarks or even thoughts of that kind, let me tell him now that if President Wilson will so conduct this war as to be able to secure a victory that will assure the adoption of his 14 articles of peace conditions he will have earned the right to be President of the United States just as many terms as he wants the office. As

strong a Republican as I am in sentiment and in protection, I want the Senator from California to understand that I am with President Wilson in this war, and not a thought of politics shall enter my heart or soul that will in any way conflict or interfere with my patriotic duty to help President Wilson accomplish that which he declares must be accomplished in this war. If I have said a word from which the Senator would imagine that my criticism is against the labor of this country as such—the labor as a great institution of the United States—he has sadly misunderstood the purpose of my remarks. I want unionism to get rid of the I. W. W. traitors, wherever they may be found. They do not belong to any country or to any nation. They have no policies except the policy of destruction. They are the ones that are doing the slacking, or commanding it. We want to stand with Mr. Gompers in his attempt to bring all laborers into loyal cooperation in this country of ours. And if he can not do it, then we want to assist him with a law that will eliminate the Bolshevik slackers from the ranks of unionism.

The Senator said in his opening remarks that this seemed to be the wrong day to utter these sentiments. He did not explain what he meant; but I assure the Senator that there is no day so sacred or so holy that it can be set aside as a day on which you shall not tell the honest truth to the American people. We want to be with the President, and the President will be earnestly backed by the American people if he will insist that the laborers who are working in the shipyards shall do an honest day's work for their more than liberal pay. The Congress is back of him, the people of the country are back of him, and he need have no fear.

Mr. PHELAN. Mr. President, I accept the Senator's statement. I have no further words to say.

FEDERAL RESERVE FOREIGN BANK.

Mr. OWEN. Mr. President, on February 20 I introduced a bill (S. 3928) proposing to amend the Federal reserve act, and to establish a Federal reserve foreign bank.

Mr. TOWNSEND. Mr. President, may I ask the Senator a question?

Mr. OWEN. I yield.

Mr. TOWNSEND. Does the Senator propose to bring up the bill this afternoon?

Mr. OWEN. No; I do not. I am going to submit some remarks upon it, because I want to give the reasons justifying the passage of the measure when it has been properly considered by the committees. Congress rarely moves beyond accepted public sentiment, and this is a matter which I regard as of very great immediate urgency.

I will call attention, for instance, to what is transpiring just now in Great Britain. I found in the morning press this statement:

"Forty British banks, including some of the largest in the British Empire, and with oversea branches, organized an association of oversea banks for the purpose of furthering British oversea trade and for the extension of banking facilities. This institution will also furnish trade information to British merchants.

"The British Government has fully approved this plan and is rendering assistance and encouraging the organization of institutions which have for their purpose the extension of British trade."

There are several of these important international organizations being framed now in London. Also France is taking steps along the same line. Germany has its bank plans adequately organized now.

This bill which I have proposed contemplates a capital of \$100,000,000 authorized with a paid-up capital of \$20,000,000, the stocks to be at 5 per cent, nontaxable, and to be offered to banks of the United States and to the public, and if not subscribed to be taken by the Treasury of the United States.

It gives corporate power to these banking institutions, authorizes a directorship of nine men to be appointed by the President of the United States, and that these directors shall be merchants and not bankers in the same way that the government of the Bank of England is controlled by merchants and not by bankers, these directors to serve for a period of nine years, one being chosen annually. The functions of the bank, the powers of the bank, will be "to receive the deposits from American and foreign banks and bankers, from the United States or foreign governments, in current funds in lawful money, national bank notes, Federal reserve notes or checks, and drafts, payable upon presentation, and also for the collection of maturing notes and bills."

"The foreign bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions—that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds

of which have been used or which are to be used for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount within the meaning of this act.

"The aggregate of such notes, drafts, and bills, bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any one bank, shall at no time exceed 5 per cent of the net unimpaired capital and surplus of said foreign bank, but this restriction shall not apply to the discounting of bills of exchange drawn in good faith against actual existing values. The foreign bank may discount acceptances of the kinds permitted under the authority of this act."

It shall have power "to deal in gold and silver coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold";

"To buy and sell, at home or abroad, bonds and notes of the United States, bonds and notes of foreign governments, and bills, notes, revenue bonds, and warrants, with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

"To purchase and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions as hereinbefore defined;

"To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount and exchange and commissions for the opening of credits at home or abroad, to be charged by the foreign bank for each class of paper, which shall be fixed with a view to accommodating commerce and business;

"To issue bank notes and receive Federal reserve notes upon like terms and conditions as now provided for the Federal reserve banks;

"To open credits at home and abroad for account of domestic and foreign banks or bankers, to facilitate exports and imports to and from the United States and exports and imports to and from one foreign country to another foreign country."

I pause to say, as from China to Russia, which would go through the United States, and which might be properly facilitated by the financial powers of the foreign bank which I have proposed.

Further powers of the bank, "upon the direction and under rules and regulations prescribed by the Federal Reserve Board to establish branches and agencies in foreign countries for the purpose of facilitating commerce with the United States.

"No bank, banker, corporation, or individual, other than the foreign bank, shall sell dollar balances at less than gold par except as payment for merchandise imported into the United States without the express authority of the Federal Reserve Board."

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER (Mr. HOLLIS in the chair).
Will the Senator from Oklahoma yield?

Mr. OWEN. I yield.

Mr. POMERENE. The Federal reserve act authorized the different banking corporations to form branch banks abroad?

Mr. OWEN. Yes; it did.

Mr. POMERENE. Can the Senator state to what extent the banks have availed themselves of that power and privilege?

Mr. OWEN. Practically not at all. At first the Federal reserve law contemplated that they would do that voluntarily, but they did not voluntarily establish these foreign branches. Thereupon the Congress of the United States, at the instance of the Federal Reserve Board, passed an amendment authorizing the Federal Reserve Board to require them to do this; but the Federal Reserve Board seems not to have found it practicable for some reason to compel any of these banks to establish foreign branches.

Mr. POMERENE. They have established foreign branches in South America, have they not?

Mr. OWEN. No, sir.

Mr. POMERENE. The National City Bank?

Mr. OWEN. The National City Bank is not a Federal reserve bank. Some American national banks have established in the last three years several foreign branches. The National City, of New York, has established a branch at Buenos Aires,

one at Rio Janeiro, and another bank or two in Brazil, one at Caracas, one in Colombia, one in Cuba, one at Panama, I am told, and perhaps several other branches. That, however, is a private bank, a member of the Federal Reserve System, and a very powerful institution, but still an institution run necessarily by the nature of its organization for profit.

Mr. POMERENE. It is given authority under this act to organize?

Mr. OWEN. Yes; that is quite true; but there is no publicly controlled bank with foreign branches all over the world charged with the duty of furnishing the member banks of the great Federal Reserve System with foreign exchange and with furnishing importers and exporters with the credit facilities and with the exchange facilities which are vital for the legitimate and urgently needed expansion of our import and export business.

Mr. President and Senators, with a trade balance in our favor of over \$3,000,000,000 for 1917, and with the American dollar backed by the largest amount of gold in the world, and backed by the most active industrial life in the world, the American dollar is at a discount in the neutral countries of Europe of over 20 per cent, and even in South American countries is at a discount as high as 20 per cent.

The Secretary of State a few days ago, before the Committee on Appropriations of the House of Representatives, found it necessary to point out in his testimony there the astonishing condition that the American dollar was at a discount practically all over the world when all the world is indebted to America. It ought to be at a premium under such trade conditions, and there is something radically wrong in our international management when that condition is permitted to exist. It can be corrected, as I shall presently show. We lost \$100,000,000 last year by it; we lost more than that. We lost practically \$200,000,000 in our international exchange with Europe.

I submit, without reading, a table showing the imports and exports for 1916 and 1917, amounting to \$9,183,000,000 total of visible imports and exports, and showing a trade balance in favor of the United States of \$3,378,000,000. (See Exhibit A.)

I pause to remark that the trade balances must always be clearly understood as signifying only that state of the census of shipment of commodities shown on bills of lading, and do not in fact measure the full amount of international exchanges of value, but only commodities shown upon the commodity manifest customhouse records.

Our trade balance with Spain, for example, for 1917 was \$55,587,690, yet the Spanish peseta, instead of being exchangeable for our dollar at 19.30 cents, is selling for 24.30 cents, a flat loss of 5 cents out of 20 cents, or 25 per cent loss. In point of fact, the American dollar should be at 25 per cent premium in Spain, and not 25 per cent discount, so that our loss justified by the exchange balance of trade is twice as great as it appears. At all events, we certainly have a right to demand that our dollar, notwithstanding, should be at gold par in Spain.

There is a flat loss of 5 cents out of 20 cents every time an American merchant is compelled to buy a peseta with American gold or with American credit based on gold. In point of fact the American dollar should be at a 25 per cent premium in exchange, because they require \$55,000,000 of American money in order to pay their debt to us. They need the dollars, if we are only dealing with our exchange with them, and it is not fair to us that we should be put in the attitude of being required to pay a premium on their money when they ought to pay a premium on ours; if the exchange of commodities between the two countries is to determine that matter.

The fact that the Spanish peseta, however, is at a premium of 25 per cent means, in round numbers, that instead of an American dollar buying 5 pesetas it buys 4. It means that our merchants who bought \$36,000,000 worth of goods from Spain, which they paid for in pesetas, receive in Spanish commodities 25 per cent less than they would have received if our dollar was at gold par in Spain. It means that the Spanish merchants who bought \$92,000,000 worth of goods from us get with their currency one American dollar for 4 pesetas, and with that dollar, bought with 4 pesetas, get a like advantage in buying American goods, notwithstanding the fact that these pesetas in Spain do not leave Spain. The Spanish currency in gold thus buys more and our gold currency buys less because of this unadjusted condition.

It means, as I understand it, that out of the transactions between Spain and the United States in 1917 of \$125,000,000 we suffered a net loss amounting to a fourth of this sum, approximately \$33,000,000. It is just as much taken out of the United States as if it had been taken out of the Treasury of the United States and transferred in gold and given to Spain. It is taken out from our merchants, from our consumers, from our producers, and given to the merchants and consumers of Spain.

The United States Government understands this difficulty and is trying to correct it just now by arranging with France to establish a French credit in Spain that will bring Spanish exchange to par, because Spain is an international creditor. Take it altogether she has shipped out more goods than she has shipped in. So she is entitled to an international credit trade balance, and that has to be offset either in commodities, gold, or credit. The United States Government understands this difficulty, as I said, and is trying to arrange it. Spain has been reluctant to do this because of the extraordinary trade advantage of a premium on her currency to her and the matter has been hung up by the Spanish authorities. Besides this, we were compelled to ship Spain \$88,000,000 of gold to meet the debts of Great Britain and France to Spain, only to end, nevertheless, to our still unbalanced trade disadvantage, because Spain is still an international commodity creditor. The Spanish merchant takes 4 of his pesetas and buys an American gold credit dollar in London and with these dollars buys American commodities at a like discount, so the American exporter gets for his dollar a Spanish credit of but 4 pesetas when he should get 5 pesetas. He loses 1 peseta on every 4 pesetas, or 25 per cent loss. When the American importer wants to buy in Spain he takes his American gold dollar and, through London, gets 4 pesetas credit in Spain, suffering a like loss, which then falls on the American consumer in due course of trade.

Notwithstanding our furnishing \$88,000,000 of gold to Spain, we still suffer the consequences of the credit trade balance of Spain internationally considered.

The British and the French, both through private sources and by privately owned banks, are correcting this trade disadvantage of the premium on Spanish money, as far as some of their own special merchants are concerned, by establishing private banking credits in Spain and branch banks in Spain, which they will maintain until this unjust premium on Spanish exchange disappears, thus avoiding the loss to certain favored merchants of France and England, which our merchants are compelled to endure by the failure of our officials and of our bankers to safeguard in like manner our merchants. We have so far failed in the adjustment above referred to of furnishing credits in Spain. The premium on the Spanish exchange can be removed in the following ways:

Either by shipments of gold to Spain to settle her international credit trade balances or by arranging national or individual credits in Spain to cover these international credit trade balances until the international credit trade balances are removed, or by shipments of commodities to Spain to overcome the international credit trade balances due Spain, or by forbidding arbitrage and having England and France settle their balances directly, as we would then do, and put our dollars at a premium.

The same thing is true in degree with Holland, Denmark, Norway, and Sweden. Our trade with Spain, including these countries, amounted in 1917 to \$450,000,000, involving a loss in 1917 of approximately \$100,000,000 instead of a gain of \$100,000,000, to which we are entitled by our trade balances.

We have no orderly method to protect our American merchants and American producers and American consumers against these losses. Our international bankers are interested as bankers in selling exchange, but they are not charged with the responsibility of establishing the American dollar at a premium or at gold par. They are naturally content with their commissions, charges, and profits for exchanges, which, apart from interest, amount probably to at least \$100,000,000 annually.

The United States, in order to establish the American dollar at gold par throughout the world and maintain the American dollar at gold par, must have a mechanism charged with the duty of safeguarding the American dollar as far as possible, such as I propose in the Federal reserve foreign bank.

For a half century the trade balances have steadily been in favor of the United States. We have a right to expect that this will continue, and that these trade balances will crystallize in the ownership by the people of the United States in securities and properties scattered throughout the world. This is what has made Great Britain the greatest financial power in the world. Great Britain has always had the wisdom to maintain the pound sterling at par. For this reason the pound sterling has become the standard measure of value throughout the entire world and has contributed largely toward making London the greatest commercial and financial center of the world.

The British Government buys London bills in New York and uses credits in New York in order to balance the deficit of an international trade-credit balance against her in order to keep the pound sterling at about par, so that a British merchant who handles the pound sterling as a measure of the transaction knows what he is talking about when he makes a contract, and the British Government finds it necessary to stabilize this

measure of the British merchant's contracts. America has not had the wisdom to understand this, and I am now engaged in the business and the duty, as chairman of the Committee on Banking and Currency, of calling the attention of the country to this matter in the hope that the Congress of the United States will speedily correct it.

Mr. SHEPPARD. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. SHEPPARD. Through what agency does the British Government perform that function—through the Bank of England?

Mr. OWEN. Yes; through the Bank of England, which serves as the treasury of Great Britain; and the Bank of England is a bank whose directorship is controlled by merchants and not by the bankers.

Mr. SHEPPARD. I understand that no commercial banker is a member of the board of directors.

Mr. OWEN. No; he is not permitted to be, for a reason the United States ought never to lose account of—that that great bank has for its function the protection of the industry and commerce of Great Britain as a public institution. Although the stock is owned by private hands, that matters not at all. It is a public institution nevertheless, just as I propose here that this stock may be owned by private hands; but still it shall be governed by the United States Government. The trouble with the banker is that he always thinks in terms of interest, in terms of commission, and that is natural. That is not a criticism of the banker; that is his business. He is a merchant in credit and is not to be blamed that he thinks in terms of interest and commissions, and I must not be understood as meaning to criticize him at all.

I am only pointing out that he is not properly the custodian of the commerce of the United States; that is all; because he looks at it as a thing to serve his interest instead of looking at himself as purely to serve its interest. There is a difference in the point of view which is obvious.

I have prepared a bill, which I now submit (S. 3928¹) amending the Federal reserve act so as to establish a Federal reserve foreign bank. The 12 Federal reserve banks have found a field of such enormous activity in the domestic banking life of the United States that they have not been situated for adequately handling foreign business, further than the acquisition of a very small part of available foreign bills. They have utterly failed to meet the services expected. The foreign bank proposed is intended to serve as a medium through which all the reserve banks may safely, conveniently, and economically transact foreign business, if they wish; may buy and sell foreign exchange, and thus accommodate all of the banks in the United States, doing business with the Federal reserve banks, and to give like accommodation even to those banks and bankers who are not members of the Reserve System, in order that our importers and exporters, wherever located, may have every facility of buying and selling foreign exchange and establishing credits here and abroad for the purpose of buying foreign commodities and of selling domestic commodities abroad. It is intended by this act to provide banking accommodations to all our merchants who are buying and selling goods abroad, and to enable them the better to accommodate their home and foreign customers.

It has been said that nearly all the importers and exporters are located in New York City or in the immediate vicinity. As a matter of fact, the lack of these facilities, the very thing of which the country most justly complains, has compelled importers and exporters from the Pacific States, the Rocky Mountain States, the Mississippi Valley, and the Southern States to keep agents in New York to transact their import and export banking business, and this at great expense to them, and, moreover, the expense is one which has no justification in sound reason. In fact this is a great disadvantage to the importers and exporters of all the United States except New York City, and against this the country justly protests. Moreover, it has a most injurious effect upon the commerce of the United States, because the lack of these facilities throughout the body of our country prevents the expansion of export and import business with the body of our country, and is a thing which is against the development and prosperity of the United States.

Moreover, it is against the greater expansion and the greater prosperity of New York City itself, which would be benefited if the full powers of the United States in the export and import business could be developed, and that to its highest capacity, for, be it clearly remembered, finance is the handmaid of commerce, not commerce of finance—financial power follows successful commerce and decays with decaying commerce.

It has been said that this foreign bank would compete with the few New York banks having foreign-exchange facilities. It seems to me I heard something of this kind when we were fram-

ing the Federal reserve act. Then these New York banks bitterly complained that establishing 12 reserve banks would deprive them of deposits, of prestige, and of money-making power. Their lack of vision, as seen in the result, is fully evident. They have gained deposits enormously; they have gained prestige; they have gained increased power, with expanding power of the United States and its banking system. Only a half dozen New York member banks handle foreign exchange, and all of them should have these facilities through the foreign bank I propose.

The Federal reserve foreign bank would offer them facilities for serving their customers more economically, more efficiently than their own facilities can now afford. They would avoid the expense of keeping large deposits abroad, the expense of keeping foreign offices any further than their specialty might require them, and they could use this bank as an economical means of transacting their own business and would be able to liquidate their foreign bills through this bank in a manner which they can not easily do now. It would expand their power. It is true, I think, that where they are charging unreasonable commissions, unfair profits, and imposing unjust exactions which hinder the commerce of America, they would be, in the course of time, dissuaded from these practices by having a standard of fair value operating side by side with them. It would not interfere with their legitimate business. It might abate to some extent practices which are injurious to American commerce, injurious to our national development, and indirectly injurious to them in so far as they may be disposed to kill the goose that lays the golden egg. Our American bankers have not sufficiently realized that banking grows with commerce. The power and dignity of London are based on the verity of this conception. It will be remembered that the Bank of England has its directorate composed exclusively of merchants and not of bankers. They do not permit bankers merely to be on this board of directors for the obvious reason that the banker, who thinks in terms of interest and commission and profits and exactions, is not happily constituted to determine the best methods of serving commerce. Many bankers fail to really understand commerce. When Secretary McAdoo introduced Lord Cunliffe, governor of the Bank of England, as a banker, Lord Cunliffe quickly corrected this and said no, he was a merchant.

This foreign bank would make mobile and liquid the foreign deposits of American banks and would attract from abroad very large deposits of foreign banks who would like to use the facilities of this Federal reserve foreign bank.

The powers given to the foreign bank are the same which have been given to the reserve banks, except that the foreign bank does not look to the reserve banks or to the member banks either for capital or for reserve deposits. The capital to be used by the foreign bank it is proposed to obtain by the issuance of 5 per cent cumulative nontaxable stock, giving to the United States the surplus earnings after a 50 per cent surplus is provided for the foreign bank. It is proposed that this bank shall begin with a paid-up capital stock of \$20,000,000 and a present authorized capital of \$100,000,000.

The resources of this bank will be further supplemented by deposits from banks transacting foreign-exchange business, in its international transactions, from the deposits of the United States, of foreign Governments, and of foreign bankers. The same safeguards are thrown around the foreign bank as have been found wise in the case of the Federal reserve banks, with the same powers of issuing notes and receiving Federal reserve notes. But the foreign bank is particularly charged with the duty of facilitating financial transactions involving imports and exports of our merchants, and it will be the duty of this bank, as far as possible, to promote the parity of the American dollar in other countries, which will itself be a very great aid for American commerce.

The establishment of a gold fund in Washington by the 12 Federal reserve banks for adjusting their balances with each other by bookkeeping entries instead of by actual transfer of gold has served a great public economy, and the same thing can be done with international exchanges by establishing a gold fund in the United States and abroad to serve a like function.

A very important proposal of this bill is the concluding paragraph, to wit: "No bank, banker, corporation, or individual, other than the foreign bank, shall sell dollar balances at less than gold par, except as payment for merchandise imported into the United States, without the express authority of the Federal Reserve Board." It is the intention of this provision to prevent the transfer of credits to the injury of the parity of the gold dollar.

I digress here to say that we may now make the American dollar at par in Spain by transferring credits to Spain. All in the world we need to do is to transfer a credit to Spain sufficient to cover the international trade balance or a credit to pay for

our own imports from Spain. The moment that is done the premium on the peseta disappears, because in normal times there is no premium on the peseta; and if you establish a credit there to be paid at some future time in pesetas, when the peseta is at par you are obviating this 25 per cent premium now on the peseta. It is perfectly plain. A citizen can do that; a single bank can do that; the Federal reserve banks can do it; the United States can and ought to do that now in order to safeguard our merchants from loss, and not to safeguard alone the merchants from loss, but to safeguard the American consumer and the American producer from such losses.

A nation is composed of the sum of its parts; a nation consists of individual units. When the individual merchant, as one of the units of our commercial and financial life, suffers a severe loss he transmits it to the body of the people through the goods which he handles. If he buys the goods where the American dollar is worth only 75 cents on the dollar he passes the loss on to the consumer; or, vice versa, he passes it to the producer, if he is buying for shipment under such conditions.

The reason for this is that the present tremendous discount of 25 per cent on the American dollar in Spain has been brought about by the transfer of American credits through London and Paris to Spain and the refusal of Spain to adjust the international differences by like credit transfers. If Spain can do this to our injury and to her advantage, we should protect our dollar by the same principle, and it takes actions, not words.

The United States, Great Britain, and France are now urging Spain to agree to take French securities or French credits for the purpose of correcting this injurious discount on American, English, and French money, all of which are suffering from a like discount in Spain, due to Spain's refusal to adjust by transfer of international credits.

Mr. POMERENE. Mr. President—

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

Mr. OWEN. I yield to the Senator.

Mr. POMERENE. The Senator from Oklahoma has indicated that Great Britain has been able to protect herself, because of the Bank of England and her methods of doing business throughout the world, against the very conditions from which we are now suffering. If she has those facilities, why is she not at present able to protect herself against Spain?

Mr. OWEN. Mr. President, what Great Britain does actually now, so far as Spain is concerned, is that private banking concerns in Great Britain have established branches in Spain and have established credits in Spain; and by establishing credits in Spain they have those credits represented in pesetas. They are carrying those pesetas as a credit and selling those pesetas now to favored British merchants in London, to the protection of those merchants who have the wit to see what the loss is, while they leave the current exchange at a discount in London for the "accommodation" of those who do not see. What I am trying to do is to make America see. I do not want this to continue, and that is why I am delivering this address now to the Senate in the hope of also persuading the people of the United States.

I have many letters from importers and exporters urging that the dollar be brought to gold par.

The present war binds the United States to Great Britain and France so closely that the United States dollar, the English pound sterling, and the French franc suffer in precisely the same way so long as we extend the American credits to our allies in excess of our actual net nominal balance of trade.

The nominal balance of trade is arrived at by ascertaining the difference in commodity shipments and the actual balance of trade is a very different thing. The actual balance of trade must be ascertained not merely by commodities but also by credit transfers, and into the determination of the actual balance of trade we must consider not only exchange of commodities and exchange of securities but many other factors, such as freight charges by Great Britain, for example, at \$150 a ton for furnishing our supplies to them, but also the charges, commissions, and profits paid by us in foreign ports; the purchase by our troops in France of large local supplies; the traveling expenses of our citizens abroad, and many such items which are not registered in any census bureau; also the purchase of foreign properties by Americans, and also interest payments which the United States is required to pay on stocks and bonds held abroad; also the interest payments which are payable from foreign countries to the United States; also remittances by foreign residents in the United States abroad to their friends and relations and many such factors which are not within the power of anyone to give. But we know that when the demand for the American dollar ceases and the American dollar is not at par that then a condition has arisen from these various causes

at which we are being injured in a very subtle and very practical way, which falls first upon both our importers and exporters, and, secondly, upon our consumers of imported products and upon our exported products, injuring America in its most vital parts. This I wish to correct. I demand its correction and appeal to our business men in America to hold up my hands in the effort to furnish them a mechanism through which these unjust discriminations against the American dollar shall absolutely cease.

When peace comes the United States will be charged with the duty of maintaining its dollar at par, whether Great Britain or France protect their money at par or not, but the United States and our allies should attend to this matter now, for it is injuring us all.

The bankers in the Scandinavian countries and in Spain do not feel safe in carrying large balances in the United States, notwithstanding the stability of our Government, because, since we permit a fluctuation in exchange, they do not know whether they will receive the same amount back when the time comes that they will want their funds at home, and for the same reason American bankers hesitate to place credits in these foreign countries because when they want their money back they may find that the differences in exchange are interrupting them and preventing them from receiving their funds back dollar for dollar. For that reason the lack of parity in the currencies of the various countries comprise a very serious obstruction to commerce and prevent the easy establishment of an international gold fund which would safeguard all countries from the expense of shipping gold back and forth 3,000 miles across the Atlantic.

Any person of sound reasoning faculty ought to be able to see this. Nevertheless those who are called expert in banking seem not to have had the vision to properly apprehend it.

Some of the New York bankers in foreign exchange advise me that the exchanges are now furnished to importers and exporters at such low rate that there is no profit in the business. Strangely enough the same gentlemen advised me that this foreign bank is highly undesirable because it will compete with them in this undesirable business.

My attention was called yesterday to an interesting transaction involving the purchase of commodities from Spain, involving in round numbers approximately \$100,000, on which there was a charge of one-half of 1 per cent by a bank of Washington, D. C.; one-half of 1 per cent by the bank in Baltimore, Md.; one-half of 1 per cent by a bank of New York City; and one-half of 1 per cent by the bank in Barcelona, Spain, amounting to \$2,000 charges outside of interest, without any risk whatever against commodity shipments insured at par and a transaction which would take probably 30 days to cover, thus imposing a tax on this 30-day accommodation of 2 per cent. I do not complain of these banks in the least. They are looking at it from the point of view of the banker and not from the point of view of merchants, but since the bank in Washington had no facilities to deal directly with the bank in Barcelona, they go through two other correspondents for sundry reasons. Evidently, if there were a Federal reserve foreign bank, a member bank could furnish its customers the accommodation more economically than by this crude, unscientific, and very expensive system. It is probably true that in some very large international transactions the rate might be very low, but taking it as a whole these rates are high, and, moreover, it not infrequently happens that the bankers take other advantages of those engaged in commerce to participate in their commercial profits with which the bankers have no proper connection, just as under the old system bank directors would negotiate accommodations through their banks and be paid privately for their valuable influence, a practice which the Federal reserve act found necessary to stop, because it was levying an unfair tribute upon American commerce. There are bankers engaged in foreign exchange who advise me that this foreign bank is highly desirable and that it will enable them to transact their foreign-exchange business more economically by having one Government-managed agency through which this business can be conveniently and economically handled.

I was astonished to be told a few days ago by gentlemen employed by the Government as experts that it was desirable to have the American dollar at a discount in the neutral countries of Europe, because, among other reasons, while it was against the interests of the American importer, it was beneficial in the same degree to the American exporter, because one was the opposite of the other. I have carefully analyzed this astonishing statement and I am of the opinion that there is no foundation whatever for any such suggestion; that the exact contrary is true. It injures the exporter as much as it does the importer.

The American commodity producer who has a thousand dollars' worth of commodity in America is entitled to buy a thou-

sand dollars' worth of commodities in Spain on a par gold basis, but when he exchanges his commodities for American dollars, or exchanges his American dollars for Spanish pesetas, he gets 4,000 pesetas instead of 5,000 Spanish pesetas. He loses 1,000 Spanish pesetas in the exchange. He is entitled to receive 25 per cent more than he gets. An attempt has been made to confuse this proposition by saying that commodity prices in the United States have risen more than they have in Spain and in the neutral countries of Europe. This confusing suggestion would be better plead if it were a fact. It happens not to be a fact, however, and would have nothing to do with the case if it were a fact.

The point is that the American gold dollars will not buy on parity Spanish gold money. The fact is that the American gold dollar, because of international trade balances, arbitrage, gold embargo, and so forth, will buy only 75 per cent of Spanish gold money, regardless of commodities, and any attempt on the part of "experts" to cloud this issue with the suggestion that Spanish commodities have risen less than American commodities shows the poverty of argument of these gentlemen. They appeal to a statement of fact, which if true would be immaterial, and which is not shown to be true. Norway products rose on an average 110 per cent since the war; Sweden, 66 per cent; Denmark, 66 per cent; Netherlands, 54.8 per cent; Spanish commodities probably about 50 per cent. The average of staple commodities in the United States have not risen greater than this, although some specialties have done so where the allies urgently needed them.

The one unhappy fact appears to be that when the American producer, with his thousand dollars' worth of commodities, buys a thousand American gold dollars, he exchanges it for 75 per cent of Spanish gold money, and then with but 75 per cent of Spanish gold money he buys less of Spanish commodities than he would in normal times.

COMMERCE THE VITAL MATTER.

It is not a question, however, of merely accommodating foreign exchange banks, although this purpose will be served. The much more important matter is stabilizing foreign exchange as we have stabilized credits in the United States and lowered the interest rates in the United States by the Federal reserve banks. This bank ought to be controlled by merchants just as the Bank of England is controlled by those who are trained and specially skilled in commerce.

In a striking editorial by one of the greatest editors in the United States, Arthur Brisbane, of the Washington Times, of February 12, 1918, appears the following:

In the seventeenth century, when Cromwell had power, he asked himself first of all: "What does England need?" He knew that a commercial nation needed men that understood commerce.

And he points out that the policy of England established at that time of inviting to England men who understood commerce had resulted in the tremendous commercial growth of England, while those countries which treated men who understood commerce with indifference and with neglect and even with persecution went into decay.

America needs men who understand commerce. This bank ought to be controlled by men who understand commerce and not by bankers. The mechanism of banking is understood perfectly well by those who understand commerce, but the banker, who is engaged in banking for the purpose of making commissions, of getting the highest interest rate he can, does not sympathetically deal with commerce as commerce.

Men who have this point of view should not be in unrestrained control of American commerce, of the business of American importers and exporters, of American manufacturers, of American producers, of the interests of American consumers.

It was the inability of bankers to perceive that the commerce and industrial interests of America were superior to their private acquisition of property that made necessary the Federal reserve act and which took out of their hands the power to fix credits in the United States, to make panics or squeeze credits from time to time in order that they might multiply their fortunes at the expense of the American people. They can still do that within degree, and they still do it within degree, beyond a shadow of a doubt. Any man who is familiar with Wall Street knows it perfectly well. The traders in stocks are very skillful in diagnosing the conditions when that situation arises, and those who are experts are enabled to play successfully on either the bull or the bear side, just as credits are being expanded or being contracted by those who measurably control the credit market in New York City. Under the Federal Reserve System, however, they can only now operate within a very restricted field.

It may be expected that gentlemen who take this view will oppose any activity of Government that will undertake to pro-

tect American foreign commerce. I shall desire these gentlemen to record their objections before the Committee on Banking and Currency in public, where their objections may be scrutinized with a microscope and answered by men engaged in importing and exporting in order that the truth may be made clear and that private interests shall no longer control the foreign commerce of the people of the United States. The United States Government should have as sympathetic an attitude toward foreign commerce as toward domestic commerce.

I call attention to an interesting editorial of Mr. Arthur Brisbane in the Washington Times of February 12, appealing for justice in this matter. [See Exhibit B.]

I submit an interesting editorial of the Journal of Commerce of February 11. [See Exhibit C.]

This very able editor of the Journal of Commerce points out that making foreign bills readily subject to rediscount would make such bills as liquid as domestic commercial paper. He points out that private banks sometimes hesitate to invest heavily in foreign bills because in case of a stringency they might not be readily saleable, while the foreign bank could immediately provide a ready market for such bills and when exchange was scarce, or when rates tended to advance, could ease the situation by selling exchange and so help in a most important way and lessen the injurious fluctuation of exchanges.

He points out the sound maxim that trade follows the loan, and that having a foreign bank properly organized for this service could be of substantial service to those engaged in expanding the foreign trade of the United States.

He points out very wisely that the prestige of Great Britain had been due to the fact that her foreign trade was established not only by efficient labor but by capital available in the right spot and at the right time and under the right conditions to facilitate foreign business and that this fact developed in Great Britain a large body of investors, accustomed to employing their capital in other countries; that their investments became the channels or outlet for the products of British industry just as the returns that came to them became the means of their financing other British imports and exports; that this accounts for the great world market in London. The same conditions are obviously essential to make New York City, and San Francisco, and Galveston, and Chicago world markets by affording them like facilities.

He calls attention to the last words of President McKinley, warning "against the illusion that we could possibly have a permanent one-sided trade." In the long run imports are paid for by exports and exports are paid for by imports. The nations can not discharge balances of trade merely in gold, for they would exhaust quickly the gold basis upon which their currency is founded. America must encourage imports and exports. America must establish reciprocal trade relations with other countries. America must furnish her importers and exporters with a mechanism by which to accomplish this. This is the purpose of the bill I submit.

Through this bank we can accomplish many important results: First, we can give better facilities to our importers and exporters, and thus serve our manufacturers and our producers in field, forest, and mine. Second, we can thus enormously increase our foreign trade by extending these facilities through suitable credits, for commerce follows credit. We can make the capital of our importers and exporters go much further by giving them these facilities.

We can make more useful and more available United States credits now in foreign banks.

We can make and keep the United States dollar at gold par throughout the world and thus make the dollar the medium of international exchange and clear not only our own import and export business in American centers, but we can cause business between Asia and Europe to be transacted as it should be, through intervening financial centers in America, clearing sales of China tea, for example, to Russia through New York. These facilities will make the United States the financial center of the world, because we have the most gigantic and highly perfected banking system on earth, with the largest available capital resources in the world. The resources of the reserve banks alone are over three billions, and the bank resources of the United States now have a visible supply exceeding thirty billions.

It will lead to banks all over the world carrying balances in this foreign bank for the purpose of getting its accommodation. It will bring balances from foreign governments to this bank. I desire to see this bill perfected so as to meet the requirements of American commerce.

Recently the United States Chamber of Commerce held a very important convention of American business men at Atlantic City, lasting four days, September 17 to 21, 1917. This or-

ganization represents 400,000 merchants, wholesalers, jobbers, manufacturers, and business men, and they unanimously adopted the following resolution:

"Whereas the foreign trade of the United States for the last fiscal year shows a balance in favor of this country of nearly \$4,000,000,000; and

"Whereas loans to our allies greatly exceed our 'favorable balance of trade'; and

"Whereas the continuance of any set of conditions which tend to curtail imports, because imports represent the only form of cash payment which our entire foreign trade is yielding; and

"Whereas high foreign exchange premiums penalize imports and tend indirectly to increase the enormous inflationary debit balance which the Nation is rolling up against the future in the form of foreign loans; and

"Whereas the advances to our allies are now proving a boom-erang, leading to the depreciation of the American dollar in foreign markets because of lack of governmental regulation; and

"Whereas all our allies are now taking every step necessary to protect their own currencies abroad; and

"Whereas the American dollar is now at a discount of from 3 to 20 per cent in neutral foreign countries: Be it

Resolved, That the United States Government, through its proper departments, take whatever action may be necessary to keep at parity the American dollar in every country of the world."

I believe that the Congress and the President of the United States and the executive officers of the Government should respect this expression of public opinion, especially when it is founded on sound reasoning and good sense.

The President of the United States undoubtedly is in cordial sympathy with this desire of the business men of America to improve their facilities for doing international business, and I respectfully submit some of the expressions from addresses made by the President referring to this question and pointing out in advance who may be expected to oppose it, and why.

Mr. STONE. Mr. President, if the Senator will permit me, it is quite important that the parity of our money should be maintained abroad in every country. Is the Senator going to follow what he has just been stating by suggestions as to the best way to do that?

Mr. OWEN. I have already made suggestions by which it may be done in four different ways.

Mr. STONE. Well, I was not present at the time.

Mr. OWEN. I will repeat them for the Senator. It is a very simple matter. It can be done by a transfer of commodities, by a transfer of gold, by a transfer of credits, or by the forbidding of arbitrage. The forbidding of arbitrage, I might explain, means that a debt of Spain to the United States can not be canceled through London; it must be canceled direct. It prevents the shifting of credits from one nation to another nation for the purpose of canceling credits between other nations; in other words, if we forbid arbitrage, then our commodity trade balance would put the American dollar at a premium in Spain, and the same thing is true with regard to all the neutral countries. Great Britain could not then borrow from us large amounts of money, pay her debts to Spain and other neutrals, and leave the American dollar at a discount while she safeguards her private merchants by private arrangements of credit transfers from London to Barcelona and to Madrid. That is what I am trying to call attention to.

Mr. HENDERSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nevada?

Mr. OWEN. I yield to the Senator.

Mr. HENDERSON. Do I understand the enactment of the bill which the Senator advocates would correct the evil of which the Senator is now speaking?

Mr. OWEN. No; it would provide a mechanism by which to prevent its recurrence.

Mr. HENDERSON. It would be another one of the means for curing the evil referred to by the Senator from Oklahoma in reply to the Senator from Missouri?

Mr. OWEN. Yes; it would provide a mechanism by which the evil would not be permitted to recur in future and could, if passed, effect almost an immediate remedy.

Mr. HENDERSON. I merely refer to that because I do not think the Senator from Missouri quite caught the point the Senator from Oklahoma was making.

Mr. STONE. Not being a financier, or the son of one, I do not quite understand why, if England borrows money of the United States and gives her securities at par for our money at

par, she would transfer that borrowed money to Madrid or Barcelona or any other place to pay debts at 75 cents on the dollar. How could she do that without very great loss?

Mr. OWEN. England, when she borrows money from the United States, immediately pays it out to her manufacturers—

Mr. STONE. Yes.

Mr. OWEN. And her manufacturers, having these credits transferred to London, can then transfer them to Spain to settle their debts to merchants in Spain; and when they do that they give Spain an international credit balance. The consequence is Spain does not need our dollars to pay her debts here, but she uses the dollars which she has obtained from the British merchant to pay her debts here and that leaves us with our dollars at a discount.

Mr. STONE. Well, what kind of dollars do they get from the British merchants to pay their balances?

Mr. OWEN. They get them in payment for commodities imported to London from Spain.

Mr. STONE. But are the dollars English dollars?

Mr. OWEN. No; they may be in the form of English money or American money—either one.

Mr. STONE. Or they may be an exchange of credits?

Mr. OWEN. They may be an exchange of credits. The dollar and the pound sterling are merely measures of value; that is all. When Great Britain borrows from us in dollars she converts them in pound sterling, which does not change the substance at all, but when she gets this money at London and transfers it to Spain she puts the dollar at a discount unless we protect it by a similar transfer of credits.

Mr. STONE. I presume that is perfectly clear, but I am still confused as to just how it can be done.

Mr. OWEN. It is not a difficult question if the Senator has had his attention directed to it at all. It at last comes down simply to this, that when Spain is an international creditor of commodities there is due to Spain either in French francs or in British pounds sterling or in American dollars a certain amount of gold in exchange for the commodities which she shipped in excess of those which she had imported.

Mr. STONE. And the money is to settle the balance?

Mr. OWEN. These funds are required to settle the balance. When Spain occupies the position of an international creditor, then our money and the money of foreign countries dealing with her will be at a discount, unless we forbid arbitrage; and in that case she can not deal with us as one of a number of international allies, but must deal with us simply and directly on her indebtedness to us.

Mr. STONE. How is it with the pound sterling or the franc?

Mr. OWEN. They are both at a discount in Spain.

Mr. STONE. On a par with our dollar?

Mr. OWEN. No; they are a little below our dollar.

Mr. STONE. They run along the same general line, I presume.

Mr. OWEN. Along similar lines; yes. The pound sterling is about 2 per cent less and the French franc about 10 per cent less, due largely to large paper issues.

Mr. STONE. That is rather arbitrary.

Mr. OWEN. No; it simply follows the laws of trade and the charges which bankers feel justified in placing upon the business going over their counters.

Mr. POMERENE. Mr. President, the Senator read a moment ago the preamble and resolutions adopted by the United States Chamber of Commerce. In the preamble they make a statement to the effect that our loans to our allies have proven a boomerang, and as a result of these loans the American dollar has been depreciated abroad. Does the Senator indorse that sentiment?

Mr. OWEN. I do not indorse the language. The term "boomerang" is not an apt description of what has occurred to us. Extending these credits beyond a point where we safeguard our own balance with Spain, for example, has resulted in our dollar going to a discount. It could have been adjusted with comparative ease by the United States placing a credit with Spain to protect them. It only happened so because we have not the necessary mechanism. It ought not to have happened; there ought not to be any reason why such a thing should occur or should be permitted to remain.

Mr. POMERENE. The difficulty I have is to understand the causal connection which the United States Chamber of Commerce says exists between our making loans to our allies and the depreciation of our dollar abroad.

Mr. OWEN. What they mean is this, that Spain shipped a great deal more of her commodities abroad than she imported of foreign commodities into Spain. The consequence was that the outside world shipped to Spain \$88,000,000 in

gold, and there was still a balance due Spain on the excess of commodities she exported over what she imported, so that the pound sterling depreciated, so did the French franc, and so did the American dollar.

Mr. POMERENE. Mr. President, unless I misunderstand, while that may account in part for the depreciation of the American dollar in Spain, I fail to see the causal connection between that depreciation and our making loans to our allies.

Mr. OWEN. What they mean by it is this, that the money we loaned to our allies went into Spain and put into Spain a large amount of surplus gold, but still left her an international creditor. The consequence was the Spanish people did not need American dollars and put our dollar at a discount accordingly. That is what they mean by it.

Mr. STONE. Mr. President, was the American dollar a gold dollar?

Mr. OWEN. Yes, sir; it was a gold dollar. There is, however, this to be considered in connection with international exchanges, that the gold dollar now, to be adjusted by shipment across the sea, has to run the danger of the submarine; and the rate of insurance upon shipping gold has been rather high, at times going up as high as 8 and 10 per cent when the country was more alarmed than it needed to be. Then, besides that, there is in Spain a discount of 3 per cent on American gold, which does not circulate there.

Mr. JOHNSON of South Dakota. Mr. President, may I ask the Senator, with reference to that 3 per cent discount on gold imports, if it makes any difference whether the gold comes directly from this country or not?

Mr. OWEN. Yes. American gold does not circulate. There is no discount against British or French gold.

There is no reason why we can not have an agreement with Great Britain and with France to maintain the French franc and the British pound sterling and the American dollar all at par. We can do it simply by an adjustment of credits. That is all that is required, and that is what I am urging now, not so much for the purpose of dealing with the present mischief as for the permanent dignity and honor and power of this Nation; that our dollars shall be at par all over the world, and shall be, therefore, a constant measure of value all over the world. When that occurs, then we may expect the dollar to be the standard of measure and we may expect New York to be the financial center of the world. Until we do protect the American dollar we shall have failed to take one of the important steps which it is necessary to take. Of course, to make New York City, which is our great shipping port, the world center, as we hope some time it will be, the only way to do that is by doing as England did in making London the financial center of the world. It is through our merchants sending American-made goods to the ends of the earth and bringing back foreign goods to our shores for use here. It is commerce that will make New York a great financial center and not finance that will accomplish it.

EXTRACTS FROM VARIOUS PUBLIC ADDRESSES BY PRESIDENT WILSON AT THE PLACES AND TIMES INDICATED.

The President said in his speech in Baltimore, Md., September 25, 1916:

"One of the most interesting circumstances of our business history is this: The banking laws of the United States—I mean the Federal banking laws—did not put the national banks in a position to do foreign exchange under favorable conditions, and it was actually true that private banks and sometimes branch banks drawn out of other countries, notably out of Canada, were established at our chief ports to do what American bankers ought to have done. It was as if America was not only unaccustomed to touching all the nerves of the world's business but was disinclined to touch them and had not prepared the instrumentality by which it might take part in the great commerce of the round globe." (Baltimore, Md., Sept. 25, 1916.)

"I have always believed, and I think you have always believed, that there is more business genius in the United States than anywhere else in the world; and yet America has apparently been afraid of touching too intimately the great processes of international exchange." (Detroit, Mich., July 10, 1916.)

"Men are colored and governed by their occupations and their surroundings and their habits. If I wanted to change the law radically I would not consult a lawyer. If I wanted to change business methods radically I would not consult a man who had made a conspicuous success by using the present methods that I wanted to change. Not because I would distrust these men but because I would know that they would not change their thinking overnight, that they would have to go through a long process of reacquaintance with the circumstances of the time, the new circumstances of the time, before they could be converted to my point of view." (Detroit, Mich., July 10, 1916.)

"I do not like to say it, but I have been impressed sometimes with the very marked difference between American business men whom I have talked with and foreign business men. I am not speaking of some of the men who stand highest in the management of American business. They seem to be veritable provincials, ignorant of the markets of the world, ignorant of the courses and routes of commerce, ignorant of the banking processes, even by which goods were exchanged." (New York, Sept. 4, 1914.)

"We have left it until very recently to foreign corporations to conduct the greater part of banking business in bills of exchange. We have seemed to hold off from handling the very machinery by which we are to serve the rest of the world by our commerce and our industry. And now, with the rest of the world impaired in its economic efficiency, it is necessary that we should put ourselves at the service of trade and finance in all parts of the world." (Extract from address delivered at St. Louis, Mo., Feb. 3, 1918.)

"America, of all countries in the world, has been timid; has not until the last two or three years provided itself with the fundamental instrumentalities for playing a large part in the trade of the world. America, which ought to have had the broadest vision of any nation, has raised up an extraordinary number of provincial thinkers, men who thought provincially about business, men who thought the United States was not ready to take her competitive part in the struggle for the peaceful conquest of the world. For anybody who reflects philosophically upon the history of this country that is the most amazing fact about it. But the time for provincial thinkers has gone by. We must play a great part in the world whether we choose or not." (Detroit, Mich., July 10, 1916.)

"Our banking laws must mobilize reserves, must not permit the concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses; and the control of the system of banking and of issue which our new laws are to set up must be public, not private; must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative." (Joint session of two Houses of Congress, June 23, 1913.)

"I have found that I had a great deal more resistance when I tried to help business than when I tried to interfere with it. I have had a great deal more resistance of counsel, of special counsel, when I tried to alter the things that are established than when I tried to do anything else. We call ourselves a liberal nation, whereas, as a matter of fact, we are one of the most conservative nations in the world. If you want to make enemies, try to change something. You know why it is. To do things to-day exactly the way you did yesterday saves thinking. It does not cost you anything. You have acquired the habit; you know the routine; you do not have to plan anything; and it frightens you with a hint of exertion to learn that you will have to do it a different way to-morrow." (Detroit, Mich., July 10, 1916.)

"We have not been accustomed to the large world of international business, and we have got to get accustomed to it right away. All provincials have got to take a back seat. All men who are afraid of competition have got to take a back seat. All men who depend upon anything except their intelligence and their efficiency have got to take a back seat. It will be interesting to see the sifting process go on." (Detroit, Mich., July 10, 1916.)

"We must cooperate in the whole field of business, the Government with the merchant, the merchant with his employee, the whole body of producers with the whole body of consumers; to see that the right things are produced in the right volume and find the right purchasers at the right place, and that, realizing that nothing can be for the individual benefit which is not for the common benefit." (Baltimore, Md., Sept. 25, 1916.)

"Not until the recent legislation of Congress known as the Federal reserve act were the Federal banks of this country given the proper equipment through which they could assist American commerce, not only in our own country but in any part of the world where they chose to set up branch institutions. British banks had been serving British merchants all over the world, German banks had been serving German merchants all over the world, and no national bank of the United States had been serving American merchants anywhere in the world except in the United States." (Baltimore, Md., Sept. 25, 1916.)

"The national banks of the United States, until the recent currency act, were held back by the very terms of the law under which they operated from some of the most important interna-

tional transactions. To my mind that is one of the most amazing facts of our commercial history. The Congress of the United States was not willing that the national banks should have a latchkey and go away from home. They were afraid they would not know how to get back under cover, and banks from other countries had to establish branches where American bankers were doing business to take care of some of the most important processes of international exchange. That is nothing less than amazing, but it is not necessary any longer. It never was necessary; it was only thought to be necessary by some eminently provincial statesmen. We are done with provincialism in the statesmanship of the United States, and we have got to have a view now and a horizon as wide as the world itself." (Detroit, Mich., July 10, 1916.)

"My fellow citizens, this is what I believe: If I understand the life of America, the central principle of it is this, that no small body of persons, no matter how influential, shall be trusted to determine the policy and development of America. You know what you want in your business. You want a fair field and no favor. You want to be given the same opportunity that other men have, not only to make known what you have to sell, but to sell it under as favorable conditions as anybody else; and the principle of the life of America is that she draws her vitality not from small bodies of men who may wish to assume the responsibility of guiding and controlling her, but from the great body of thinking and tolling and planning men, from whom she draws her energy and vitality as a Nation." (Philadelphia, Pa., June 29, 1916.)

"A literary friend of mine said that he used to believe in the maxim that 'everything comes to the man who waits,' but he discovered after awhile by practical experience that it needed an additional clause, 'provided he knows what he is waiting for.' Unless you know what you are looking for and have trained eyes to see it when it comes your way, it may pass you unnoticed. We are just beginning to do, systematically and scientifically, what we ought long ago to have done, to employ the Government of the United States to survey the world in order that American commerce might be guided." (Washington, D. C., Feb. 3, 1915.)

"Then came the currency reform. You remember with what resistance, with what criticism, with what systematic holding back, a large body of bankers in this country met the proposals of that reform; and you know how, immediately after its passage, they recognized its benefit and its beneficence, and how, ever since the passage of that reform, bankers throughout the United States have been congratulating themselves that it was possible to carry out this great reform upon sensible and solid lines." (Washington, D. C., June 26, 1914.)

"Bankers, as body of experts in a particular, very responsible business, hold, and hold very clearly, certain economic facts and industrial circumstances in mind, and possess a large and unusually interesting mass of specialized knowledge of which they are masters in an extraordinary degree. But I trust you will not think me impertinent if I say that they excuse themselves from knowing a great many things which it would manifestly be to their interest to know, and that they are oftentimes singularly ignorant, or, at any rate, singularly indifferent, about what I may call the social functions and the political functions of banking." (Denver, Colo., Sept. 30, 1908.)

"The trouble with some men is that they are slow in their minds. They do not see; they do not know the need, and they will not allow you to point it out to them. If we can once get in a position to deliver our own goods, then the goods that we have to deliver will be adjusted to the desires of those to whom we deliver them, and all the world will welcome America in the great field of commerce and manufacture." (Detroit, Mich., July 10, 1916.)

"Not until the recent legislation of Congress known as the Federal reserve act were the Federal banks of this country given the proper equipment through which they could assist American commerce, not only in our own country but in any part of the world where they chose to get up branch institutions. British banks had been serving British merchants all over the world, and no national bank of the United States had been serving American merchants anywhere in the world except in the United States." (Baltimore, Md., Sept. 25, 1916.)

Mr. Paul M. Warburg, in "Essays on Banking Reform in the United States," says:

"The only modern bills in our country are the so-called 'foreign-exchange' bills drawn on European banks and bankers, which are indorsed, and which always have a ready market. But what an anomalous position! Instead of having the credit of the entire country available in the shape of millions upon millions of modern paper which Europe might and would buy, we must rely on the willingness and the ability of a few banks

and bankers to use their own credit by drawing their own long bills on Europe. This is a costly and most unscientific mode of procedure which is in no way adequate to the necessities of the situation."

And in his "Discount System in Europe" Mr. Warburg said: "It is inconceivable that the United States, a Nation that leads the way in industrial progress and that more than any other nation weeds out old machinery and replaces it by the newest appliances, should be either unable or unwilling to modernize thoroughly its financial system and to discard old-fashioned financial machinery which other people have long since thrown upon the scrap heap."

Mr. Justice Brandeis, in "Other People's Money," said: "The great monopoly in this country is the money monopoly. So long as that exists our old variety and freedom and individual energy of development are out of the question. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation, therefore, and all our activities are in the hands of a few men who, even if their actions be honest and intended for the public interest, are necessarily concentrated upon the great undertakings in which their own money is involved and who necessarily, by every reason of their own limitations, chill and check and destroy genuine economic freedom. This is the greatest question of all; and to this statement must address themselves with an earnest determination to serve the long future and the true liberties of men."

The Reichsbank of Germany has a foreign portfolio which has increased in importance from year to year until the paralysis of the present war, but the German Government is now making the most elaborate plans for protecting its commerce after the war, to the ends of the earth, with proper credit and banking facilities.

The Bank of France has the right to discount foreign paper, and is using it with great ability. But France is also making elaborate preparations for safeguarding its commerce at the end of the war.

The Bank of England has relied upon acceptance houses and private bankers in England to handle a large part of the foreign banking business, but nevertheless the English Government is now making elaborate preparations to safeguard its commerce, providing adequate credit and banking facilities throughout the world at the end of this war. The details of what is being done by Great Britain and by France I add as a supplement to my remarks as taken from the Commerce Reports, December 27 and 28, 1917, pages 1177 and 1194. I ask to have those exhibits printed without reading.

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

Mr. OWEN. No thoughtful man can deny that the United States must rise in its dignity and majesty of power and adequately meet the demands which will arise at the immediate close of this great world war.

What I have desired to point out, Mr. President and gentlemen of the Senate, is that our present facilities and our present statutes have proven ineffective. We authorized the Federal Reserve Board to require the Federal reserve banks to establish this foreign accommodation and it has not been done; and I do not think it would be easy to accomplish it through the mechanism, for instance, of the Federal reserve bank of New York, for the reason that the directorship of the Federal reserve bank at New York City is controlled by a few banks that are engaged in these international banking operations, and they probably would regard it as trespassing upon their preserves in some way. They will not stop to digest it. They will regard it as an innovation, just as they did the Federal reserve act, and they will be opposed to it; and I have no doubt that they have been enabled to prevent its being done in New York, although I have no detailed information about that. But I will say that the Federal reserve bank of New York has enough to do to handle the great volume of domestic business piling in upon them; and that work, I am sure, they have done with great ability and with great efficiency.

What I want to point out is the need for a mechanism by which the commerce and industry and manufacturing powers of the people of the United States shall have the means of imports and exports, shall have the opportunity of buying and selling bills of exchange against imports and exports, and shall have the necessary credit facilities, and shall have a competent authority where a merchant can wire and ask whether or not a merchant in Buenos Aires has a good credit, and whether he would be safe in making an important shipment of merchandise to him from the United States. Until our people have that kind of information conveniently at their hands, free from any suspicion of personal interest, the commerce and industry of the

people of the United States will not have the means for adequately expanding.

I regard this matter as one of very great importance, and will have it considered in due time by the Committee on Banking and Currency of the Senate; and I hope the House committee will consider it, and that we may arrive at some substantial adjustment of the matter.

I thank the Senate for its patience.

APPENDIX.

EXHIBIT A.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, February 4, 1918.

IMPORTS AND EXPORTS, BY GRAND DIVISIONS AND COUNTRIES.

Total values of merchandise imported from and exported to each of the principal countries during December, 1917, and the 12 months ended December, 1917, compared with corresponding periods of the preceding year, were made public to-day by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, as follows:

| Imports from— | Month of December— | | 12 months ended December— | |
|--------------------------------|--------------------|--------------------|---------------------------|----------------------|
| | 1917 | 1916 | 1917 | 1916 |
| Grand divisions: | | | | |
| Europe..... | \$40,617,322 | \$59,107,818 | \$551,144,599 | \$633,316,881 |
| North America..... | 58,506,349 | 47,086,909 | 871,982,521 | 658,433,123 |
| South America..... | 49,669,433 | 43,786,433 | 503,818,532 | 427,003,502 |
| Asia..... | 62,142,195 | 45,422,209 | 758,237,165 | 516,704,047 |
| Oceania..... | 12,792,804 | 4,827,542 | 99,221,193 | 93,673,332 |
| Africa..... | 6,183,397 | 4,003,231 | 73,083,031 | 61,533,333 |
| Total..... | 227,911,497 | 204,534,188 | 2,952,467,955 | 2,391,633,335 |
| Principal countries: | | | | |
| Austria-Hungary..... | | 27,980 | 64,937 | 631,251 |
| Belgium..... | | 150,835 | 158,022 | 1,479,312 |
| France..... | 8,662,632 | 10,488,210 | 98,629,653 | 108,803,119 |
| Germany..... | 451 | 133,269 | 159,352 | 5,519,472 |
| Italy..... | 3,213,301 | 4,789,202 | 36,480,807 | 60,235,172 |
| Netherlands..... | 747,674 | 3,689,940 | 22,744,504 | 43,602,078 |
| Norway..... | 261,481 | 844,802 | 6,280,233 | 6,430,316 |
| Russia in Europe..... | 2,661,145 | 83,848 | 12,350,179 | 4,478,999 |
| Spain..... | 3,493,232 | 3,175,167 | 30,881,630 | 32,577,377 |
| Sweden..... | 329,493 | 5,505,941 | 18,067,487 | 18,856,638 |
| Switzerland..... | 1,826,252 | 1,927,928 | 19,834,688 | 22,414,833 |
| United Kingdom..... | 16,874,793 | 25,765,390 | 280,080,175 | 305,486,952 |
| Canada..... | 36,232,364 | 23,753,953 | 413,674,846 | 237,249,049 |
| Mexico..... | 9,838,405 | 10,399,693 | 130,434,722 | 105,085,789 |
| Cuba..... | 5,053,741 | 9,108,597 | 248,598,199 | 243,728,770 |
| Argentina..... | 17,560,443 | 12,509,181 | 178,245,833 | 116,292,647 |
| Brazil..... | 8,233,119 | 14,289,609 | 145,274,931 | 132,067,378 |
| Chile..... | 13,618,362 | 5,914,498 | 142,597,029 | 82,123,997 |
| China..... | 8,402,995 | 6,352,337 | 125,106,020 | 80,041,851 |
| British East Indies..... | 20,992,304 | 17,138,997 | 259,623,997 | 201,190,834 |
| Japan..... | 23,692,557 | 17,288,621 | 253,669,709 | 182,030,737 |
| Australia and New Zealand..... | 7,403,284 | 1,682,769 | 32,002,203 | 55,823,223 |
| Philippine Islands..... | 4,633,395 | 2,718,912 | 62,388,641 | 34,162,081 |
| Egypt..... | | 2,944,041 | 27,352,444 | 29,533,795 |

| Exports to— | Month of December— | | 12 months ended December— | |
|-----------------------------|--------------------|--------------------|---------------------------|----------------------|
| | 1917 | 1916 | 1917 | 1916 |
| Grand divisions: | | | | |
| Europe..... | \$323,690,436 | \$340,558,500 | \$4,054,362,029 | \$3,813,278,324 |
| North America..... | 155,135,812 | 93,285,797 | 1,264,688,066 | 924,553,649 |
| South America..... | 33,700,646 | 22,787,859 | 312,420,985 | 220,266,818 |
| Asia..... | 60,485,901 | 42,447,145 | 431,149,591 | 364,959,155 |
| Oceania..... | 14,591,876 | 9,751,896 | 117,158,921 | 105,572,649 |
| Africa..... | 6,279,609 | 5,402,574 | 51,464,784 | 54,010,506 |
| Total..... | 593,864,280 | 523,233,780 | 6,231,244,976 | 5,482,641,101 |
| Principal countries: | | | | |
| Austria-Hungary..... | | | | 61,771 |
| Belgium..... | 8,400 | 6,691,023 | 22,628,659 | 30,998,928 |
| Denmark..... | 134,363 | 4,165,928 | 32,388,884 | 56,329,490 |
| France..... | 73,564,381 | 58,706,507 | 940,810,070 | 860,821,006 |
| Germany..... | | 1,142,353 | 3,275 | 2,260,634 |
| Greece..... | 1,030,494 | 1,431,702 | 8,477,603 | 33,685,689 |
| Italy..... | 46,162,066 | 37,974,651 | 419,095,473 | 303,530,476 |
| Netherlands..... | 7,896,931 | 11,345,634 | 90,520,301 | 113,730,162 |
| Norway..... | 1,688,338 | 4,224,745 | 62,806,550 | 66,209,717 |
| Russia in Europe..... | 816,462 | 23,097,932 | 314,039,628 | 309,803,581 |
| Spain..... | 10,159,988 | 6,577,521 | 92,469,320 | 64,316,888 |
| Sweden..... | 503,364 | 5,960,309 | 20,900,854 | 47,967,590 |
| United Kingdom..... | 177,433,009 | 185,209,430 | 2,001,031,104 | 1,887,380,065 |
| Canada..... | 101,767,265 | 60,939,523 | 829,972,331 | 604,908,199 |
| Central America..... | 4,801,129 | 4,008,658 | 52,208,466 | 46,531,841 |
| Mexico..... | 15,485,408 | 4,415,374 | 111,111,541 | 54,270,283 |
| Cuba..... | 24,652,166 | 18,846,295 | 190,550,315 | 164,065,037 |
| Argentina..... | 11,553,945 | 7,192,128 | 107,641,905 | 76,874,255 |
| Brazil..... | 6,568,030 | 5,210,987 | 66,207,970 | 47,669,050 |

| Exports to— | Month of December— | | 12 months ended December— | |
|--------------------------------|--------------------|-------------|---------------------------|--------------|
| | 1917 | 1916 | 1917 | 1916 |
| Principal countries—con. | | | | |
| Chile..... | \$7,586,806 | \$3,919,899 | \$57,483,996 | \$33,392,887 |
| China..... | 6,366,898 | 3,645,538 | 40,208,612 | 31,516,140 |
| British East Indies..... | 7,290,090 | 3,775,091 | 42,746,749 | 30,799,916 |
| Japan..... | 40,199,201 | 14,821,946 | 186,347,941 | 109,156,490 |
| Russia in Asia..... | 525,675 | 16,540,391 | 109,169,243 | 160,701,673 |
| Australia and New Zealand..... | 6,474,755 | 7,351,503 | 76,909,225 | 81,305,968 |
| Philippine Islands..... | 7,804,316 | 2,268,853 | 38,148,726 | 22,775,490 |
| British Africa..... | 5,215,449 | 2,508,294 | 39,023,443 | 32,448,177 |

Statement of imports and exports, 12 months ended December, 1917.

| | Exports. | Imports. | Balance in our favor. |
|------------------|--------------|--------------|-----------------------|
| Netherlands..... | \$90,520,301 | \$22,744,504 | \$67,775,797 |
| Norway..... | 62,866,830 | 6,280,233 | 56,586,617 |
| Spain..... | 62,469,320 | 36,881,630 | 25,587,690 |
| Sweden..... | 20,900,854 | 18,069,487 | 2,831,367 |

EXHIBIT B.

[Editorial, Arthur Brisbane, Esq., Washington Times.]

TO THE PRESIDENT AND MR. MCADOO—IS THERE ANY WAY OF MAKING THE AMERICAN DOLLAR WORTH 100 CENTS IN NEUTRAL COUNTRIES ABROAD?

This question, it seems to us, is important.

The United States has forbidden gold exports, which is wise. Since gold is a fetish among the nations, let us keep our fetish supply at home.

But while we keep our gold at home, let us arrange in some way so that the American dollar will not be marked down too low on the bargain counter of other countries.

The dollar in Spain is worth 75 cents or less in Spanish money.

The same thing is true of China, Sweden, Norway, Holland, and Denmark. In all the neutral countries the American dollar is worth much less than 100 cents.

There ought to be some way to stop this.

Mr. Warburg, of the Federal reserve bank, might devote his mind to the problem—he has excellent financial ability.

This is written primarily for the President of the United States and the Secretary of the Treasury.

If it is the duty of the Government to protect the American citizen abroad, it is also the duty of the Government to protect the dollar abroad. The dollar travels and buys for the citizen.

Federal reserve exchange and credit banks on the other side properly organized would be able to attend to the matter.

This is a creditor Nation in every sense of the word.

The world owes us billions.

And our exports are far in excess of our imports.

In other words, the outside countries, including the neutrals, owe us much more than we owe them. Therefore our dollar should be the best dollar.

The thing can be arranged, and it ought to be.

The four big neutral countries—Spain, Norway, Netherlands, Denmark—owe us every year tens of millions more than we owe them, because our exports exceed our imports.

Spain, for instance, must pay us forty-one millions more than we pay to Spain in one year.

Our money ought to be at a premium; it is just the other way round.

Senator OWEN, chairman of the Banking and Currency Committee of the United States Senate, is to be congratulated upon the interest that he has shown in this unnatural and harmful condition.

The American buying in a neutral country should not be obliged to pay \$1.25 for \$1 worth of goods.

And the buyer from a neutral country should not be able to buy a dollar's worth of American goods for 75 cents of his own money. And that is the present condition.

EXHIBIT C.

[From the Journal of Commerce and Commercial Bulletin.]
FUTURE CONDITIONS OF FOREIGN TRADE.

The bill introduced by Senator OWEN to establish in connection with the Federal Reserve System of banking an organization designed to furnish facilities not now available for the promotion of American foreign trade seems to be a step in the right direction. The idea is that the Federal foreign-trade bank shall occupy somewhat the same position toward international trade that the reserve banks at present occupy toward

domestic trade. As matters stand, private banks can extend a certain amount of credit to exporters and importers, and may derive some assistance from the reserve banks by having their foreign bills rediscounted under prescribed restrictions. Should the proposed system come into operation, the investment of an individual bank in foreign bills, being readily subject to rediscount, would become practically as liquid as its domestic commercial paper, which can be immediately discounted at the reserve banks. Under the existing system banks sometimes hesitate to invest heavily in foreign bills because in case of stringency they might not be readily salable. The foreign-trade bank, however, would provide an immediate market for such bills, and when exchange was scarce and rates tended to advance would ease the situation by selling exchange and so helping to lessen the fluctuation in rates. All this is very much to the good, and, considering the soundness of the axiom that trade follows the loan, the proposed legislation, properly guarded, could hardly fail to be of substantial service to the men engaged in expanding the foreign trade of the United States.

But in this matter it is well to keep a firm hold on first principles. The United States grew and prospered and built up great wealth out of the natural resources of this continent. But there has been a steady flow of raw materials from this country to Great Britain and western Europe, to be there manufactured and distributed around the world. A protective tariff enabled us to keep some of these materials for manufacture here, chiefly for domestic consumption. But the necessity of the tariff was an admission that the sum of the influences for cheap production and distribution was against us. These influences were chiefly the supply, first, of labor and then of capital, but they included experience in industry and foreign trade, and the prestige, good will, and facilities of an established business. The superabundance of capital which existed in Great Britain before the war caused an overflow from that country to be directed around the world. There was thus developed in the United Kingdom a large body of investors accustomed to employ their capital in other countries, and their investments naturally became the channels of outlet for the products of British industry. Just as the returns that came to them were the means of financing British imports. There has been a great, free, readily accessible market in London for all the commodities of commerce, not merely a market for the country's own products and for what it consumes, but a distributing market for the rest of the world. British ships have been in every port, British bankers and traders in every mart. There has been British capital available everywhere, ready to build a railway, buy a brewery, open a mine, or move the products of the country to market. It is the combination of these conditions which made London the clearing center of the world and the pound sterling the standard of value.

Our success in taking the place that rightly belongs to us in the markets of the world must largely depend on our readiness to imitate the liberal conception of what really constitutes commerce which gave the United Kingdom the position which it had attained. One of the last words of the late President McKinley was a warning against the illusion that we could possibly have a permanently one-sided trade, but there are abundant evidences that the false conception which he tried to dissipate still retains a good deal of its vitality. If Great Britain must resume her financial and industrial rôle after the war, with greatly impaired resources and enormously increased burdens, she at least takes up the commercial struggle with the enormous advantage of having to learn very little about the conditions under which it can be most successfully prosecuted. In one respect the war has been almost incredibly beneficial to British industry, and that is by demonstrating the extraordinary gains that may be made in manufacturing efficiency. Take, for example, this illuminating passage from a book just published by authority of the Council of the British Association on Industry and Finance: "The increased output in shells which has in large measure been attained since the foundation of the ministry of munitions and the subsequent recruitment of female labor for work in the factories, with all the adaptation and rearrangement that has been effected for the purpose of speeding up, has never been more strikingly illustrated than when it was officially declared that a year's output at the rate attained in 1914-15 is now provided in the following periods: Eighteen-pounder ammunition, in 13 days; heavy howitzer shells, in 7 days; shells for medium guns and howitzers, in 5 days; shells for heavy guns, in less than a day." As the London Economist remarks, this record not only shows a wonderful achievement in time of war, but gives serious reasons for thought concerning the inefficiency, whatever may have been its cause, of the organization on which it has been an improvement. That the keying-up process has not been confined to war industries is sufficiently

evident from the returns of British foreign trade for the last calendar year. Here commercial exports figure for the very respectable total of \$2,625,000,000, which, though less than half the total of our own export trade, excludes most of the supplies incidental to the promotion of the war, which in our case figure for over \$600,000,000. It may be incidentally noted that the British exports for the year of cotton yarns and textiles aggregated \$730,000,000, while our own appear to have been very little in excess of \$150,000,000. That a Britain with only one arm free should have been able to make such a record in the competition for the world's trade suggests possibilities, of which we would do well to take heed, of what may be accomplished by a Britain with both arms available for industrial production.

EXHIBIT E.

CAPITAL FOR AFTER-WAR TRADE.

[Alfred Nutting, clerk in American Consulate General, London, England, Nov. 30.]

The minister of reconstruction has established, in conjunction with the treasury, a committee on financial facilities after the war, the object of which is to anticipate and provide methods to overcome the financial difficulties that will arise in connection with commerce and industry. The vast number of factories which have been diverted from their normal trade to war work will face a critical period between the time when hostilities cease and the time when it is possible for them to return to their prewar activities, for an interval more or less lengthy must occur during which it will not be possible to revert to former productiveness, while the question of cost in restoring factories to conditions formerly prevailing will require careful consideration and the preparation of plans to provide the necessary money and capital. Apart from that aspect there is the certainty that largely increased costs of raw materials, higher wages, and a much greater value on stock in hand or on credit will have to be met, requiring fresh capital, while longer credit may be necessary.

Some of the most important matters with which the committee will be empowered to deal will be the extent of the aid that banks and financial houses will be able to render; if such help should appear likely to prove insufficient, what other sources of credit can be sought; and by what method can the required capital be most efficiently distributed, in the event of a shortage, among essential trades and commerce.

COMMITTEE REPRESENTS ALL BRANCHES OF COMMERCE AND INDUSTRY.

The members of the committee appointed to deal with this fundamental subject of finance and capital after the war include representatives of banking, financial, commercial, and industrial circles, and are not restricted to London concerns, but include those vitally interested in industries and workshops throughout the country. The chairman of the committee, Sir R. V. Vassar-Smith, Bart. (chairman of Lloyd's Bank, one of the two largest banking corporations in the United Kingdom), in a recent address before the Institute of Bankers, said:

"The financing of our industries will be immensely facilitated by trade organization. During the war we have seen our productive industries organized on a large scale and under the control of the State. Both organization and control were forced upon us by war. As regards State control, I hope and believe that the necessity for it is temporary. As to trade organization, I firmly believe that the necessity for it will remain after the war. It is no new thing, this tendency to production and organization on a large scale, though it has not shown itself so much in this country as in some others. The day of small industries on individual lines is gone. Our manufacturers and traders must organize for united effort. This will have the closest bearing on questions of finance. An unstable, unorganized industry is the despair of bankers. I have confidence in stating that an industry organized on large lines has seldom lacked financial support in this country, and in spite of financial stringency, which we shall doubtless have to face, it is not likely to suffer in the future."

It is stated that the committee will commence work immediately.

EXHIBIT F.

FRENCH PREPARATIONS FOR TRADE AFTER WAR.

[Commercial Attaché C. W. A. Veditz, Paris, Oct. 26.]

Since the outbreak of the war numerous French writers upon commerce and industry have discussed in detail the economic consequences of the war and the problems of reorganization that will need to be solved after the termination of hostilities. Nearly all of them have insisted upon the importance of developing France's export trade, and their suggestions in this connection have been both critical and constructive. That is to say, they have pointed out those features of the present situa-

tion that must be remedied and have also proposed a series of new measures and organizations that are now totally lacking.

Naturally enough, the French foreign service has been subjected to a critical examination with regard to its efficiency as an agency for the promotion of export trade; and an impression has prevailed that it is susceptible of improvement in that respect.

The chief Government agency for the promotion of French export trade in the office national du commerce extérieur, intrusted by the law of March 4, 1898, with the task of furnishing French merchants and manufacturers with such commercial information as is likely to contribute to the development of French foreign trade and the expansion of French markets in foreign countries and in the French colonies and protectorates. The office national has the aid in this task of three groups of agencies—the diplomatic and consular services, the French chambers of commerce, and the foreign-trade counselors. The office maintains a collection of foreign-trade catalogues, which it analyzes and brings to the attention of interested French firms. It puts the benefit of its investigations at the disposal of French merchants and manufacturers. Unlike the United States Bureau of Foreign and Domestic Commerce, which is the corresponding American institution, it furnishes confidential information concerning the standing and financial resources of particular foreign firms. The office receives daily inquiries from foreign agents and importers, who are put in touch with French firms that have indicated an interest in foreign markets, and it keeps a classified list of French exporters. The office also undertakes to bring together groups of French exporters who would be unable individually to maintain an export organization. Whenever the office has cognizance of foreign-trade opportunities, particularly of important orders to be placed competitively by public or private corporations, such opportunities are brought to the attention of interested French chambers of commerce, trade associations, or even individual firms whose names are registered with the office.

THE FOUR DEPARTMENTS AND THEIR FUNCTIONS.

The work of the office is carried on by four departments. The first has to do with publications and information concerning the commercial standing and reputation of foreign houses. The publications of the office are the following:

The *Moniteur Officiel du Commerce* is normally issued every Monday. Its publication ceased at the outbreak of the war but will shortly be resumed. The *Moniteur* reports changes in foreign tariff laws, in French commercial legislation, and in the commercial laws of foreign countries. This publication has the exclusive right to the reports of French consuls and diplomats on commercial subjects. In brief, the *Moniteur* is the commercial-information periodical of the French Government, resembling in general the daily Commerce Reports of the American Government. It contains the trade opportunities brought to its notice that are likely to interest French exporters and manufacturers.

The office ordinarily issues weekly a *Feuille d'Information*, or *Bulletin of Information*. This publication also was stopped at the outbreak of the war but will soon be taken up again. It contains the more important news items and reports issued in the *Moniteur Officiel*. This bulletin is regarded as an efficient agency of trade propaganda; it has a large circulation in France and is posted publicly in railway stations, city halls, schools of commerce, and other places where it is likely to attract public attention. Its aim is to furnish general trade information and to stimulate an interest in export trade, even among those manufacturers and tradesmen who have previously shown no disposition to seek business in foreign markets.

The third class of publications of the Office National consists of the so-called *Dossiers Commerciaux*, or commercial documents, each relating to a particular commodity or group of commodities, or to the export market offered by a particular country or district. These documents often contain confidential information not intended for general circulation. They furnish detailed and specialized information along some specific line, likely to interest only those French dealers or manufacturers engaged in that line. They are furnished only to bona fide French firms located either in France or in its colonies.

Finally, the office publishes, in the form of monographs, the results of special investigations into the market for particular products singled out for such surveys. There have already been published such special monographs relating to wines, cutlery, porcelain, glassware, canned-food products, and the collection of credit claims abroad. The most recent of these *Notes Commerciales* concern the different sections of Morocco, investigated from the standpoint of exports and imports and with regard to agriculture and colonization.

The office national furnishes, free of charge, information concerning the standing and commercial rating of foreign firms and has in its files a large collection of catalogued cards enabling it in many instances to furnish such data without delay. It also furnishes the names of lawyers prepared to take charge of claims for the collection of unpaid bills abroad.

Another department of the office is concerned with the dispensation of general commercial information, the transmission of samples, and the furnishing of technical data. It undertakes to provide exporters of a given product with data concerning the principal nations exporting that product and with details concerning the requirements of particular markets. It furnishes lists of foreign dealers and importers and undertakes, on behalf of French inquirers, to purchase, on their account, samples, catalogues, and so forth.

A third department of the office specializes in matters of customs tariffs and trade statistics. It undertakes to furnish information with regard to import and export duties, commercial and navigation treaties and regulations, importation in bond, certificates of origin, trade-marks and patents, etc. It also seeks to keep fully informed concerning statistics of production, consumption, imports, and exports.

A fourth division of the office national is concerned with transportation matters. It keeps track of transportation charges, both by water and by rail, of ocean freight and insurance rates, of postal charges and regulations, of telegraphic rates and regulations, of port charges and navigation taxes.

ASSOCIATION NATIONALE D'EXPANSION ECONOMIQUE.

Since the outbreak of the war the importance of encouraging French export trade, particularly after the termination of the conflict, has seemed to warrant the establishment of several new organizations and agencies, and special attention has been given to the efficiency of German methods of trade expansion (as set forth, for example, by Henri Hauser in his book, *Les Méthodes Allemandes d'Expansion Commerciale*). Several new groups have been founded to aid and encourage the exportation of French products. The first and one of the most important of these is the Association Nationale d'Expansion Economique, formed under the leadership of the Paris Chamber of Commerce, which is a semiofficial organization having close relations with the French Government and especially with the ministry of commerce. The purpose of this organization is to prepare for competition after the war, for the new economic and commercial dispensation that will inevitably follow the cessation of hostilities. The association is divided into several committees entrusted with the study of particular branches of the export trade. It comprises the most important, if not all, of the chambers of commerce throughout France and of the various manufacturers' and merchants' associations in the Republic.

This association held an important commercial congress last March, which was presided over by the minister of commerce and which discussed some of the more important problems that will confront the nation in connection with the resumption of normal economic life at the end of the war. The most important single accomplishment of the association thus far is the preparation and publication of a rather complete survey of the industry, commerce, and agriculture of France, with particular reference to the problems and conditions that will arise after peace is restored. The reports in which the results of this survey are given number 70, and their subjects are as follows: General report; the woolen industry; the felt industry; silk and silk goods; ribbons and silk and textiles partly of silk; trimmings and braid; ready-made clothing; the cotton industry; flax and hemp goods; laces and embroideries; jute; hosiery and knit goods; dressmaking; women's wear ("la mode"); furs, lingerie, perfumery, etc.; leather, hides, and shoes; chemical fertilizers and other chemical products used in agriculture; dyestuffs; the products of large-scale chemical industry; coal; the extractive industries; the metallurgical industries; mechanical construction; electrical materials and construction; hardware; watches and clocks; optical glass; the photographic and cinematographic industries; jewelry; toys; ceramics and glassware; surgical and sanitary articles; paper; book publishing; resin and resinous products; trade in wood and lumber; food products; fishing; the merchant marine; mineral-water and health resorts; the hotel industry and tourist business; banking and credit; insurance; colonial administration; the cereal crops; the cattle industry; the meat industry; cattle raising in the colonies; dairy products; the exportation of wines; the exportation of liqueurs; forestry after the war; fruit and truck farming; horticulture; industrial plants (beet sugar, hemp, hops, etc.); the trade in seed; agricultural resources of colonial France; agricultural machinery and equipment; agricultural labor; the exportation of farm products (on which subject there

are nine reports, covering the principal export markets for French agricultural products).

The Association Nationale maintains a bureau of commercial information prepared to advise French exporters concerning customs duties, import and export regulations, black lists and the blockade, transportation rates and regulations, the exchange situation, taxes, antifraud legislation, colonial conditions, and trade opportunities. It also maintains a department for commercial translation work and issues a bulletin designed to keep its members informed promptly of changes in commercial laws, tariff rates, etc. The association will publish annually an Index of French Producers in the French, English, and Spanish languages, to be circulated widely among foreign jobbers, purchasers, and importers. It has already begun the publication of a monthly review, called *L'Expansion Economique*, containing a section of industrial and commercial notes, a section of agricultural notes, articles on current economic topics, and a summary of industrial and commercial news relating to France and the principal commercial nations of the world.

OTHER NEW ORGANIZATIONS TO PROMOTE AND PROTECT FRENCH TRADE.

Of somewhat more recent formation than the Association Nationale is the Union Nationale pour l'Exportation des Produits Français et pour l'Importation des Matières Premières, founded by M. Raoul Peret, former minister of commerce. This organization seeks above all to encourage the grouping of French manufacturers and dealers in order that by this means smaller producers who are unable independently to maintain an export organization may be able to enter the export trade. It is believed that by forming such cooperative groups of comparatively small concerns it will be possible to deal advantageously with steamship and railroad companies and to obtain the special benefits now confined to the larger establishments that have created and maintained their own export organizations. It is the ambition of this association to foster the creation of such groups and to create transportation companies under its own control.

Quite different are the aims of the Union Intersyndicale des Marques (a union of manufacturers' associations for the protection of trade-marks), founded by a well-known electrical engineer, M. Raynald Legouez. The main purpose of this organization is to protect French manufactures against imitation and misrepresentation. It is held that the Germans have been in the habit of selling their own goods as of French manufacture, not only on neutral markets but even in France; also that products nearly finished in Germany have in the past been shipped to France and finished there in order that they might be sold as French goods. The Union Intersyndicale is therefore carrying on an active campaign to persuade French manufacturers to place upon the market only goods that bear the distinctive label of the union—with the letters U. N. I. S.—as a guaranty of French origin. The union hopes to include all important groups of French manufacturers and thus to prevent the sale of goods that are not marked with the label of the union.

MOVEMENT FOR ESTABLISHMENT OF ANNUAL FAIRS.

In addition to organizations of the kind described, attention should be called to the movement in France in favor of annual fairs or markets comparable to the famous German fairs at Leipzig. The first experiment in this direction was made by Senator Herriot, the mayor of Lyon, in March, 1916, when Lyon held its first sample fair (*Foire d'Échantillons*) and 1,342 exhibitors took part. The second Lyon fair, held in March and April, 1917, was attended by 2,593 exhibitors, 424 of them being from foreign countries, with 25 representing American firms. It is reported that during the fair the exhibiting firms obtained orders amounting to about 200,000,000 francs.

In September, 1916, Bordeaux held a fair, but this was considered as devoted especially to the products of French colonies and to wines and foodstuffs, for which Bordeaux has always been a center of great importance. The second Bordeaux fair, held in September, 1917, repeated the success of the first.

In May, 1917, Paris inaugurated a fair, in which special attention was given to the so-called "articles de Paris" and "articles de luxe" that play so important a part in the industrial and commercial life of the French capital. Other cities have indicated a disposition to undertake similar projects; it is stated, for example, that Marseille contemplates having its annual fair. There is, of course, some danger here that the rivalry of French cities may militate against the establishment of a fair that will be truly national or international, and it now appears likely that the fairs of Paris and Bordeaux will specialize in certain groups of commodities, in the production or handling of which these cities play a leading part, whereas the Lyon fair will be of a more general character and thus become a real rival of the one at Leipzig.

NEW COMMERCIAL PUBLICATIONS.

In addition to the new organizations to which reference has been made, and to the newly established French fairs, the awakening interest in French export trade is manifested by the publication of a large number of new reviews, newspapers, and other periodicals devoted to commercial subjects, and especially to the expansion of French foreign trade. Easily the foremost of these is the *Exportateur Français*, published weekly under the editorship of Maurice Ajam, deputy and former under secretary of state. Mention should also be made of *Le Soir*, a daily commercial newspaper; *La Victoire Economique*, a weekly newspaper; *Le Moniteur du Commerce*, published weekly; *L'Initiative Commerciale*, a monthly review; *Commerce et Industrie*, a monthly; and *Mercure*, the organ of the French Federation of International Commerce. All these publications give special attention to French export trade.

EXECUTIVE SESSION.

Mr. KIRBY. I move that the Senate proceed to the consideration of executive business for the purpose of reporting some nominations.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and (at 4 o'clock and 45 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, February 26, 1918, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate February 25, 1918.

PROVISIONAL APPOINTMENT IN THE ARMY.

INFANTRY.

To be second lieutenant with rank from October 26, 1917.

Second Lieut. Robert Roy O'Loughlin, Infantry Officers' Reserve Corps.

PROVISIONAL APPOINTMENT, BY TRANSFER, IN THE ARMY.

FIELD ARTILLERY ARM.

Second Lieut. Stewart F. Miller, Twenty-fourth Cavalry, to be second lieutenant of Field Artillery with rank from February 21, 1918.

PROVISIONAL APPOINTMENTS, BY PROMOTION, IN THE ARMY.

INFANTRY ARM.

To be captain with rank from October 23, 1917.

First Lieut. Irving C. Avery.

To be captains with rank from October 25, 1917.

First Lieut. James V. Ware.

First Lieut. Robert W. Brown.

To be captain with rank from October 30, 1917.

First Lieut. James R. Manning.

To be captains with rank from November 5, 1917.

First Lieut. Charles L. Steel.

First Lieut. Stuart R. Carswell.

First Lieut. Gilbert S. Harter.

First Lieut. John W. Cotton.

First Lieut. Ralph E. Wallace.

First Lieut. Lawrence W. Fagg.

First Lieut. Maury Mann.

First Lieut. Rupert L. Purdon.

First Lieut. Richard S. Jones.

First Lieut. William C. Hanna.

First Lieut. Leon G. Harer.

First Lieut. Edwin M. Scott.

First Lieut. Paul J. Dowling.

First Lieut. John H. Jones.

First Lieut. Rufus E. Wicker.

To be captain with rank from November 6, 1917.

First Lieut. Charles L. Briscoe.

To be captain with rank from November 9, 1917.

First Lieut. Hermann C. Dempewolf.

To be captain with rank from November 30, 1917.

First Lieut. Frank E. Hinton.

To be captain with rank from December 2, 1917.

First Lieut. Frank J. Tuohy.

To be captains with rank from December 19, 1917.

First Lieut. John R. Hermann.

First Lieut. Louis T. Roberts.

First Lieut. James M. Palmer.

To be captains with rank from December 29, 1917.

First Lieut. Ralph A. W. Pearson.

First Lieut. Alfred Millard.

First Lieut. Harry A. Ambs.

First Lieut. William H. Bittenbender.

First Lieut. Raymond H. Bishop.

First Lieut. James A. Summersett, jr.

First Lieut. Hugh C. Gilchrist.

First Lieut. Allen T. Veatch.

To be first lieutenant with rank from October 26, 1917.

Second Lieut. Robert R. O'Loughlin.

TEMPORARY PROMOTIONS IN THE ARMY.

JUDGE ADVOCATE GENERAL'S DEPARTMENT.

To be lieutenant colonel with rank from January 21, 1918.

Maj. Edwin O. Saunders, Judge Advocate General's Department.

QUARTERMASTER CORPS.

To be lieutenant colonel with rank from January 22, 1918.

Maj. William B. Rochester, Quartermaster Corps.

CORPS OF ENGINEERS.

To be colonel with rank from February 6, 1918.

Lieut. Col. William P. Stokey, Corps of Engineers.

To be colonel with rank from February 7, 1918.

Lieut. Col. Lewis M. Adams, Corps of Engineers.

To be colonel with rank from February 8, 1918.

Lieut. Col. William D'A. Anderson, Corps of Engineers.

To be lieutenant colonels with rank from December 20, 1917.

Maj. Charles L. Hall, Corps of Engineers.

Maj. Virgil L. Peterson, Corps of Engineers.

Maj. George R. Goethals, Corps of Engineers.

Maj. John W. N. Schulz, Corps of Engineers.

Maj. Richard T. Coiner, Corps of Engineers.

Maj. Robert S. A. Dougherty, Corps of Engineers.

To be lieutenant colonels with rank from January 4, 1918.

Maj. Cleveland C. Gee, Corps of Engineers.

Maj. John M. Wright, Corps of Engineers.

Maj. John R. D. Matheson, Corps of Engineers.

To be lieutenant colonel with rank from February 8, 1918.

Maj. Earl North, Corps of Engineers.

To be lieutenant colonel with rank from February 14, 1918.

Maj. Albert H. Acher, Corps of Engineers.

To be major with rank from December 29, 1917.

Capt. John S. Bragdon, Corps of Engineers.

To be major with rank from December 31, 1917.

Capt. George J. Richards, Corps of Engineers.

To be major with rank from January 4, 1918.

Capt. Alexander P. Cronkhite, Corps of Engineers.

To be major with rank from January 7, 1918.

Capt. John S. Smylle, Corps of Engineers.

To be majors with rank from January 12, 1918.

Capt. Lehman W. Miller, Corps of Engineers.

Capt. Douglas L. Weart, Corps of Engineers.

To be majors with rank from January 14, 1918.

Capt. Earl E. Gesler, Corps of Engineers.

Capt. Edwin A. Bethel, Corps of Engineers.

To be major with rank from January 17, 1918.

Capt. John F. Conklin, Corps of Engineers.

To be major with rank from January 18, 1918.

Capt. Alfred L. Ganahl, Corps of Engineers.

To be majors with rank from January 21, 1918.

Capt. John E. Harris, Corps of Engineers.

Capt. William F. Tompkins, Corps of Engineers.

To be major with rank from January 24, 1918.

Capt. Douglas H. Gillette, Corps of Engineers.

To be major with rank from January 26, 1918.

Capt. Paul A. Hodgson, Corps of Engineers.

To be major with rank from February 6, 1918.

Capt. Donald A. Davison, Corps of Engineers.

To be major with rank from February 7, 1918.

Capt. Thomas B. Larkin, Corps of Engineers.

To be major with rank from February 8, 1918.

Capt. Edwin C. Kelton, Corps of Engineers.

TRANSFERS TO THE ACTIVE LIST OF THE ARMY.

COAST ARTILLERY CORPS.

Capt. William K. Moore, United States Army, retired, to the grade of captain in the Coast Artillery Corps with rank from October 29, 1907.

INFANTRY ARM.

To be captain with rank from April 13, 1911.

Capt. Edwin J. Nowlen, retired.

To be captain with rank from July 1, 1916.

First Lieut. Sam P. Herren, retired.

CONFIRMATIONS.

Executive nominations confirmed by the Senate February 25, 1918.

APPOINTMENTS IN THE NATIONAL ARMY,

ADJUTANT GENERAL'S DEPARTMENT,

To be brigadier general.

Col. Henry G. Learnard.

INSPECTOR GENERAL'S DEPARTMENT,

To be brigadier generals.

Col. William T. Wood and

Col. Thomas Q. Donaldson.

ORDNANCE DEPARTMENT.

To be brigadier generals.

Col. William S. Peirce,

Col. John H. Rice, and

Col. Tracy C. Dickson.

APPOINTMENTS IN THE ARMY,

MEDICAL CORPS.

To be first lieutenant.

First Lieut. Charles Robert Henry.

CHAPLAINS.

Rev. Thomas A. Harkins and

Rev. John W. Inzer.

PROVISIONAL APPOINTMENTS IN THE ARMY,

INFANTRY.

To be second lieutenants.

John Thomas Bell and

Arthur Edmund Hirschler.

PROVISIONAL APPOINTMENTS, BY PROMOTION, IN THE ARMY,

CAVALRY ARM.

To be first lieutenants.

Second Lieut. Vance W. Batchelor,

Second Lieut. Truman E. Boudinot,

Second Lieut. James R. Wood,

Second Lieut. William J. Gallagher,

Second Lieut. Charles Rudd,

Second Lieut. James G. Strobridge,

Second Lieut. Stephen Boon, jr.,

Second Lieut. Harold G. Holt,

Second Lieut. Walter Gunther,

Second Lieut. Roy V. Morledge,

Second Lieut. John W. Noble,

Second Lieut. Herman R. Crile,

Second Lieut. Joseph E. Torrence,

Second Lieut. Charles G. Hutchinson,

Second Lieut. Chester P. Dorland,

Second Lieut. Ernest D. McQueen,

Second Lieut. Archie E. Groff,

Second Lieut. George D. Wiltshire,

Second Lieut. Alfonso F. Zerbee,

Second Lieut. Jackson B. Wood,

Second Lieut. Arthur J. Wehr,

Second Lieut. Robert C. Scott,

Second Lieut. Ernest F. Apeldorn, jr.,

Second Lieut. John R. Evans, jr.,

Second Lieut. DeLancey Bentley,

Second Lieut. William P. Rauch,

Second Lieut. John A. Garvin,

Second Lieut. Daniel D. Streeter,

Second Lieut. Randolph Russell,

Second Lieut. Ralston D. Livingston,

Second Lieut. Brock Putnam,

Second Lieut. Leland L. Miller,

Second Lieut. Edwin M. Sumner,

Second Lieut. William J. McChesney, jr.,

Second Lieut. Joseph Sheehan,
 Second Lieut. James M. Currin,
 Second Lieut. Thomas H. Green,
 Second Lieut. William H. C. Grimes,
 Second Lieut. Russell C. Winchester,
 Second Lieut. James S. Rodwell,
 Second Lieut. Charles F. Choate, 3d,
 Second Lieut. Charles D. Ryan,
 Second Lieut. Nathaniel Holmes,
 Second Lieut. Kirk Broaddus,
 Second Lieut. Paul Blackmer,
 Second Lieut. Herbert A. Suman,
 Second Lieut. Harold de B. Bruck,
 Second Lieut. Donald A. Young,
 Second Lieut. Hans C. Minuth,
 Second Lieut. Edwin C. Gere,
 Second Lieut. John M. Sweeney, jr.,
 Second Lieut. George G. Ball,
 Second Lieut. Samuel C. Skemp,
 Second Lieut. Jacob M. Carter, jr.,
 Second Lieut. Thomas P. Hazard,
 Second Lieut. Francis C. Dossert,
 Second Lieut. George W. Ewing, jr.,
 Second Lieut. Crawford C. Madeira,
 Second Lieut. Charles P. Davis,
 Second Lieut. Harry R. Kilbourne,
 Second Lieut. Elmer E. Finck,
 Second Lieut. Harry H. Semmes,
 Second Lieut. Clifford A. Eastwood,
 Second Lieut. Guy A. Russell,
 Second Lieut. Fenton S. Jacobs,
 Second Lieut. Catesby ap C. Jones, and
 Second Lieut. Charles Wharton.

INFANTRY.

Second Lieut. John Thomas Bell to be first lieutenant.

COAST ARTILLERY CORPS.

Second Lieut. Arthur H. Warner to be first lieutenant.

PROVISIONAL APPOINTMENTS, BY TRANSFER, IN THE ARMY.

CAVALRY ARM.

Second Lieut. George Stewart Warren, Infantry, to be second lieutenant of Cavalry.

INFANTRY ARM.

Second Lieut. James Robert Lowry, jr., Cavalry, to be second lieutenant of Infantry.

Second Lieut. Bernard M. Barcalow, Field Artillery, to be second lieutenant of Infantry.

FIELD ARTILLERY ARM.

Second Lieut. John S. Fishback, Infantry, to be second lieutenant of Field Artillery.

TEMPORARY PROMOTIONS IN THE ARMY.

CORPS OF ENGINEERS.

To be majors.

Capt. Clarence L. Sturdevant,
 Capt. Earl J. Atkisson,
 Capt. Richard T. Coiner,
 Capt. Robert S. A. Dougherty,
 Capt. Stuart C. Godfrey,
 Capt. Francis C. Harrington,
 Capt. Edwin H. Marks,
 Capt. Earl North,
 Capt. Albert H. Acher,
 Capt. Gilbert Van B. Wilkes,
 Capt. John C. H. Lee,
 Capt. Frank S. Besson,
 Capt. Lindsay C. Herkness,
 Capt. Roscoe C. Crawford,
 Capt. Bradford G. Chynoweth,
 Capt. Gordon R. Young, and
 Capt. Lunsford E. Oliver.

COAST ARTILLERY CORPS.

To be first lieutenants.

Second Lieut. Robert K. Gooch,
 Second Lieut. Oliver N. Hollis,
 Second Lieut. Cranston B. Rader,
 Second Lieut. Cedric E. Scheerer,
 Second Lieut. Geoffrey Marshall,
 Second Lieut. Lloyd W. Taylor,
 Second Lieut. Guy H. Hearon,
 Second Lieut. Francis E. Harrison, jr.,

Second Lieut. James W. Hopkins,
 Second Lieut. Ralph E. Billsborrow,
 Second Lieut. Alfred W. Chapman,
 Second Lieut. William A. Emerson,
 Second Lieut. Lawrence J. Meyns,
 Second Lieut. James C. Vickery,
 Second Lieut. Clarence E. Muehlberg,
 Second Lieut. Edwin C. Higbee,
 Second Lieut. William T. Andrews,
 Second Lieut. Stoddard P. Johnston,
 Second Lieut. Lewis A. Hudgins,
 Second Lieut. Levi M. Bricker,
 Second Lieut. Thomas P. Ahern,
 Second Lieut. Lawrence Iverson,
 Second Lieut. Herbert Macmillan,
 Second Lieut. John P. MacNeill,
 Second Lieut. Archibald L. Parmelee,
 Second Lieut. Robert E. Ryerson,
 Second Lieut. Sam H. Coile,
 Second Lieut. Junius B. Peake,
 Second Lieut. Sam W. Anderson,
 Second Lieut. Richard B. Cross,
 Second Lieut. Geoffrey A. Ogilvie,
 Second Lieut. John S. Cansler,
 Second Lieut. George M. Holstein, jr.,
 Second Lieut. Joseph G. Cole,
 Second Lieut. Ward Rubendall,
 Second Lieut. Clyde LeG. Walker,
 Second Lieut. Richard B. Gayle,
 Second Lieut. Stillman B. Hyde,
 Second Lieut. Winston W. Little,
 Second Lieut. Ralph P. Wagner,
 Second Lieut. John A. Spanogle,
 Second Lieut. Henry M. Atkinson, jr.,
 Second Lieut. Charles S. Harris,
 Second Lieut. Paul W. Rutledge,
 Second Lieut. Alvin C. Smith,
 Second Lieut. James C. Corliss,
 Second Lieut. Robert T. Chaplin,
 Second Lieut. Chester B. McCoid,
 Second Lieut. Hugh G. Lieber,
 Second Lieut. Earle W. Marvin,
 Second Lieut. Robert G. Rhett, jr.,
 Second Lieut. James K. Morris,
 Second Lieut. Charles E. Bates,
 Second Lieut. Marshall L. Gosserand,
 Second Lieut. Winthrop M. Allen,
 Second Lieut. Maxwell R. McMillan,
 Second Lieut. St. John Waddell, jr.,
 Second Lieut. Cary B. Easley,
 Second Lieut. Nicholas B. O'Connell,
 Second Lieut. Junius T. Moore,
 Second Lieut. Oscar D. McNeely,
 Second Lieut. Abraham R. Ginsburg,
 Second Lieut. Vincent K. Smith,
 Second Lieut. Charles L. Ordeman,
 Second Lieut. Ramon Conroy,
 Second Lieut. Thomas J. Betts,
 Second Lieut. David O. Haynes, jr.,
 Second Lieut. Edwin J. Patton,
 Second Lieut. Morris C. Handwerk,
 Second Lieut. Herbert B. Knox, jr.,
 Second Lieut. Charles Cobb, 3d,
 Second Lieut. Benjamin F. Harmon,
 Second Lieut. Ralph A. Densmore,
 Second Lieut. Charles C. Bell, jr.,
 Second Lieut. Charles W. Lawrance,
 Second Lieut. Edgar C. Outten,
 Second Lieut. David W. Burgoon,
 Second Lieut. Raymond B. Bottom,
 Second Lieut. Farrant L. Turner,
 Second Lieut. Henry T. Morrison,
 Second Lieut. Lee D. Pettingill,
 Second Lieut. Malcolm H. Ross,
 Second Lieut. Leonard R. Crews,
 Second Lieut. Harold M. Jones,
 Second Lieut. Thomas J. Delaney,
 Second Lieut. William F. Cassidy, jr.,
 Second Lieut. John W. Loveland, jr.,
 Second Lieut. Scott Hayes,
 Second Lieut. Webster H. Warren,
 Second Lieut. Callan E. England,
 Second Lieut. Evan H. Benoy,
 Second Lieut. John B. Bethen, jr.,
 Second Lieut. Charles W. Higgins,

Second Lieut. Hugh N. Herrick,
 Second Lieut. Harry Lee Campbell,
 Second Lieut. Milton L. Dodge,
 Second Lieut. Robert Mochrie,
 Second Lieut. Albert B. Ede,
 Second Lieut. Donald W. Tyrrell,
 Second Lieut. Everett M. Barton,
 Second Lieut. Warren S. Robinson,
 Second Lieut. William W. Wertz,
 Second Lieut. Evans R. Crowell,
 Second Lieut. Simon L. Bear,
 Second Lieut. Laurence W. Hutchinson,
 Second Lieut. Gilbert H. Gaus,
 Second Lieut. James C. Bates,
 Second Lieut. Thomas E. Troland,
 Second Lieut. William A. West, jr.,
 Second Lieut. Louis H. Thompson,
 Second Lieut. Albert Bonds,
 Second Lieut. Thomas W. Conrad,
 Second Lieut. Frederick W. Hoorn,
 Second Lieut. Charles C. Stalter,
 Second Lieut. Joseph C. Stephens,
 Second Lieut. Eugene R. Guild,
 Second Lieut. Thomas R. Lannon,
 Second Lieut. Leslie W. Jefferson,
 Second Lieut. Luther O. Leach,
 Second Lieut. James D. Jones,
 Second Lieut. Guy W. Thomas,
 Second Lieut. James L. McMullen,
 Second Lieut. Charles R. Walker, jr.,
 Second Lieut. Harold L. Williamson,
 Second Lieut. Isaac Wynne, jr.,
 Second Lieut. Temple H. Buell,
 Second Lieut. Julien R. Hume,
 Second Lieut. John R. Embich,
 Second Lieut. Ernest W. Soucy,
 Second Lieut. Donald B. Hilton,
 Second Lieut. Ralph E. Hill,
 Second Lieut. Francis L. Christian,
 Second Lieut. Maitland Bottoms,
 Second Lieut. William R. Epes,
 Second Lieut. Irvin H. Zeliff,
 Second Lieut. Charles H. Stewart,
 Second Lieut. John Fiaccan,
 Second Lieut. Edward N. Horr,
 Second Lieut. Joseph E. Simmius,
 Second Lieut. Lucius T. Hill,
 Second Lieut. Hal F. Corry,
 Second Lieut. Martin A. Hayes,
 Second Lieut. Edward R. Holland, jr.,
 Second Lieut. John W. Russey,
 Second Lieut. James D. McIntyre,
 Second Lieut. Harry W. Lins,
 Second Lieut. Bryan L. Milburn,
 Second Lieut. Alexander B. Carrington, jr.,
 Second Lieut. Frederick H. Bachman,
 Second Lieut. Bradley J. Saunders, jr.,
 Second Lieut. Herbert C. Bartlett,
 Second Lieut. Nyal L. Adams,
 Second Lieut. William B. Cooley,
 Second Lieut. Lloyd G. Sparks,
 Second Lieut. Arthur F. Aston,
 Second Lieut. Charles M. Dale,
 Second Lieut. Stanford Rayne,
 Second Lieut. Harry M. Carder, jr.,
 Second Lieut. William A. Clark, jr.,
 Second Lieut. William W. Dinsmore,
 Second Lieut. Arthur Duffy,
 Second Lieut. Ellsworth Young,
 Second Lieut. John W. Fuchs,
 Second Lieut. Thomas R. Bartlett,
 Second Lieut. Dudley F. Taylor,
 Second Lieut. James L. D. Corey,
 Second Lieut. Andrew J. Bentley,
 Second Lieut. Frank H. Pritchard,
 Second Lieut. Clyde M. Watson, and
 Second Lieut. Stanley H. Franklin,

FIELD ARTILLERY ARM.
 To be first lieutenants.

Second Lieut. William R. Gerhardt,
 Second Lieut. Theodore E. Buechler,
 Second Lieut. Frederick E. Tibbetts, jr.,
 Second Lieut. Samuel D. Ringsdorf,
 Second Lieut. Redmond F. Kernan, jr.,

Second Lieut. Theodore L. Futch,
 Second Lieut. Russell L. Meredith,
 Second Lieut. William I. Wilson,
 Second Lieut. Harold A. Cooney,
 Second Lieut. John T. Knight, jr.,
 Second Lieut. Miles A. Cowles,
 Second Lieut. Lawrence McC. Jones,
 Second Lieut. Gordon G. Heiner, jr.,
 Second Lieut. Edward J. Wolff, jr.,
 Second Lieut. Addison H. Douglass,
 Second Lieut. Arthur E. Fox,
 Second Lieut. Lewis A. Bond,
 Second Lieut. Robert A. B. Goodman,
 Second Lieut. Devereaux C. Josephs,
 Second Lieut. Henry M. Rees,
 Second Lieut. John G. Paul,
 Second Lieut. James E. Brinckerhoff,
 Second Lieut. William G. Cummings,
 Second Lieut. Harold T. Brotherton,
 Second Lieut. Larkin W. Glazebrook, jr.,
 Second Lieut. Samuel D. Smoley,
 Second Lieut. Charles F. Neave,
 Second Lieut. Robert W. Wilson,
 Second Lieut. Donald H. Brown,
 Second Lieut. Ralph de P. Terrell,
 Second Lieut. Stephen B. Ives,
 Second Lieut. Robert F. Webb,
 Second Lieut. William G. Lasch,
 Second Lieut. Miller H. Pontius,
 Second Lieut. Fritz A. Nagel,
 Second Lieut. Adrian J. McDonald,
 Second Lieut. John E. Hartigan,
 Second Lieut. John L. Handy,
 Second Lieut. Edgar A. O'Hair,
 Second Lieut. Stephen Mahon,
 Second Lieut. Addison B. Green,
 Second Lieut. John R. Shepley,
 Second Lieut. Roger A. Sanford,
 Second Lieut. Kenneth L. Holmes-Brown,
 Second Lieut. Oliver B. Cunningham,
 Second Lieut. Harvey E. Ragland,
 Second Lieut. Charles H. Burchenal,
 Second Lieut. Robert E. Crotty,
 Second Lieut. Wilton Lloyd-Smith,
 Second Lieut. Frank C. Delaney,
 Second Lieut. Pell W. Foster, jr.,
 Second Lieut. Kennedy Hassenzahl,
 Second Lieut. Arthur P. Patterson,
 Second Lieut. Robert P. Reynolds,
 Second Lieut. Phillip G. Hodge,
 Second Lieut. Dennis P. McCarthy,
 Second Lieut. Albert Tate,
 Second Lieut. Le Count H. Slocum,
 Second Lieut. John H. Shelton,
 Second Lieut. Louis H. Lathrop,
 Second Lieut. John Van H. Challiss,
 Second Lieut. Junius S. Roberts,
 Second Lieut. Frederic W. W. Graham, jr.,
 Second Lieut. Joseph R. Estabrook,
 Second Lieut. Harold D. Finley,
 Second Lieut. Leo Joseph Vogel,
 Second Lieut. James P. Kelly,
 Second Lieut. Richard B. von Maur,
 Second Lieut. Harold T. Deeds,
 Second Lieut. Millard L. Hamaker,
 Second Lieut. John B. Fidler,
 Second Lieut. Wilbur B. Sumner,
 Second Lieut. Douglas Henry,
 Second Lieut. John A. Graves,
 Second Lieut. Hastings S. Morse,
 Second Lieut. George M. Schurman,
 Second Lieut. William E. Corkill,
 Second Lieut. Charles D. Brown,
 Second Lieut. Lester M. Kilgarif,
 Second Lieut. Henry W. Krotzer,
 Second Lieut. James B. Catlett,
 Second Lieut. Robert L. Randol,
 Second Lieut. Douglas L. Crane,
 Second Lieut. Melville H. Rood,
 Second Lieut. Thomas L. Chalmers,
 Second Lieut. Harry N. Blue,
 Second Lieut. Fredric H. Timmerman,
 Second Lieut. James H. McHenry,
 Second Lieut. Alfred J. Bardford,
 Second Lieut. Gurney L. Smith,

Second Lieut. John M. Franklin,
 Second Lieut. George S. Goodspeed,
 Second Lieut. Amos E. Carmichael,
 Second Lieut. Raymond H. Seagle,
 Second Lieut. John V. Anderson,
 Second Lieut. Leon C. Swager,
 Second Lieut. Henry W. Wiley,
 Second Lieut. Walter Rompel,
 Second Lieut. Winfred C. Green,
 Second Lieut. Marion I. Voorhes,
 Second Lieut. Algernon S. Coleman,
 Second Lieut. Leslie W. Devereux,
 Second Lieut. Robert F. LaBarron,
 Second Lieut. Edgar G. Crossman,
 Second Lieut. James H. Boyd,
 Second Lieut. Ralph K. Learnard,
 Second Lieut. Pitt F. Carl, jr.,
 Second Lieut. David W. Potter,
 Second Lieut. John H. Gardner, jr.,
 Second Lieut. Earl C. Ewert,
 Second Lieut. Donald D. Demarest,
 Second Lieut. David J. Fitzgerald,
 Second Lieut. William C. Chanler,
 Second Lieut. Ralph W. Hahn,
 Second Lieut. Orrin P. Kilbourn,
 Second Lieut. Robert E. Jacobson,
 Second Lieut. John T. Clancy,
 Second Lieut. Richard A. Miller,
 Second Lieut. Winthrop W. Leach,
 Second Lieut. John W. O'Harrow, jr.,
 Second Lieut. James B. Dick,
 Second Lieut. Carol S. S. Kennedy,
 Second Lieut. Dan Cummins Kenan,
 Second Lieut. Joseph A. Martz,
 Second Lieut. Andrew S. Messick,
 Second Lieut. Lee B. Goff, jr.,
 Second Lieut. Kenneth S. Wallace,
 Second Lieut. Ralph Heatherington,
 Second Lieut. Eugene B. Ripley, jr.,
 Second Lieut. Thornton Davis,
 Second Lieut. Frederick M. Williams,
 Second Lieut. Harry B. Routh,
 Second Lieut. William E. Farthing,
 Second Lieut. Jackson H. Boyd, and
 Second Lieut. Noel Noyes,

CAVALRY ARM.

Lieut. Col. Edgar A. Sirmyer to be colonel.
To be lieutenant colonels.

Maj. Hamilton Bowie,
 Maj. Frederick J. Herman,
 Maj. Ben Lear, jr.,
 Maj. George P. Tyner, and
 Maj. Walter F. Martin.

To be majors.

Capt. Walter F. Martin,
 Capt. N. Butler Briscoe,
 Capt. Elbert E. Farman, jr.,
 Capt. George S. Patton, jr., and
 Capt. James R. Hill.

To be captains.

First Lieut. Peter T. Coxé,
 First Lieut. Francis H. Bouche,
 First Lieut. William H. Sweet,
 First Lieut. Louis Cansler,
 First Lieut. William Van D. Ochs,
 First Lieut. Lee L. Elzas, and
 First Lieut. Owen G. Fowler.

To be first lieutenants.

Second Lieut. Calvert L. Estill,
 Second Lieut. Nathan Cockrell,
 Second Lieut. Channing C. Beeth,
 Second Lieut. Cecil J. North,
 Second Lieut. Robert M. Eichelsdoerfer,
 Second Lieut. Edmund H. Driggs, jr.,
 Second Lieut. James T. Watson, jr.,
 Second Lieut. Roswell E. Round,
 Second Lieut. William D. Thompson,
 Second Lieut. Murray H. Ellis,
 Second Lieut. Wolcott P. Hayes,
 Second Lieut. Joseph I. Lambert,
 Second Lieut. Ralph W. Rogers,
 Second Lieut. William P. Medlar,

Second Lieut. Lawrence A. Shafer,
 Second Lieut. Thurlby M. Rundel,
 Second Lieut. Charles B. Bubb,
 Second Lieut. Paul E. McDermott,
 Second Lieut. Gustav B. Guenther,
 Second Lieut. William H. Skinner,
 Second Lieut. Leslie F. Lawrence,
 Second Lieut. Horace W. Forster,
 Second Lieut. Franklin C. Ketter,
 Second Lieut. Charles Pope, 2d.
 Second Lieut. Waldemar A. Falck,
 Second Lieut. Carl J. Rohsenberger,
 Second Lieut. Crawford M. Kellogg,
 Second Lieut. James V. McDowell,
 Second Lieut. Harry L. Hart,
 Second Lieut. James H. B. Bogman,
 Second Lieut. Robert H. Gallier,
 Second Lieut. Percy S. Haydon,
 Second Lieut. David J. Chaille,
 Second Lieut. Albert E. McIntosh,
 Second Lieut. Jefferson Kinney, jr.,
 Second Lieut. Halbert H. Neilson,
 Second Lieut. Leland C. McAuley,
 Second Lieut. Carl R. Johnston,
 Second Lieut. Dean R. De Merritt,
 Second Lieut. Vance W. Batchelor,
 Second Lieut. Truman E. Boudinot,
 Second Lieut. James R. Wood,
 Second Lieut. William J. Gallagher,
 Second Lieut. Charles Rudd,
 Second Lieut. James G. Strobridge,
 Second Lieut. Stephen Boon, jr.,
 Second Lieut. Harold G. Holt,
 Second Lieut. Walter Gunther,
 Second Lieut. Roy V. Morledge,
 Second Lieut. John W. Noble,
 Second Lieut. Herman R. Crile,
 Second Lieut. Joseph E. Torrence,
 Second Lieut. Charles G. Hutchinson,
 Second Lieut. Chester P. Dorland,
 Second Lieut. Ernest D. McQueen,
 Second Lieut. Archie E. Groff,
 Second Lieut. George D. Wiltshire,
 Second Lieut. Alfonso F. Zerbee,
 Second Lieut. Jackson B. Wood,
 Second Lieut. Arthur J. Wehr,
 Second Lieut. Robert C. Scott,
 Second Lieut. Ernest F. Apeldorn, jr.,
 Second Lieut. Grayson C. Woodbury,
 Second Lieut. Duncan G. McGregor,
 Second Lieut. Thomas J. Heavey,
 Second Lieut. Wallace F. Safford,
 Second Lieut. Joshua A. Stansell,
 Second Lieut. Raymond E. S. Williamson,
 Second Lieut. David C. G. Schlenker,
 Second Lieut. Harry T. Wood,
 Second Lieut. Earl F. Knoob,
 Second Lieut. Robert E. Symmonds,
 Second Lieut. John R. W. Diehl,
 Second Lieut. Rudolph D. Delehanty,
 Second Lieut. William H. W. Reinburg,
 Second Lieut. Elmer H. Almquist,
 Second Lieut. Frank L. Carr,
 Second Lieut. Frank E. Bertholet,
 Second Lieut. Marion Carson,
 Second Lieut. Rossiter H. Garity,
 Second Lieut. Frank C. Jedlicka,
 Second Lieut. Leo B. Conner,
 Second Lieut. John B. Saunders,
 Second Lieut. Arthur B. Custis,
 Second Lieut. Desmond O'Keefe,
 Second Lieut. Hal M. Rose,
 Second Lieut. Frederick J. Durrschmidt,
 Second Lieut. Milton W. Davis,
 Second Lieut. John B. Bellinger, jr.,
 Second Lieut. John R. Evans,
 Second Lieut. Fenton S. Jacobs,
 Second Lieut. Catesby ap C. Jones,
 Second Lieut. Charles Wharton,
 Second Lieut. W. Dirk Van Ingen,
 Second Lieut. Herbert V. Scanlan,
 Second Lieut. Sigurd von Christerson,
 Second Lieut. Kenneth O. Spinning,
 Second Lieut. Curt E. Hansen,
 Second Lieut. Vincent P. Ryan,

Second Lieut. Raymond C. Blatt,
 Second Lieut. Clinton de Witt,
 Second Lieut. Harold J. Adams,
 Second Lieut. William B. Van Auken,
 Second Lieut. Harold Kitson,
 Second Lieut. John Boies,
 Second Lieut. Charles R. Gross,
 Second Lieut. Irvine L. McAllister,
 Second Lieut. Robert G. Breene,
 Second Lieut. James I. Gibbon,
 Second Lieut. Walter C. Butler,
 Second Lieut. Don Briley,
 Second Lieut. Howard F. Long,
 Second Lieut. Benjamin Lufkin,
 Second Lieut. Burton C. Andrus,
 Second Lieut. Harold E. Lewis,
 Second Lieut. Newell P. Weed,
 Second Lieut. Arthur H. Besse,
 Second Lieut. Charles W. White,
 Second Lieut. John R. Lindsey,
 Second Lieut. George L. Snelling,
 Second Lieut. Duane L. Tice,
 Second Lieut. Jason B. Hart,
 Second Lieut. Roland H. Rogers,
 Second Lieut. Fred N. Raymond,
 Second Lieut. Glenn W. Keith,
 Second Lieut. Roscoe C. B. Ellard,
 Second Lieut. Robert C. Knowlton,
 Second Lieut. Richard H. Pinney,
 Second Lieut. Garland C. Black,
 Second Lieut. George A. Delaney,
 Second Lieut. Keith F. Driscoll,
 Second Lieut. Albert G. Hunt,
 Second Lieut. Egbert F. Bullene,
 Second Lieut. Arthur W. Stanley,
 Second Lieut. Harold E. Bralley,
 Second Lieut. Carleton Burgess,
 Second Lieut. Frederick H. Vandregift,
 Second Lieut. Harry E. Dodge,
 Second Lieut. Charles F. Palmer,
 Second Lieut. Jay D. D. Marcellus,
 Second Lieut. Lewis D. Cooper, jr.,
 Second Lieut. Charles J. Davis,
 Second Lieut. George W. Outland,
 Second Lieut. John M. Moose, jr.,
 Second Lieut. Nelson R. Perry,
 Second Lieut. Innes Randolph,
 Second Lieut. Carl B. Byrd,
 Second Lieut. Thomas Brady, jr.,
 Second Lieut. Gilbert X. Cheves,
 Second Lieut. Wingate Battle,
 Second Lieut. Harold B. Wharfield,
 Second Lieut. Wade C. Gatchell,
 Second Lieut. Henry G. White,
 Second Lieut. Norman D. Twichell,
 Second Lieut. Andrew J. Wynne,
 Second Lieut. Howard C. Wiener,
 Second Lieut. Walter F. Goodman,
 Second Lieut. Thomas M. Benson,
 Second Lieut. Edward F. Porter,
 Second Lieut. Lucian K. Truscott, jr.,
 Second Lieut. Ralph E. Alstead,
 Second Lieut. Arthur S. Kelley,
 Second Lieut. James H. Akerman,
 Second Lieut. Raymond T. Connell,
 Second Lieut. James N. W. McClure,
 Second Lieut. Gabriel R. Mead,
 Second Lieut. Millard G. Harnden,
 Second Lieut. David McK. Wilson,
 Second Lieut. Leonard M. Mertz,
 Second Lieut. Ernest A. Williams,
 Second Lieut. Daniel H. McCarthy,
 Second Lieut. Slocum Kingsbury,
 Second Lieut. George H. Millholland,
 Second Lieut. Gardiner S. Platt,
 Second Lieut. Roy I. Phares,
 Second Lieut. Donald R. Dunkle,
 Second Lieut. Chester E. Davis,
 Second Lieut. Holmes G. Paullin,
 Second Lieut. Francis R. Kenney,
 Second Lieut. Monroe P. Smith,
 Second Lieut. John H. Irving,
 Second Lieut. Evan D. Cameron, jr.,
 Second Lieut. William F. McLaughlin,
 Second Lieut. Glenn S. Finley,

Second Lieut. Manly F. Meador,
 Second Lieut. Ernest F. Sexton,
 Second Lieut. Stephen W. Davis,
 Second Lieut. Lynn B. Conde,
 Second Lieut. Clarence B. Werts,
 Second Lieut. Henry R. Miller, jr.,
 Second Lieut. John H. G. Rely,
 Second Lieut. Charles H. Unger,
 Second Lieut. William D. Tabor,
 Second Lieut. Horace S. King,
 Second Lieut. Edward M. Pickett,
 Second Lieut. James C. Van Ingen,
 Second Lieut. Callie H. Palmer,
 Second Lieut. Charles R. Chase,
 Second Lieut. Thomas F. Mishou, jr.,
 Second Lieut. Robert B. Jackson,
 Second Lieut. Christopher C. Strawn,
 Second Lieut. Allyn R. Brownson,
 Second Lieut. John R. Breittinger,
 Second Lieut. Robert D. Beer,
 Second Lieut. Alfred J. de Lorimier,
 Second Lieut. George S. Warren,
 Second Lieut. William O. Coleman,
 Second Lieut. Herbert R. Sargent,
 Second Lieut. John E. Ketchum,
 Second Lieut. Arwed C. Baltzer,
 Second Lieut. James W. Ewing,
 Second Lieut. Wallace Van Cleave,
 Second Lieut. Karl W. Curtis,
 Second Lieut. Carl E. Rankin,
 Second Lieut. Richard E. Tallant,
 Second Lieut. Nelson M. Utley,
 Second Lieut. John A. McDonald,
 Second Lieut. Henry H. Cheshire,
 Second Lieut. Nathan B. Reynolds,
 Second Lieut. John Andrew Wood,
 Second Lieut. Venable Moore,
 Second Lieut. Guy L. Furr,
 Second Lieut. Walter McL. Robinson,
 Second Lieut. John S. Peters,
 Second Lieut. Herbert L. Earnest,
 Second Lieut. Verne Austin,
 Second Lieut. Willis H. Ryder,
 Second Lieut. Alden H. Torrey,
 Second Lieut. Morris T. Whitmore,
 Second Lieut. Samuel Leask, jr.,
 Second Lieut. Guy E. Dillard,
 Second Lieut. Ray T. Maddocks,
 Second Lieut. Thomas A. Frazier,
 Second Lieut. Victor R. Sladek,
 Second Lieut. James W. Husted, jr.,
 Second Lieut. Richard N. Atwell,
 Second Lieut. William Elliott, jr.,
 Second Lieut. Thomas B. Locke,
 Second Lieut. Morris S. Daniels, jr.,
 Second Lieut. Frank S. Pope,
 Second Lieut. Harold G. Davis,
 Second Lieut. Robert M. Cherry,
 Second Lieut. Roger W. Sawyer,
 Second Lieut. John H. Welsh,
 Second Lieut. Edwin J. Kratzenberg,
 Second Lieut. Robert D. Coye,
 Second Lieut. Almet F. Jenks, jr.,
 Second Lieut. James P. Gifford,
 Second Lieut. Vern Hinkley,
 Second Lieut. Charles C. Allen, jr.,
 Second Lieut. A. Herman Stump,
 Second Lieut. John O. Lawrence,
 Second Lieut. Charles W. Glover,
 Second Lieut. William R. Evans,
 Second Lieut. John K. Galle, jr.,
 Second Lieut. Warren L. Shumaker,
 Second Lieut. Charles R. Simmons,
 Second Lieut. James Van V. Shufelt,
 Second Lieut. William H. Davidson,
 Second Lieut. Herbert A. Welch,
 Second Lieut. Hobart R. Gay,
 Second Lieut. Rutherford L. Hammond,
 Second Lieut. Paul H. Alling,
 Second Lieut. Ervin W. Harrison, jr.,
 Second Lieut. Raymond G. Clark,
 Second Lieut. Elisha C. Wattles,
 Second Lieut. Brooks Shumaker,
 Second Lieut. Parker G. Tenney,
 Second Lieut. George P. Pattison,

Second Lieut. Mordaunt V. Turner,
 Second Lieut. Norman E. Waldron,
 Second Lieut. Herbert J. Burke,
 Second Lieut. Leo L. Gocker,
 Second Lieut. Carleton Swasey,
 Second Lieut. John H. Ransdell,
 Second Lieut. Edwin W. Godbold,
 Second Lieut. Louis G. Forney,
 Second Lieut. Hugh Brooks,
 Second Lieut. John G. White,
 Second Lieut. Edwin W. Meise,
 Second Lieut. Raymond C. Gibbs,
 Second Lieut. Leo F. Crane,
 Second Lieut. Harry C. Boden,
 Second Lieut. Robert Driscoll,
 Second Lieut. Rohland A. Isker,
 Second Lieut. James M. Graham, jr.,
 Second Lieut. Wallace G. Corwin,
 Second Lieut. Robert R. Maxwell,
 Second Lieut. Peter D. Larson,
 Second Lieut. Charles A. Høger,
 Second Lieut. Robert O. Wright,
 Second Lieut. Arthur D. Soper,
 Second Lieut. Conrad G. Wall,
 Second Lieut. Andrew Wilson, jr.,
 Second Lieut. Roger L. Branham,
 Second Lieut. Harold A. Davis,
 Second Lieut. Lloyd A. Houchin,
 Second Lieut. Charlie E. Hart,
 Second Lieut. Richard T. Lyons,
 Second Lieut. Hugh A. Barnhart,
 Second Lieut. James W. Jenkins,
 Second Lieut. George H. Howard, jr.,
 Second Lieut. Frank Wideman,
 Second Lieut. Arthur C. Crunden,
 Second Lieut. James Parker,
 Second Lieut. James T. Donald,
 Second Lieut. Edward G. Knowles,
 Second Lieut. Guy T. O. Hollyday,
 Second Lieut. Francis V. Terry,
 Second Lieut. Tolman D. Wheeler,
 Second Lieut. Charles E. Dissinger,
 Second Lieut. Martin G. Charles,
 Second Lieut. Earl M. Abbott,
 Second Lieut. Harvey M. Breaks,
 Second Lieut. Williamson W. Simons,
 Second Lieut. Robert B. Kerr,
 Second Lieut. Samuel V. H. Danzig,
 Second Lieut. George F. Neilson,
 Second Lieut. Dean A. Jones,
 Second Lieut. Hugh F. Conrey,
 Second Lieut. Callistus J. Ennis,
 Second Lieut. Venance Le May,
 Second Lieut. Edward L. Mörss,
 Second Lieut. Paul C. Febiger,
 Second Lieut. David N. Sutton,
 Second Lieut. Alexander D. Mason,
 Second Lieut. William E. Duke,
 Second Lieut. Earle L. Hazard,
 Second Lieut. Paul J. King,
 Second Lieut. Harry E. Pendleton,
 Second Lieut. Thomas McP. Glasgow,
 Second Lieut. John McLean,
 Second Lieut. Fred T. Cunningham,
 Second Lieut. Benton F. Munday,
 Second Lieut. Gyles Merrill,
 Second Lieut. William C. Bowie,
 Second Lieut. Wilfred E. Willis,
 Second Lieut. John B. Seaton,
 Second Lieut. Thomas B. Sweeney,
 Second Lieut. Richard S. Miesse,
 Second Lieut. James M. Adamson, jr.,
 Second Lieut. Charles E. Sheldrake,
 Second Lieut. Kenneth M. Harris,
 Second Lieut. Max. H. Nippel,
 Second Lieut. Charles M. Stewart, 3d,
 Second Lieut. Phillip S. Weadock,
 Second Lieut. Stewart F. Miller,
 Second Lieut. Joe C. Rogers,
 Second Lieut. Frank A. Allen, jr.,
 Second Lieut. Matthew Griswold, 3d,
 Second Lieut. Guy O. Kurtz,
 Second Lieut. Louis J. Compton,
 Second Lieut. Frederick Sanborn,
 Second Lieut. Clarence A. Lefferts,

Second Lieut. Nables F. Ryan,
 Second Lieut. George W. Barber,
 Second Lieut. Francis M. Weld,
 Second Lieut. Read Wipprecht,
 Second Lieut. Claire M. Daugherty,
 Second Lieut. Ceylon O. Griffin,
 Second Lieut. Edward E. Hamilton,
 Second Lieut. Erle F. Cress,
 Second Lieut. Dimetrio P. Harkins,
 Second Lieut. Harold G. Hathaway,
 Second Lieut. Bruce M. McDill,
 Second Lieut. Loren F. Parnley,
 Second Lieut. Edward Herendeen,
 Second Lieut. Floyd M. Friar,
 Second Lieut. John A. Anheier,
 Second Lieut. Grayson H. Bowers,
 Second Lieut. Thomas W. Herren,
 Second Lieut. Alfred R. Teter,
 Second Lieut. Harry G. Clarke,
 Second Lieut. Alden H. Seabury,
 Second Lieut. Fred W. Koester,
 Second Lieut. Clarence A. Shannon,
 Second Lieut. Alexander B. MacNabb,
 Second Lieut. Charles C. McCall,
 Second Lieut. William N. Todd, jr.,
 Second Lieut. Walton W. Cox,
 Second Lieut. Dudley Miller,
 Second Lieut. John K. Egan,
 Second Lieut. Thomas R. Taber,
 Second Lieut. Earl W. Henderson,
 Second Lieut. Ross E. Larsen,
 Second Lieut. Charles W. Burton,
 Second Lieut. Harry D. Bishop,
 Second Lieut. John S. McCloy, and
 Second Lieut. Samuel G. Mitchell.

INFANTRY.

To be captains.

First Lieut. Willis E. Comfort,
 First Lieut. Leven C. Allen,
 First Lieut. Joseph Quesenberry,
 First Lieut. Robert O. Jones,
 First Lieut. Oliver A. Hess,
 First Lieut. Edward A. Allen,
 First Lieut. Carroll M. DeWitt,
 First Lieut. George L. Pepin,
 First Lieut. Clarence B. Carver,
 First Lieut. Jediaiah H. Hills,
 First Lieut. Edwin E. Schwien,
 First Lieut. Dan D. Howe,
 First Lieut. John E. Copeland,
 First Lieut. Lloyd N. Keesling,
 First Lieut. John H. Humbert,
 First Lieut. Joseph L. Lancaster,
 First Lieut. David R. Kerr,
 First Lieut. Everett G. Smith,
 First Lieut. Lyman S. Frasier,
 First Lieut. Howard E. Hawkinson,
 First Lieut. Julius A. Hood, jr.,
 First Lieut. Sidney S. Eberle,
 First Lieut. Joseph N. Dalton,
 First Lieut. Charles N. Stevens,
 First Lieut. James S. Bailey,
 First Lieut. Henry C. Long, jr.,
 First Lieut. William E. Lucas, jr.,
 First Lieut. Victor Parks,
 First Lieut. Walter A. Pashkoski,
 First Lieut. Roscius H. Back,
 First Lieut. Oscar F. Carlson,
 First Lieut. Richard G. Tindall,
 First Lieut. Roy L. Taylor,
 First Lieut. Leander R. Hathaway,
 First Lieut. German W. Lester,
 First Lieut. Karl Engeldinger,
 First Lieut. Francis A. Byrne,
 First Lieut. Harry J. Selby,
 First Lieut. Farragut F. Hall,
 First Lieut. Orville M. Moore,
 First Lieut. Walter R. McClure,
 First Lieut. Charles E. Spear,
 First Lieut. Baldwin Williams-Footc,
 First Lieut. Edmund Wilhelm,
 First Lieut. George H. Butler,
 First Lieut. Frank C. Foley,
 First Lieut. Leonard R. Boyd,

First Lieut. Withers A. Burress,
 First Lieut. Arthur J. Hoffmann,
 First Lieut. Harry L. Bennett, jr.,
 First Lieut. Joseph J. McConville,
 First Lieut. John C. Platt, jr.,
 First Lieut. Thomas H. Ward,
 First Lieut. Edward H. Nichols,
 First Lieut. Lawrence B. Glasgow,
 First Lieut. Alfred D. Hayden,
 First Lieut. Melville W. F. Wallace,
 First Lieut. Paul M. Ellis,
 First Lieut. Kirk A. Metzertott,
 First Lieut. Thomas E. Mount,
 First Lieut. John P. Pryor,
 First Lieut. Jewett C. Baker,
 First Lieut. Robert B. Moore,
 First Lieut. Charles W. Jones,
 First Lieut. Edward H. Cotcher,
 First Lieut. Robert S. Miller,
 First Lieut. Paul N. Starlings,
 First Lieut. Charles Porterfield, jr.,
 First Lieut. Sevier R. Tupper,
 First Lieut. Frank E. Royse,
 First Lieut. Lawrence F. Stone,
 First Lieut. Aaron J. Becker,
 First Lieut. Wilson M. Spann,
 First Lieut. James V. Ware,
 First Lieut. Robert W. Brown,
 First Lieut. James R. Manning,
 First Lieut. Charles L. Steel,
 First Lieut. Stuart R. Carswell,
 First Lieut. Gilbert S. Harter,
 First Lieut. John W. Cotton,
 First Lieut. Ralph E. Wallace,
 First Lieut. Lawrence W. Fagg,
 First Lieut. Maury Mann,
 First Lieut. Rupert L. Purdon,
 First Lieut. Richard S. Jones,
 First Lieut. William C. Hanna,
 First Lieut. Leon C. Harer,
 First Lieut. Edwin M. Scott,
 First Lieut. Paul J. Dowling,
 First Lieut. John H. Jones,
 First Lieut. Rufus E. Wicker,
 First Lieut. Charles L. Briscoe,
 First Lieut. Hermann C. Dempewolf,
 First Lieut. Frank E. Hinton,
 First Lieut. Frank P. Tuohy,
 First Lieut. John R. Hermann,
 First Lieut. Louis T. Roberts,
 First Lieut. James M. Palmer,
 First Lieut. Ralph A. W. Pearson,
 First Lieut. Alfred Millard,
 First Lieut. Harry H. Ambs,
 First Lieut. William H. Bittenbender,
 First Lieut. Raymond H. Bishop,
 First Lieut. James A. Summersett, jr.,
 First Lieut. Hugh C. Gilchrist,
 First Lieut. Allen T. Veatch,
 First Lieut. Sigurd J. Simonsen,
 First Lieut. Thomas G. Bond,
 First Lieut. John E. Haywood,
 First Lieut. Willis H. Hale,
 First Lieut. Noe C. Killian,
 First Lieut. Lindsay P. Johns,
 First Lieut. Walter R. Mann,
 First Lieut. Henry W. Lee,
 First Lieut. Charles A. Shamotulski,
 First Lieut. Sidney F. Mashbir,
 First Lieut. William P. Scobey,
 First Lieut. William C. Moore,
 First Lieut. Albion Smith,
 First Lieut. Le Roy Lutes,
 First Lieut. Edwin D. Patrick,
 First Lieut. Herman F. Kramer,
 First Lieut. Clarence P. Evers,
 First Lieut. William H. Coacher,
 First Lieut. Edward S. Johnston,
 First Lieut. John T. Henderson,
 First Lieut. Ray P. Harrison,
 First Lieut. Daniel M. Cheston, jr.,
 First Lieut. Kirke B. Everson,
 First Lieut. John C. Daly,
 First Lieut. Paul E. Peabody,
 First Lieut. Albert F. Christensen,

First Lieut. William S. Maxwell,
 First Lieut. Ernest H. Burt,
 First Lieut. Frederick R. Baker,
 First Lieut. James D. Basey,
 First Lieut. Ray M. O'Day,
 First Lieut. Alan Pendleton,
 First Lieut. Merritt E. Olmstead,
 First Lieut. Benjamin F. Caffey, jr.,
 First Lieut. Haydn P. Mayers,
 First Lieut. Rogers M. Wilson,
 First Lieut. Henry E. Mosher,
 First Lieut. Albin K. Kupfer,
 First Lieut. Augustine J. Zerbee,
 First Lieut. Frank A. Heileman,
 First Lieut. Arthur B. Hutchinson,
 First Lieut. Lauritz D. Simonson,
 First Lieut. Carl R. Perkins,
 First Lieut. Franklin W. Cheney,
 First Lieut. George F. Wellage,
 First Lieut. Alfred F. Biles, jr.,
 First Lieut. Charles T. Hearin,
 First Lieut. Hugh M. Davis,
 First Lieut. John F. Fredin, jr.,
 First Lieut. James B. Wise, jr.,
 First Lieut. Harry L. Kimmel,
 First Lieut. Clarence M. Culp,
 First Lieut. Robert D. Horton,
 First Lieut. Charles B. Kehoe,
 First Lieut. Phillip S. Wood,
 First Lieut. Harvey C. Kearney,
 First Lieut. Arthur P. Jervey,
 First Lieut. Starr S. Eaton,
 First Lieut. Oliver F. Holden,
 First Lieut. Thomas L. Lamoreaux,
 First Lieut. Daniel N. Murphy,
 First Lieut. Adlai C. Young,
 First Lieut. Alexander N. Stark, jr.,
 First Lieut. Clinton I. McClure,
 First Lieut. Roy C. L. Graham,
 First Lieut. Lloyd B. Russell,
 First Lieut. George R. Barker,
 First Lieut. John E. Gough,
 First Lieut. Leonard A. Smith,
 First Lieut. John W. Thompson,
 First Lieut. Phillip Overstreet,
 First Lieut. Lara P. Good,
 First Lieut. George A. McDonald,
 First Lieut. George M. Wright, jr.,
 First Lieut. Archie A. Farmer,
 First Lieut. John T. Fisher,
 First Lieut. Edwin E. Elliott,
 First Lieut. Charles S. Ferrin,
 First Lieut. George W. Titus,
 First Lieut. John C. Adams,
 First Lieut. Robert G. Ervin,
 First Lieut. Edward L. McKee, jr.,
 First Lieut. Robert W. Nix, jr.,
 First Lieut. Francis E. Dougherty,
 First Lieut. Lyman L. Parks,
 First Lieut. John T. Murray,
 First Lieut. Warfield M. Lewis,
 First Lieut. Joseph L. Collins,
 First Lieut. James O. Green, jr.,
 First Lieut. Daves Rossell,
 First Lieut. Harold M. White,
 First Lieut. Lincoln F. Daniels,
 First Lieut. Frederick A. Irving,
 First Lieut. Matthew B. Ridgway,
 First Lieut. Richard M. Wightman,
 First Lieut. Charles W. Yuill,
 First Lieut. William W. Eagles,
 First Lieut. Francis A. Markoe,
 First Lieut. John J. McEwan,
 First Lieut. John A. Stewart,
 First Lieut. George W. Sackett,
 First Lieut. Francis G. Bonham,
 First Lieut. Norman D. Cota,
 First Lieut. Robert B. Ransom,
 First Lieut. Carleton Coulter, jr.,
 First Lieut. James H. Frier, jr.,
 First Lieut. Leo J. Erler,
 First Lieut. Robert D. Newton,
 First Lieut. Willis R. Slaughter,
 First Lieut. George H. Weems,
 First Lieut. Roy L. Bowlin,

First Lieut. William C. McMahon,
 First Lieut. Francis M. Brennan,
 First Lieut. Milton B. Halsey,
 First Lieut. Charles L. Mullins, jr.,
 First Lieut. Thomas S. Sinkler, jr.,
 First Lieut. George F. Wooley, jr.,
 First Lieut. Sterling A. Wood, jr.,
 First Lieut. William F. Redfield,
 First Lieut. Mark W. Clark,
 First Lieut. Stewart W. Hoover,
 First Lieut. David S. Rumbough,
 First Lieut. Francis J. Heraty,
 First Lieut. Donovan Swanton,
 First Lieut. Francis A. Macon, jr.,
 First Lieut. Laurence B. Keiser,
 First Lieut. Homer C. Brown,
 First Lieut. Clare H. Armstrong,
 First Lieut. Harris M. Melasky,
 First Lieut. Sidney H. Young,
 First Lieut. John C. Whitcomb,
 First Lieut. Wallace J. Redner,
 First Lieut. Charles D. Lewis,
 First Lieut. Edward W. Leonard,
 First Lieut. Paul H. Brown,
 First Lieut. William S. Eley,
 First Lieut. Paul W. York,
 First Lieut. Ferdinand G. von Kummer, jr.,
 First Lieut. Joseph P. Sullivan,
 First Lieut. Henry H. Chapman,
 First Lieut. Asa P. Pope,
 First Lieut. Edwin H. Clark,
 First Lieut. Lewis Perrine,
 First Lieut. Clarke K. Fales,
 First Lieut. John A. Weishample,
 First Lieut. Malcolm B. Helm,
 First Lieut. Madison Pearson,
 First Lieut. John M. Boon,
 First Lieut. Roger Hilsman,
 First Lieut. Holmes E. Dager,
 First Lieut. James E. Allison,
 First Lieut. Harry E. Fisher,
 First Lieut. Thomas L. Alexander,
 First Lieut. Charles E. Ravens,
 First Lieut. Charles H. Jones,
 First Lieut. Roger Williams, jr.,
 First Lieut. Harry D. Hildebrand,
 First Lieut. William Hones, jr.,
 First Lieut. John J. Bethurum,
 First Lieut. John L. Cootey,
 First Lieut. Albert C. Anderson,
 First Lieut. William H. Joiner,
 First Lieut. Hugh P. Schiveley,
 First Lieut. John D. Joanidy,
 First Lieut. Gilmer M. Bell,
 First Lieut. Manley Lawton,
 First Lieut. Roy Sloan,
 First Lieut. Bryce F. Martin,
 First Lieut. Harold C. Hoopes,
 First Lieut. Henley Schick,
 First Lieut. Glenn D. Hafford,
 First Lieut. Paul R. Hudson,
 First Lieut. William R. Dwyer,
 First Lieut. Hanon F. Combs,
 First Lieut. William E. Fentress,
 First Lieut. Ralph Hall,
 First Lieut. Mahlon G. Frost,
 First Lieut. Benjamin H. Hensley,
 First Lieut. Hawthorne C. Gray,
 First Lieut. Donald J. Neumüller,
 First Lieut. Orland S. O'Neal,
 First Lieut. Otto Kramer,
 First Lieut. George D. Ramsey,
 First Lieut. Jerome Pickett,
 First Lieut. Lebbens M. Cornish,
 First Lieut. Leon F. Stevens,
 First Lieut. William S. Rumbough,
 First Lieut. George A. Murray,
 First Lieut. Joseph E. Young,
 First Lieut. Henry T. J. Weishaar,
 First Lieut. Cyrus A. Hay,
 First Lieut. Benjamin J. Holt, jr.,
 First Lieut. Newton D. Hathaway,
 First Lieut. Byron W. Fuller,
 First Lieut. John E. Stulken,
 First Lieut. Herman H. Meyer,

First Lieut. Carleton More,
 First Lieut. Edward P. Sheppard,
 First Lieut. Henry J. Matchett,
 First Lieut. John H. Strickland,
 First Lieut. Vincent S. Burton,
 First Lieut. Griffith Wight,
 First Lieut. Curtis P. Miller,
 First Lieut. William Ernst,
 First Lieut. John W. Bulger,
 First Lieut. Roy W. Voegel,
 First Lieut. Taylor M. Uhler,
 First Lieut. Roy G. Gordon,
 First Lieut. Vernon L. Burge,
 First Lieut. Simon Fostiak,
 First Lieut. Edwin L. Dittmar,
 First Lieut. Crosby N. Elliott,
 First Lieut. Ernest R. Marvel,
 First Lieut. Frank M. Child,
 First Lieut. Raymond L. Price,
 First Lieut. Frederic M. Lee,
 First Lieut. Hurley E. Fuller,
 First Lieut. Larry McHale,
 First Lieut. Arthur M. O'Connor,
 First Lieut. John P. Horan,
 First Lieut. James H. S. Wells,
 First Lieut. Augustus B. O'Connell,
 First Lieut. Charles C. Fitzhugh,
 First Lieut. Thomas L. McMurray,
 First Lieut. Hiram G. Fry,
 First Lieut. Paul E. Jackson,
 First Lieut. Richard W. Cooksey,
 First Lieut. Homer S. Youngs,
 First Lieut. Edwin W. Grimmer,
 First Lieut. William H. Clark,
 First Lieut. Frank E. Haskell,
 First Lieut. Lloyd D. Brown,
 First Lieut. Roy C. Hilton,
 First Lieut. Raymond E. O'Neill,
 First Lieut. Justin S. Hemenway,
 First Lieut. William A. Shely,
 First Lieut. Corwin C. Smith,
 First Lieut. John U. Ayotte,
 First Lieut. Charles H. Barnwell, jr.,
 First Lieut. Henry A. Schwarz,
 First Lieut. Edward G. Herlihy,
 First Lieut. Arnold J. Funk,
 First Lieut. George M. Ferris,
 First Lieut. Edwin L. MacLean,
 First Lieut. Norman Minus,
 First Lieut. Ernest N. Stanton,
 First Lieut. Thomas G. O'Malley,
 First Lieut. Newell R. Fiske,
 First Lieut. Philip B. Harrigan,
 First Lieut. John D. Hill,
 First Lieut. Frank W. Gano,
 First Lieut. John L. Pierce,
 First Lieut. Donald K. Mason,
 First Lieut. John J. Atkinson,
 First Lieut. Lowell W. Rooks,
 First Lieut. Claude J. Hayden,
 First Lieut. Samuel D. Bedinger,
 First Lieut. Alpheus E. W. Harrison,
 First Lieut. Malcolm V. Fortier,
 First Lieut. Edward C. Allworth,
 First Lieut. Roland W. Wittman,
 First Lieut. Julian R. Orton,
 First Lieut. Reginald N. Hamilton,
 First Lieut. John W. Nicholson,
 First Lieut. Thomas A. Young,
 First Lieut. Charles H. Lee,
 First Lieut. Ray B. Conner,
 First Lieut. James S. Moore,
 First Lieut. Franklin H. Woody,
 First Lieut. Herbert L. Landolt,
 First Lieut. Samuel W. Sowerbutts,
 First Lieut. Will Van S. Parks,
 First Lieut. Charles B. Kelly,
 First Lieut. Malcolm M. Maner,
 First Lieut. John L. McKee,
 First Lieut. Glenn L. Allen,
 First Lieut. Charles R. Jones,
 First Lieut. Willard S. Paul,
 First Lieut. Moritz A. R. Loth,
 First Lieut. Robert H. Chance,
 First Lieut. Claude W. Shelton,

First Lieut. Harry G. Hodgkins, jr.,
 First Lieut. Vincent P. Rousseau,
 First Lieut. March H. Houser,
 First Lieut. Lamont Davis,
 First Lieut. James B. Golden,
 First Lieut. Edwin B. Banister,
 First Lieut. Wilfrid R. Higgins,
 First Lieut. Eldon P. King,
 First Lieut. Frederick S. Matthews,
 First Lieut. Arthur P. Sibold,
 First Lieut. Francis M. Lasseigne,
 First Lieut. Walter Hellmers,
 First Lieut. Jesse P. Green,
 First Lieut. Howard W. Turner,
 First Lieut. William A. Taber,
 First Lieut. P. Barbour Peyton, jr.,
 First Lieut. Henry G. Sebastian,
 First Lieut. Wesley C. Brigham,
 First Lieut. William M. Goldston,
 First Lieut. Cyrus H. Searcy,
 First Lieut. Theodore Kelly,
 First Lieut. Leon E. Norris,
 First Lieut. David M. Hunter,
 First Lieut. J. Harold Fleischhauer,
 First Lieut. Tasso W. Swartz,
 First Lieut. Edward W. McCaskey, jr.,
 First Lieut. Ward C. Goessling,
 First Lieut. Curley P. Duson,
 First Lieut. Richard D. Daugherity,
 First Lieut. Walter R. Graham,
 First Lieut. Albert H. Peyton,
 First Lieut. Patrick Houstoun,
 First Lieut. Miron J. Rockwell,
 First Lieut. Peter Wirtz,
 First Lieut. Allen W. Stradling,
 First Lieut. Robert V. Tackabury,
 First Lieut. James P. Murphy,
 First Lieut. Gustav A. M. Anderson,
 First Lieut. William E. Kepner,
 First Lieut. William C. Peters,
 First Lieut. Francis L. Hill,
 First Lieut. Charles M. Parkin,
 First Lieut. Jacob E. Bechtold,
 First Lieut. Neal C. Johnson,
 First Lieut. John E. McCarthy,
 First Lieut. Leo M. Daly,
 First Lieut. Norman P. Groff,
 First Lieut. Glenn A. Ross,
 First Lieut. Donald J. Myers,
 First Lieut. Vic K. Burriss,
 First Lieut. Francis A. Woolfley,
 First Lieut. Carl B. Schmidt,
 First Lieut. Leslie L. Connett,
 First Lieut. Owen R. Rhoads,
 First Lieut. Joe L. Ostrander,
 First Lieut. Carl E. Driggers,
 First Lieut. Carl G. Lewis,
 First Lieut. John D. Burris,
 First Lieut. Harry V. Hand,
 First Lieut. Frederick V. Edgerton,
 First Lieut. Anthony O. Adams,
 First Lieut. George A. Stockton,
 First Lieut. Charles W. Neues,
 First Lieut. George R. Brown, jr.,
 First Lieut. Oscar A. Burton,
 First Lieut. Harold W. Kely,
 First Lieut. William H. Valentine,
 First Lieut. George N. Munro,
 First Lieut. Herbert Boyer,
 First Lieut. Myron W. Sherman,
 First Lieut. Woodworth B. Allen,
 First Lieut. Robert Ferris,
 First Lieut. William E. Shaw,
 First Lieut. Lee B. Woolford,
 First Lieut. Ned Blair,
 First Lieut. Ernest A. Kinderwater,
 First Lieut. Oscar M. McDole,
 First Lieut. Jared I. Wood,
 First Lieut. Henry H. Ranson,
 First Lieut. Gordon C. Irwin,
 First Lieut. Elbridge G. Chapman, jr.,
 First Lieut. Jacob H. Lawrence,
 First Lieut. Everett M. Yon,
 First Lieut. Grady H. Pendergrast,
 First Lieut. Robert E. Frye,

First Lieut. Cornelius F. Dineen,
 First Lieut. John C. Haynes,
 First Lieut. George L. Hopkins,
 First Lieut. George M. MacMullin,
 First Lieut. Harold K. Coulter,
 First Lieut. Hugh C. H. Jones,
 First Lieut. Otto E. Pentz,
 First Lieut. Nicholas Szilagyi,
 First Lieut. Williston L. Warren,
 First Lieut. Frederick W. Hyde,
 First Lieut. Gilbert Good,
 First Lieut. Theodore Rayburn, and
 First Lieut. Leland S. Hatfield.

To be first lieutenants.

Second Lieut. Roland M. Glenn,
 Second Lieut. Harry S. Robertson,
 Second Lieut. Lawrence M. Arnold,
 Second Lieut. Arthur R. Knott,
 Second Lieut. Samuel O. C. Neff,
 Second Lieut. Phillip E. Brown,
 Second Lieut. Olaf P. Wittingstad,
 Second Lieut. Raymond M. Myers,
 Second Lieut. Paul S. Russell,
 Second Lieut. Herbert C. Smith,
 Second Lieut. Edward N. Mitchell,
 Second Lieut. James A. Van Sant,
 Second Lieut. William E. Stanley,
 Second Lieut. Frank S. Spruill, jr.,
 Second Lieut. George A. Davis,
 Second Lieut. Laurin L. Williams,
 Second Lieut. George Van W. Pope,
 Second Lieut. Edwin M. Allison,
 Second Lieut. George E. Butler,
 Second Lieut. Edgar L. Clewell,
 Second Lieut. Herbert A. Buermeyer,
 Second Lieut. Leo R. Moody,
 Second Lieut. William McL. Christie,
 Second Lieut. Leon D. Gibbens,
 Second Lieut. Mark M. Grubbs,
 Second Lieut. Robert A. Kinloch,
 Second Lieut. Joel R. Burney,
 Second Lieut. Franklin P. Shaw,
 Second Lieut. Winfield H. Scott,
 Second Lieut. Arthur G. Davidson,
 Second Lieut. Harold A. White,
 Second Lieut. Campbell N. Jackson,
 Second Lieut. Joel A. Fite,
 Second Lieut. James A. Black,
 Second Lieut. Clarence R. Peck,
 Second Lieut. Glenn G. Hall,
 Second Lieut. Charles C. Gillette,
 Second Lieut. Wallace E. Hawkins,
 Second Lieut. Ralph M. McFaul,
 Second Lieut. Forrest P. Barrett,
 Second Lieut. Beal H. Siler,
 Second Lieut. Emmett G. Lenihan,
 Second Lieut. Edward Hines, jr.,
 Second Lieut. Bird Little,
 Second Lieut. Evan C. Williams,
 Second Lieut. James A. O'Neill,
 Second Lieut. Coulter M. Montgomery,
 Second Lieut. Einar W. Chester,
 Second Lieut. James A. Griffin,
 Second Lieut. Guy C. McKinley, jr.,
 Second Lieut. Gordon P. Savage,
 Second Lieut. Harold H. McClune,
 Second Lieut. Kingsley Barham,
 Second Lieut. Lester E. MacGregor,
 Second Lieut. Harold P. Gibson,
 Second Lieut. Lloyd R. Besse,
 Second Lieut. Willard J. Mason,
 Second Lieut. Percival R. Bowey,
 Second Lieut. Hugh M. Elmendorf,
 Second Lieut. William N. Given,
 Second Lieut. Charles F. Sutherland,
 Second Lieut. Lance E. Gowen,
 Second Lieut. Edward P. Hayward,
 Second Lieut. Gilbert E. Parker,
 Second Lieut. Francis B. Myer,
 Second Lieut. Arthur S. Nevins,
 Second Lieut. Gustave Villaret, jr.,
 Second Lieut. Horace E. Watson,
 Second Lieut. Lester A. Webb,
 Second Lieut. Royal C. Carpenter,

Second Lieut. Edwin S. Van Deusen,
 Second Lieut. Robert S. Boykin,
 Second Lieut. Edward M. Ford,
 Second Lieut. William L. Phillips,
 Second Lieut. George A. Hunt,
 Second Lieut. Kenneth G. Reynolds,
 Second Lieut. Robert H. Warren, jr.,
 Second Lieut. Vyse B. Whedon,
 Second Lieut. John Walcott,
 Second Lieut. Philip H. Condit,
 Second Lieut. John E. Dahlquist,
 Second Lieut. Russell S. Fisher,
 Second Lieut. Luther K. Brice,
 Second Lieut. John M. Dale,
 Second Lieut. Jack Edward Duke, jr.,
 Second Lieut. Tom S. Brand,
 Second Lieut. Charles M. Ankcorn,
 Second Lieut. James R. Urquhart,
 Second Lieut. John W. Saladine, jr.,
 Second Lieut. Morrill W. Marston,
 Second Lieut. Morrison C. Wood,
 Second Lieut. Alymer B. Atkins,
 Second Lieut. Robert Robinson,
 Second Lieut. John D. Filley, jr.,
 Second Lieut. William E. Bergin,
 Second Lieut. John O. Crose,
 Second Lieut. Samuel R. Epperson,
 Second Lieut. Leslie F. Tanner,
 Second Lieut. Frederick L. Bramlette,
 Second Lieut. Benjamin W. Venable,
 Second Lieut. Myron E. Bagley,
 Second Lieut. John L. Murphy,
 Second Lieut. John W. Freels,
 Second Lieut. Eugene F. Gillespie,
 Second Lieut. George W. Setzer, jr.,
 Second Lieut. James B. Mudge,
 Second Lieut. Allan H. Snowden,
 Second Lieut. Earl L. R. Askam,
 Second Lieut. Irvin L. Swanson,
 Second Lieut. Philip D. Richmond,
 Second Lieut. William W. Timmis,
 Second Lieut. Gayle McFadden,
 Second Lieut. Burt E. Skeel,
 Second Lieut. Henry A. Brickley,
 Second Lieut. Thomas P. Barry, jr.,
 Second Lieut. Roger Wisner,
 Second Lieut. Merrill V. Reed,
 Second Lieut. A. Pledger Sullivan,
 Second Lieut. Douglas O. Langstaff,
 Second Lieut. Ralph W. Hickey,
 Second Lieut. George K. Page,
 Second Lieut. Thomas L. Reese,
 Second Lieut. William B. Yancey,
 Second Lieut. Leo J. McCarthy,
 Second Lieut. Griffin D. Vance,
 Second Lieut. Joseph M. O'Grady,
 Second Lieut. Clifford R. Wright,
 Second Lieut. Donald McG. Marshman,
 Second Lieut. John S. Coleman,
 Second Lieut. Harrison B. Beavers,
 Second Lieut. Elbridge Colby,
 Second Lieut. Herbert D. Gibson,
 Second Lieut. Goulding K. Wight,
 Second Lieut. Harry S. Wilbur,
 Second Lieut. Albert S. Johnson,
 Second Lieut. Clarence O. Black,
 Second Lieut. Paul B. Robinson,
 Second Lieut. William L. Coulter,
 Second Lieut. Glen E. McCarthy,
 Second Lieut. Joseph H. Hinwood, jr.,
 Second Lieut. Russell F. Walthour, jr.,
 Second Lieut. James C. De Long,
 Second Lieut. Joseph P. Lawlor,
 Second Lieut. Timothy A. Pedley, jr.,
 Second Lieut. Charles N. Owen,
 Second Lieut. Charles R. Gideon,
 Second Lieut. Archie MacI. Palmer,
 Second Lieut. Jack B. Chadwick,
 Second Lieut. John R. Bair,
 Second Lieut. James S. Varnell,
 Second Lieut. Arthur F. Dahlberg,
 Second Lieut. Russell C. Chapman,
 Second Lieut. Edwin T. Bowden,
 Second Lieut. Eugene M. Frederick,

Second Lieut. Cassius H. Styles,
 Second Lieut. Fisher S. Harris,
 Second Lieut. Frederick J. Slackford,
 Second Lieut. George F. Dashiell,
 Second Lieut. Ray Edison Porter,
 Second Lieut. Frank E. Barber,
 Second Lieut. Julian Erwin,
 Second Lieut. John E. Brannan,
 Second Lieut. George W. Brodie, jr.,
 Second Lieut. Waldron J. Cheyney,
 Second Lieut. Edward R. Jobson,
 Second Lieut. Albert S. Lewis, jr.,
 Second Lieut. Edward S. Couch,
 Second Lieut. William J. Devine,
 Second Lieut. Edward H. Carpenter, jr.,
 Second Lieut. Charles C. Brooks,
 Second Lieut. Gordon Kaemmerling,
 Second Lieut. Francis R. Holmes,
 Second Lieut. William V. Rattan,
 Second Lieut. Roswell E. Hardy,
 Second Lieut. Wilbur C. Herbert,
 Second Lieut. Ross Martin,
 Second Lieut. Alexander McC. Craighead,
 Second Lieut. William Mason Smith, jr.,
 Second Lieut. James M. Symington,
 Second Lieut. Herron W. Miller,
 Second Lieut. Maurice R. Pitts,
 Second Lieut. Marvin R. Dye,
 Second Lieut. Emanuel R. Wilson,
 Second Lieut. William I. Truitt,
 Second Lieut. Lloyd Zuppann,
 Second Lieut. John K. Rice,
 Second Lieut. Hammond D. Birks,
 Second Lieut. James H. Hagan,
 Second Lieut. Lester S. Ostrander,
 Second Lieut. Edward T. White,
 Second Lieut. Edward A. Whitney,
 Second Lieut. Arthur B. Jopson,
 Second Lieut. Charles P. Cullen,
 Second Lieut. Frederick H. Gnarini,
 Second Lieut. Roscoe B. Ellis,
 Second Lieut. John A. Langan,
 Second Lieut. Jeremiah E. Murphy,
 Second Lieut. Edward G. Perley,
 Second Lieut. Frank M. Conroy,
 Second Lieut. Charles S. Johnson,
 Second Lieut. Albert R. Boomhower,
 Second Lieut. Hugh A. Wear,
 Second Lieut. George A. Miller,
 Second Lieut. David Loring, jr.,
 Second Lieut. Stockbridge C. Hilton,
 Second Lieut. James D. Everett,
 Second Lieut. Gordon C. King,
 Second Lieut. Jackson R. Sharman,
 Second Lieut. Harvey C. McClary,
 Second Lieut. Willard J. Freeman,
 Second Lieut. Jay M. Fields,
 Second Lieut. George A. Horkan,
 Second Lieut. Samuel C. Thompson,
 Second Lieut. Harry W. Caygill,
 Second Lieut. Emery St. George,
 Second Lieut. John L. Phillips,
 Second Lieut. Berthoud Clifford,
 Second Lieut. James E. Jeffres,
 Second Lieut. Epler C. Mills,
 Second Lieut. Harry E. Storms,
 Second Lieut. Orlo H. Quinn,
 Second Lieut. Ernest R. Hoftzyer,
 Second Lieut. John W. Scott,
 Second Lieut. Lewis A. Page,
 Second Lieut. John M. Battle,
 Second Lieut. John R. Sproul,
 Second Lieut. Virgil Conkling,
 Second Lieut. William R. Silvey,
 Second Lieut. Alexander O. Gorder,
 Second Lieut. Charles E. Garbrick,
 Second Lieut. Forrest A. Roberts,
 Second Lieut. Alonzo F. Myers,
 Second Lieut. Thomas E. Martin,
 Second Lieut. Max J. Berg,
 Second Lieut. Thomas J. Guilbeau,
 Second Lieut. Hugh J. Hannigan,
 Second Lieut. John J. Mathison,
 Second Lieut. Milo V. Buchanan,
 Second Lieut. Kearie L. Berry,

Second Lieut. William E. Wiley,
 Second Lieut. Earl P. Kemp,
 Second Lieut. William E. Chickering,
 Second Lieut. Wilbur R. McReynolds,
 Second Lieut. David D. Barrett,
 Second Lieut. William W. Burke,
 Second Lieut. Arthur D. Fay,
 Second Lieut. William B. Pitts,
 Second Lieut. Thomas H. Ramsey,
 Second Lieut. Paul D. Davis,
 Second Lieut. Lewis B. Rock,
 Second Lieut. Gaillard Pinckney,
 Second Lieut. Benjamin F. O'Connor, jr.,
 Second Lieut. Fred C. Milner,
 Second Lieut. William P. Driskell, jr.,
 Second Lieut. George K. Bowden,
 Second Lieut. Lloyd Wallace Georgeson,
 Second Lieut. Francis M. Darr,
 Second Lieut. William C. Webster,
 Second Lieut. Francis T. Ward,
 Second Lieut. Frederick W. Wendt,
 Second Lieut. William C. Thurman,
 Second Lieut. Robert E. Shideler,
 Second Lieut. Oliver W. Fannin,
 Second Lieut. Charles F. Craig,
 Second Lieut. Arthur L. Turner,
 Second Lieut. Henderson D. Emery,
 Second Lieut. Oscar K. Wolber,
 Second Lieut. Russell Slocum,
 Second Lieut. Karl Eugene Henion,
 Second Lieut. Thomas L. Creekmore,
 Second Lieut. George O. Clark,
 Second Lieut. William C. Stettinius,
 Second Lieut. Russell J. Potts,
 Second Lieut. William H. Craig,
 Second Lieut. John R. Schwartz,
 Second Lieut. Thaddeus C. Knight,
 Second Lieut. Ollie W. Reed,
 Second Lieut. Frank E. Boyd,
 Second Lieut. Louis W. Maddox,
 Second Lieut. Clark O. Tayntor,
 Second Lieut. Ernest Eugene Stansbery,
 Second Lieut. Malvern J. Nabb,
 Second Lieut. Andrew H. Hilgartner,
 Second Lieut. John C. Glithero,
 Second Lieut. Eugene P. Watkins,
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 Second Lieut. Philip J. Sexton,
 Second Lieut. W. Fulton Magill, jr.,
 Second Lieut. Harry Curry,
 Second Lieut. Ethan A. Shepley,
 Second Lieut. Otis B. Adams,
 Second Lieut. Millard F. Staples,
 Second Lieut. Hugh H. Drake,
 Second Lieut. Joseph H. Kelleher,
 Second Lieut. Benjamin R. Sleeper,
 Second Lieut. James J. Kelley,
 Second Lieut. Walter B. Fariss,
 Second Lieut. Robert J. Wagoner,
 Second Lieut. William E. Vernon,
 Second Lieut. Felix V. Embree,
 Second Lieut. William T. Makinson,
 Second Lieut. Clarence E. Allen, jr.,
 Second Lieut. George F. Herrick,
 Second Lieut. Joseph W. McCall, jr.,
 Second Lieut. John R. Hunneman,
 Second Lieut. Winfred E. Merriam,
 Second Lieut. Laurence MacH. Tharp,
 Second Lieut. Clive A. Wray,
 Second Lieut. Donald P. Vail,
 Second Lieut. Thomas B. Steel,
 Second Lieut. Douglas B. Baker,
 Second Lieut. Harold H. White,
 Second Lieut. Thomas W. Butler,
 Second Lieut. Everett Busch,
 Second Lieut. Frank G. Busted,
 Second Lieut. Frank L. Scott, jr.,
 Second Lieut. John W. Heisse,
 Second Lieut. Douglas G. McGrath,
 Second Lieut. Stephen C. Peabody,
 Second Lieut. Max Bernstein,
 Second Lieut. Herschel V. Johnson,
 Second Lieut. William B. Clark,
 Second Lieut. Stewart D. Hervey,
 Second Lieut. James L. Blanding,

Second Lieut. Frank J. Pearson,
 Second Lieut. J. Gordon Hussey,
 Second Lieut. Lester T. Miller,
 Second Lieut. Leo Donovan,
 Second Lieut. George E. Kirk,
 Second Lieut. Frank W. Hayes,
 Second Lieut. Vincent Rochester Bartlett,
 Second Lieut. Samuel M. Bemiss,
 Second Lieut. Richard L. Holbrook,
 Second Lieut. James K. Hoyt, jr.,
 Second Lieut. Julian G. Hart,
 Second Lieut. William M. Leffingwell,
 Second Lieut. John T. Sunstone,
 Second Lieut. Arthur B. McDaniel,
 Second Lieut. Harold H. Schaper,
 Second Lieut. Randall T. Kendrick,
 Second Lieut. Percy McCay Vernon,
 Second Lieut. Samuel W. Perrott,
 Second Lieut. Jay A. Richardson,
 Second Lieut. Milton Whitney, jr.,
 Second Lieut. Emile J. Boyer,
 Second Lieut. Harry M. Bardin,
 Second Lieut. Joseph P. Guillet,
 Second Lieut. Leander Forrest Conley,
 Second Lieut. Paul P. Rely,
 Second Lieut. Peter J. Lloyd,
 Second Lieut. Paul S. Buchanan,
 Second Lieut. Cranston G. Williams,
 Second Lieut. Lewis B. Cox,
 Second Lieut. Theodore M. Cornell,
 Second Lieut. Launcelot M. Blackford,
 Second Lieut. Frederick W. Deck,
 Second Lieut. Fernand G. Dumont,
 Second Lieut. Stephen Y. Mann,
 Second Lieut. Joseph H. Payne,
 Second Lieut. George E. Braker, jr.,
 Second Lieut. Paul V. Kellogg,
 Second Lieut. Langdon D. Wythe,
 Second Lieut. John O. Flaunt, jr.,
 Second Lieut. Giles F. Ewing,
 Second Lieut. Fred W. King,
 Second Lieut. Ivy W. Crawford,
 Second Lieut. John S. Fishback,
 Second Lieut. Robert S. Downing,
 Second Lieut. Clement A. Reed,
 Second Lieut. George M. Hancock,
 Second Lieut. Jesse B. Smith,
 Second Lieut. Selden S. Smith,
 Second Lieut. John R. Hodge,
 Second Lieut. Arthur R. Walk,
 Second Lieut. Leslie E. Toole,
 Second Lieut. Lewis A. List,
 Second Lieut. James F. Johnson, jr.,
 Second Lieut. Francis M. Brady,
 Second Lieut. Eubert H. Malone,
 Second Lieut. Wayne W. Schmidt,
 Second Lieut. Theodore W. Crossen,
 Second Lieut. James F. Butler,
 Second Lieut. Herbert G. Peterson,
 Second Lieut. Truman M. Martin,
 Second Lieut. Veno E. Sacre,
 Second Lieut. Warner B. Van Aken,
 Second Lieut. Richard G. Plumley,
 Second Lieut. Charles R. Davis,
 Second Lieut. Cecil L. Rutledge, and
 Second Lieut. Theodore C. Gerber.

APPOINTMENTS AND PROMOTIONS IN THE NAVY.

Lieut. (Junior Grade) Ward W. Waddell to be a lieutenant.
 Ensign Stanley L. Wilson to be a lieutenant (junior grade).
 The following-named ensigns to be lieutenants (junior grade):
 William S. Popham, jr., and
 Malcolm L. Worrell.
 The following-named citizens to be dental surgeons, with the
 rank of lieutenant (junior grade):
 William T. Davidson,
 Harold A. Badger,
 Patrick F. Kennedy,
 Canute Hansen,
 Herbert A. Sturtevant,
 Lawrence E. McGourty,
 Spey O. Claytor,
 James McK. Campbell,
 James W. Ridgway,
 Hyman Mann,
 Hubert Lehman,

John A. Walsh,
 William E. Coverley,
 William A. Dorney,
 David L. Cohen,
 Elwood B. Faxon,
 Howard R. McCleery,
 Armin T. Fellows,
 George A. Collins,
 Frank A. Zastrow, and
 James F. McGrath.
 Gunner Ola F. Heslar to be an ensign.
 The following-named officers to be ensigns:

Arthur F. Armstrong,
 Oliver A. Bowers,
 Otis E. Bennett,
 John J. Gaskin,
 Chester N. White,
 Thomas H. Murphy,
 Leo E. Schlimme,
 Bernard S. Rodey, jr.,
 Thomas P. Kane,
 Alfred J. Byrholdt,
 Oliver H. Briggs,
 Frederick G. Trummer,
 Francis A. Knauss,
 Carl J. Hallberg,
 Albert T. Lang,
 Christian Christensen,
 Henry L. Bixbee,
 Alexander C. Cornell,
 William G. Gillis,
 Fred G. Peterman,
 Frank E. Norlin,
 Leslie R. Heselton,
 Lawrence J. Murphy,
 George R. Woods, and
 Robert J. Vierthaler.

The following-named enlisted men to be ensigns:

George H. Frederick,
 Carl Hupp,
 John L. Blomquist,
 Edwin P. Lacey,
 Charles A. Goebel,
 John McKean,
 Heinrich C. A. Deglau,
 John O. Strickland,
 Raymond J. Comstock,
 Virgil F. Wright,
 George F. Evanson,
 Walter Mower,
 Clarence C. McDow,
 Ralph M. Gerth,
 William S. Burns,
 Charles A. Strumsky,
 Joseph F. Caveney,
 William H. Tracy,
 John D. Morris,
 Charles R. Kehler,
 Elliott Kauth,
 James E. Finn,
 Arthur O. Kolstad,
 Stonewall B. Stadler, and
 Homer F. McGee.

The following-named officers of the United States Naval Reserve Force to be ensigns:

Sydney W. Ford,
 John Harrison, jr.,
 Washington E. Bogardus,
 William T. Brown, and
 Philip McK. Zenner.
 Paymaster Ray Spear to be a pay inspector with the rank
 of commander.

POSTMASTERS.

ARIZONA.

Leslie C. Jolly, Clarkdale.
 Mary E. Brown, Parker.
 John W. Brown, St. Johns.

OKLAHOMA.

Fred O. Weldon, Comanche.
 John L. Rogers, New Wilson.
 Victor A. Schiefelbusch, Sand Springs.
 Joshua W. Anderson, Talihina.

NORTH CAROLINA.

Roy E. Wilder, Spring Hope.

HOUSE OF REPRESENTATIVES.

MONDAY, February 25, 1918.

The House met at 11 o'clock a. m.

Rabbi Abram Simon, Ph. D., Washington, D. C., offered the following prayer:

Deeply conscious that Thy presence consecrates every place where Thy name is called upon in humility and sincerity, we fervently invoke Thy abiding grace, our God and Father. Profoundly grateful for our noble past, we are earnestly prayerful for the continued prosperity of an equally worthy present. Reliant on Thy everlasting arms we pray that our thoughts and labors for our country may be worthy of Thy acceptance, even as they have the approval of our conscience. We ask for insight to see our duty, for courage to carry it to a successful issue, for faith in the ultimate triumph of our cause, conceived in justice and dedicated to Thy name and the happiness of Thy children. Bless the dauntless loyalty of our men, the matchless steadfastness of our women, and the invincible fortitude of our sons here and abroad. Thou art the Ally of every just cause. Therefore we trust in Thee and despair not. Teach us to read Thy will aright, to follow it bravely and honorably, and thus to make it our own. To Thee be all the glory, now and evermore. Amen.

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

ORDER OF BUSINESS.

Mr. JOHNSON of Kentucky. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the considering of the antiprofitteering bill, which was under consideration several days ago and which was not completed, and pending that, Mr. Speaker, I wish to say that in event a unanimous-consent agreement can be reached by which the bill to which I have just referred can be considered and made a standing order for consideration immediately upon the conclusion of the railroad bill, which was pending in the House on Saturday, that I would not insist upon the motion which I have just made.

Mr. SIMS. Mr. Speaker, I wish to say in connection with the suggestion of the gentleman from Kentucky that I have inquired and find that there was a unanimous-consent order made a few days ago, on Friday, I believe, when the pension bills were to be considered, which were in order on that day, that the pension bill then on the calendar was to be taken up and considered immediately following the disposition of the railroad bill, which I did not know—

Mr. JOHNSON of Kentucky. I did not know that, either.

The SPEAKER. It will not take long to get rid of the pension bill.

Mr. SIMS. I know it will not. Now, I want to make another statement. I appreciate the attitude of the gentleman from Kentucky and think he is yielding something that perhaps he has got a right to proceed with to-day. I concede the importance of his measure, but in view of the great importance of the pending bill and the fact that we are right in the midst of the amendment stage of it, I hope that unanimous consent may be given to the gentleman from Kentucky to call up the bill for consideration immediately following the disposition of the pension bill which is to follow the disposition of the railroad bill. I make that unanimous request modified to the extent of the pension bill.

The CHAIRMAN. The Chair will state to both gentlemen that the gentleman from Illinois [Mr. RAINEY] has a preferential status in the House this morning of 30 minutes.

Mr. JOHNSON of Kentucky. I recall that.

Mr. GILLETT. Mr. Speaker, if I recollect aright, there is another agreement, and that is that the bill of the gentleman from Tennessee [Mr. MOON] shall follow this bill. Was not that agreement made? I shall object to any tying up in the future—

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STAFFORD. Is the order made in the House granting precedence to the gentleman from Tennessee to consider the railroad bill of that character that it displaces District business?

The SPEAKER. Why, the Chair tried to investigate the thing, and it was not done in a very scientific way. If the order the gentleman from Tennessee obtained had made this bill a continuing order, there would be no question in the mind of the Chair that he had undoubtedly the right of way; but he did not do that, but just simply made it in order to be called up. Now, the rules of the House fix this day as District day and by a vote of the House the Chair recollects it, although the Record

does not seem to carry out his recollection about it, there was some kind of a motion about fixing this bill of the gentleman from Kentucky for to-day; but anyhow—

Mr. STAFFORD. On that point, if the Chair will indulge me, at that time general debate was exhausted during the consideration of the so-called District profiteering bill, and at that time no order had been made for the consideration of this highly important railroad bill, and it was naturally understood that the profiteering bill would be considered in order when District business was in order. Since then, however, the House has made some order to give preference to the railroad bill.

The SPEAKER. The Chair knows; but the House did not make an order to make it a continuing order. The Chair will state that the whole thing can be straightened out by agreeing to the request of the gentleman from Tennessee to make this bill of the gentleman from Kentucky in order immediately after the disposition of the pension bill.

Mr. SIMS. Mr. Speaker, in view of the situation now—

Mr. GILLETT. Mr. Speaker, I object.

Mr. SIMS. Is there objection?

Mr. GILLETT. Yes.

Mr. SIMS. Mr. Speaker, my distinct recollection is I asked unanimous consent that the railroad-control bill be taken up following the deficiency appropriation bill and to be considered until finished, but some gentleman objected to it, and I believe the gentleman from Illinois [Mr. MADDEN] said, "Get your consent first," and in that way the Record appears as it does; but I understand, Mr. Speaker, that if the motion to go into the Committee of the Whole House on the state of the Union to consider District business should be voted down it would be in order to make the motion which I will then be ready to make on the railroad bill.

The SPEAKER. Unless we are prevented by some other unanimous-consent order.

Mr. STAFFORD. My recollection is the gentleman from Illinois was granted 30 minutes following the reading of the Journal.

Mr. RAINEY. I will tell you: I have 30 minutes following the reading of the Journal and disposition of matters on the Speaker's table, provided this railroad bill is disposed of. If this railroad bill is under consideration, I have my privilege at the conclusion of it.

Mr. SIMS. Of course, the gentleman from Illinois would not have the right if we go into consideration of the railroad bill?

Mr. RAINEY. But if you go into consideration of this other bill I would.

Mr. SIMS. Certainly.

The SPEAKER. Does the gentleman from Illinois [Mr. RAINEY] want his 30 minutes this morning?

Mr. RAINEY. I have no preference as to when I have it.

The SPEAKER. I know, but the Chair wants to recognize these men.

Mr. RAINEY. If the railroad bill is taken up, I am not entitled to it. But if it is not I am entitled.

The SPEAKER. The motion of the gentleman from Kentucky [Mr. JOHNSON] will be voted on with the distinct understanding that if we go into the Committee of the Whole on his bill the gentleman from Illinois [Mr. RAINEY] shall have his 30 minutes before we actually go in.

Mr. SIMS. Provided the House goes into the Committee of the Whole on District business?

Mr. RAINEY. Yes.

The SPEAKER. The motion of the gentleman from Kentucky is that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 9248.

Mr. FORDNEY. Mr. Speaker, if that is for the purpose, and of course it is, of taking up the important matter of the railroad bill we ought to have a full attendance here. I move a call of the House.

Mr. SIMS. That will make two roll calls instead of one.

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

The SPEAKER. The gentleman from Michigan [Mr. FORDNEY] makes the point of order that there is no quorum present, and evidently there is none. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

Mr. JOHNSON of Kentucky. Will those who favor going into the Committee of the Whole on the profiteering bill vote "yea"?

The SPEAKER. Yes. Those who favor going into the Committee of the Whole on the profiteering bill will, when their

names are called, answer "yea," and those opposed will answer "nay."

Mr. BARKLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BARKLEY. If this motion is voted down, it will be in order to go into the Committee of the Whole on the railroad bill?

The SPEAKER. Yes.

The question was taken; and there were—yeas 60, nays 248, not voting 120, as follows:

YEAS—60.

| | | | |
|--------------|----------------|---------------|---------------|
| Baer | Denton | Keating | Rankin |
| Barnhart | Dies | King | Reed |
| Blanton | Dill | Kitchin | Romjue |
| Brand | Dominick | Larsen | Rucker |
| Burnett | Fields | London | Sherwood |
| Cantrill | Gallivan | Loneragan | Sinnott |
| Caraway | Garner | McAndrews | Sisson |
| Cary | Garrett, Tenn. | Mansfield | Steagall |
| Church | Gould | Mapes | Tague |
| Claypool | Hamlin | Miller, Minn. | Taylor, Colo. |
| Cooper, Wis. | Hilliard | Nolan | Thomas |
| Crisp | Huddleston | Norton | Walsh |
| Crosser | Johnson, Ky. | Oldfield | Watson, Va. |
| Denison | Johnson, Wash. | Park | Wheeler |
| Dent | Kearns | Raker | Wright |

NAYS—248.

| | | | |
|-----------------|-----------------|----------------|-----------------|
| Alexander | Ferris | Lehibach | Scott, Mich. |
| Almon | Fess | Lenroot | Sears |
| Ashbrook | Fisher | Linthicum | Sefis |
| Aswell | Fordney | Littlepage | Shackelford |
| Austin | Foss | Longworth | Shallenberger |
| Ayres | Foster | Lufkin | Sherley |
| Bacharach | Francis | Lundeen | Shouse |
| Bankhead | Frear | McArthur | Siegel |
| Barkley | Freeman | McClintic | Sims |
| Beakes | French | McCornick | Slayden |
| Beshlin | Fuller, Ill. | McFadden | Slomp |
| Black | Fuller, Mass. | McKenzie | Sloan |
| Blackmon | Gallagher | McKeown | Small |
| Bland | Gandy | McKinley | Smith, Idaho |
| Borland | Gard | McLemore | Smith, Mich. |
| Bowers | Garland | Madden | Snell |
| Britten | Garrett, Tex. | Martin | Snook |
| Browne | Gillett | Mason | Snyder |
| Browning | Glynn | Mays | Stafford |
| Brumbaugh | Good | Meeker | Steele |
| Buchanan | Goodwin, Ark. | Merritt | Stevenson |
| Burroughs | Gordon | Montell | Stephens, Miss. |
| Byrnes, S. C. | Graham, Ill. | Montague | Stephens, Nebr. |
| Byrns, Tenn. | Gray, Ala. | Moore, Pa. | Sterling, Ill. |
| Caldwell | Green, Iowa | Moore, Ind. | Stevenson |
| Campbell, Kans. | Greene, Mass. | Morgan | Stines |
| Cannon | Greene, Vt. | Moff | Strong |
| Carter, Okla. | Hadley | Neely | Summers |
| Chandler, N. Y. | Hamilton, Mich. | Nelson | Sweet |
| Chandler, Okla. | Hamilton, N. Y. | Oliver, Ala. | Swift |
| Clark, Pa. | Hardy | Oliver, N. Y. | Switzer |
| Classon | Harrison, Va. | Olney | Talbott |
| Coller | Haskell | Osborne | Taylor, Ark. |
| Connally, Tex. | Hastings | Overstreet | Temple |
| Connolly, Kans. | Hawley | Padgett | Templeton |
| Cooper, Ohio | Hedton | Parker, N. J. | Tillman |
| Cooper, W. Va. | Heflin | Parker, N. Y. | Tilson |
| Cox | Helm | Peters | Timberlake |
| Currie, Mich. | Helvering | Phelan | Tinkham |
| Davidson | Hersey | Platt | Towner |
| Davis | Hicks | Powers | Tracyway |
| Decker | Holland | Pratt | Venable |
| Dempsey | Houston | Purnell | Vestal |
| Dewalt | Hull, Iowa | Quin | Vinson |
| Dickinson | Hull, Tenn. | Rainey | Voigt |
| Dillon | Ireland | Ramsayer | Voistead |
| Dixon | Jones, Tex. | Randall | Waldow |
| Doremus | Juhl | Rayburn | Walker |
| Doughton | Kahn | Reavis | Walton |
| Dowell | Kehoe | Robbins | Watkins |
| Dupré | K. Hey, Mich. | Roberts | Watson, Pa. |
| Dyer | Kennedy, Iowa | Robinson | Weaver |
| Eagan | Kettner | Rodenberg | Welling |
| Elliott | Key, Ohio | Rogers | Welty |
| Ellsworth | Kiess, Pa. | Rouse | Whaley |
| Elston | Kincheloe | Russell | White, Me. |
| Emerson | Kinkaid | Sanders, Ind. | White, Ohio |
| Esch | Knutson | Sanders, La. | Williams |
| Estopinal | La Follette | Sanders, N. Y. | Wilson, Tex. |
| Evas | Langley | Sanford | Wise |
| Fairfield | Lazaro | Saunders, Va. | Woods, Iowa |
| Farr | Lea, Cal. | Schall | Woodyard |

NOT VOTING—120.

| | | | |
|----------------|------------------|-----------------|-------------------|
| Anderson | Dale, N. Y. | Graham, Pa. | James |
| Anthony | Dale, Vt. | Gray, N. J. | Johnson, S. Dak. |
| Bell | Dallinger | Gregg | Jones, Va. |
| Booher | Doelling | Griest | Kelly, Pa. |
| Brodbeck | Doollittle | Hamil | Kennedy, R. I. |
| Butler | Drane | Harrison, Miss. | Kraus |
| Campbell, Pa. | Drukker | Haugen | Kreider |
| Candler, Miss. | Dunn | Hayes | Latuardia |
| Capstick | Eagle | Heintz | L. v. va. |
| Carew | Edmonds | Hensley | Leshner |
| Carlin | Fairchild, B. L. | Hollingsworth | Lever |
| Carter, Mass. | Fairchild, G. W. | Hood | Little |
| Clark, Fla. | Flood | Howard | Lobeck |
| Coady | Flynn | Humphreys | Lunn |
| Copley | Focht | Husted | McCulloch |
| Costello | Glass | Hutchinson | McLaughlin, Mich. |
| Crago | Godwin, N. C. | Igoe | McLaughlin, Pa. |
| Cramton | Goodall | Jacoway | Magee |
| Curry, Cal. | | | Maber |

| | | | |
|-----------------|----------|---------------|----------------|
| Mann | Porter | Scott, Iowa | Ward |
| Miller, Wash. | Pou | Scott, Pa. | Wason |
| Moon | Price | Scully | Webb |
| Morin | Ragsdale | Smith, C. B. | Wilson III. |
| Mudd | Ramsey | Smith, T. F. | Wilson, La. |
| Nicholls, S. C. | Riordan | Stedman | Wingo |
| Nichols, Mich. | Rose | Sterling, Pa. | Winslow |
| O'Shaunessy | Rowe | Sullivan | Wood Ind. |
| Overmyer | Rowland | Thompson | Young, N. Dak. |
| Paige | Rubey | Van Dyke | Young, Tex. |
| Polk | Sabath | Vare | Zihlman |

So the motion was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. YOUNG of Texas with Mr. CAPSTICK.
 Mr. LEE of Georgia with Mr. McLAUGHLIN of Michigan.
 Mr. LESHNER with Mr. LITTLE.
 Mr. LEVER with Mr. McCULLOCH.
 Mr. MOON with Mr. MAGEE.
 Mr. M. TIER with Mr. MILLER of Washington.
 Mr. OVERMYER with Mr. MORIN.
 Mr. LOBECK with Mr. MUDD.
 Mr. NICHOLLS of South Carolina with Mr. PAIGE.
 Mr. O'SHAUNESSY with Mr. NICHOLS of Michigan.
 Mr. LUNN with Mr. PORTER.
 Mr. POU with Mr. RAMSEY.
 Mr. RIORDAN with Mr. ROWLAND.
 Mr. POLK with Mr. ROWE.
 Mr. PRICE with Mr. VARE.
 Mr. RAGSDALE with Mr. ROSE.
 Mr. STERLING with Mr. WARD.
 Mr. STEDMAN with Mr. WILSON of Illinois.
 Mr. SABATH with Mr. SCOTT of Pennsylvania.
 Mr. THOMPSON with Mr. WASON.
 Mr. CHARLES B. SMITH with Mr. WINSLOW.
 Mr. VAN DYKE with Mr. WOOD of Indiana.
 Mr. THOMAS F. SMITH with Mr. YOUNG of North Dakota.
 Mr. WEBB with Mr. ZIHLMAN.
 Mr. SULLIVAN with Mr. HUTCHINSON.
 Mr. WINGO with Mr. GEORGE W. FAIRCHILD.
 Mr. KELLY of Pennsylvania with Mr. JAMES.
 Mr. ALMON with Mr. KRAUS.
 Mr. JONES of Virginia with Mr. CARTER of Massachusetts.
 Mr. BELL with Mr. DRUKKER.
 Mr. BOOHER with Mr. DUNN.
 Mr. EAGLE with Mr. CURRY of California.
 Mr. CLARK of Florida with Mr. GRIEST.
 Mr. HUMPHREYS with Mr. DALLINGER.
 Mr. CAMPBELL of Pennsylvania with Mr. EDMONDS.
 Mr. DRANE with Mr. DARROW.
 Mr. DOOLING with Mr. ANDERSON.
 Mr. HAMILL with Mr. BENJAMIN L. FAIRCHILD.
 Mr. CANDLER of Mississippi with Mr. BUTLER.
 Mr. GREGG with Mr. FOCHT.
 Mr. DOOLITTLE with Mr. ANTHONY.
 Mr. COADY with Mr. GRAY of New Jersey.
 Mr. HARRISON of Mississippi with Mr. HAUGEN.
 Mr. BRODBECK with Mr. COPLEY.
 Mr. HAYDEN with Mr. HAYES.
 Mr. IGOE with Mr. COSTELLO.
 Mr. CAREW with Mr. GOODALL.
 Mr. GLASS with Mr. GRAHAM of Pennsylvania.
 Mr. CARLIN with Mr. CRAGO.
 Mr. HOOD with Mr. HOLLINGSWORTH.
 Mr. GODWIN of North Carolina with Mr. CRAMTON.
 Mr. JACOWAY with Mr. HUSTED.
 Mr. WILSON of Louisiana with Mr. SCOTT of Iowa.
 Mr. HENSLEY with Mr. KELLEY of Michigan.
 Mr. FLYNN with Mr. HEINTZ.
 Mr. DALE of New York with Mr. DALE of Vermont.
 Mr. FLOOD with Mr. KENNEDY of Rhode Island.
 Mr. HOWARD with Mr. McLAUGHLIN of Pennsylvania.
 The result of the vote was announced as above recorded.
 The SPEAKER. A quorum is present, and the Doorkeeper will open the doors.

FEDERAL CONTROL OF RAILROAD TRANSPORTATION.

Mr. SIMS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of House bill 9685; and, pending that motion, I want to submit a request for unanimous consent. The request is that this bill shall be the continuing order of the House until disposed of, subject to Calendar Wednesday, conference reports, or privileged matters.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that this railroad bill shall be the continuing order until its conclusion, barring Calendar Wednesday, conference reports, and privileged matters. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, the last order was rather vague. The gentleman says, "Except privileged matters." Does he include appropriation bills? Why not have this continuing order subject to conference reports and matters in order on Calendar Wednesday?

Mr. SIMS. I will be glad to put it in that shape.

Mr. STAFFORD. If it is of that pressing importance, I submit it should be worded in that shape.

Mr. SIMS. I ask that it shall be made the continuing order, subject to conference reports and matters in order on Calendar Wednesday.

The SPEAKER. As to questions of privilege, no agreement that the House can make can shut out questions of personal privilege and questions of highest privilege.

Mr. BURNETT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BURNETT. The order in regard to the alien-slacker bill was that it should be made the continuing order Wednesday and until concluded. Suppose it was not completed on Calendar Wednesday. Would that stop it from going on next day, under this order of the House?

The SPEAKER. This is in order on next Calendar Wednesday.

Mr. BURNETT. Suppose we do not get through on Calendar Wednesday. Would this come in, and, so far as that continuing order made last Wednesday in regard to the alien slacker bill is concerned, would that be superseded? If so, I shall object.

The SPEAKER. This order that the gentleman from Tennessee [Mr. SIMS] asks for, if it were granted, being subsequent to the other order, would upset the order of the gentleman from Alabama.

Mr. BURNETT. Then, if the gentleman would modify his request so that it will not interfere with the continuing order as to the alien slacker bill, I shall not object.

Mr. SIMS. Of course I would not want to have it interfere with the other order. Of course I would make it subject to that order that has already been made.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the railroad bill be made the continuing order until completed, barring Calendar Wednesday and the space occupied by the order which the gentleman from Alabama [Mr. BURNETT] got, and matters of personal and other sorts of privilege. Is there objection?

Mr. SHERLEY. Mr. Speaker, I do not think we ought to tie the House. We are constantly doing that. There is no reason why the gentleman should not get his bill through to-day and to-morrow, and if he gets it through to-morrow there will be no need of getting the order.

Mr. SIMS. I can not know when we shall be able to conclude the bill.

Mr. SHERLEY. Nobody can know; but we constantly get into trouble by tying up the House by special orders.

Mr. SIMS. We are already tied up.

The SPEAKER. Is there objection?

Mr. SHERLEY. I object.

The SPEAKER. The gentleman from Kentucky objects.

Mr. SIMS. Then, Mr. Speaker, I submit another unanimous-consent request, pending the motion. I ask unanimous consent that this bill be considered and concluded in Committee of the Whole not later than the adjournment of the House to-morrow.

Mr. MADDEN. I object.

The SPEAKER. The gentleman from Illinois objects.

Mr. SHERLEY. Mr. Speaker, I suggest to the gentleman that he simply go on with his bill to-day and to-morrow. Nobody is going to interfere with his bill being taken up to-morrow, if necessary.

Mr. SIMS. I have made a unanimous-consent request which I considered in the interest of the position of the bill.

The SPEAKER. What is the gentleman's request?

Mr. SIMS. None will be accepted.

Mr. DOWELL. Regular order, Mr. Speaker.

The SPEAKER. The regular order is demanded. The regular order is, Shall the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of this railroad bill? The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Tennessee [Mr. GARRETT] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 9685) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 9685, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 9685) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

The CHAIRMAN. The question is on agreeing to the amendment proposed by the gentleman from Wisconsin [Mr. LENROOT].

Mr. LENROOT. Mr. Chairman, I ask that the amendment be again reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

The Clerk read as follows:

Amendment offered by Mr. LENROOT: Page 1, line 10, after the word "compensation" strike out the words "not exceeding" and, on page 2, lines 2 and 3, strike out the words "equivalent as nearly as may be to" and insert in lieu thereof the words "not exceeding."

Mr. SIMS. Mr. Chairman, I want to ask the gentleman from Wisconsin a question. Will he yield?

Mr. LENROOT. Yes.

Mr. SIMS. Is this the amendment that the gentleman offered on Saturday?

Mr. LENROOT. It is the same.

Mr. DOREMUS. Mr. Chairman, may we have the amendment again reported? I ask that the amendment be again reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again read.

Mr. LENROOT. Mr. Chairman, this is the first of several perfecting amendments which I have heretofore given notice I would offer.

Before discussing this particular amendment I want to say a word that will apply to all of the perfecting amendments that I shall offer. I anticipate, Mr. Chairman, that the chairman of the committee will take the position that inasmuch as his committee has not had the opportunity to consider these perfecting amendments the House should disagree to all of them, irrespective of their merits, with the idea that when this bill gets into conference the conferees may then take up these propositions and adjust them.

Mr. Chairman, as to that, there are two considerations which ought to apply, and the first is that this House, if it has any respect for itself, ought not to permit a bill to go from this House where there is a clearly apparent absurdity in the bill, and that where an amendment is offered that is clearly designed to correct that absurdity and to express the very meaning that the committee has in mind, if it is clear that the language of the bill does not so express it, then instead of rejecting the amendment it ought to be accepted.

We find in the Senate bill many of these errors, including the one now under consideration. The Senate has made exactly the same mistake that has been made here, and the result is that unless something is put in its place now both Houses will have identical language agreed upon, where upon consideration no lawyer will say that the language agreed upon expresses the intent of either House of Congress. And I want to call attention to the fact that while the House has a liberal rule with reference to the power of conferees, even though there is identical language agreed upon in a House bill and in a Senate bill, the rule is different in that body over at the other end of the Capitol. I have had occasion, particularly on the Alaska leasing bill, to ascertain that fact. In that case we passed a substitute bill, and we found that neither House had expressed the correct intent, and the conferees took the liberty of rewriting a certain section so as to express the intent. The Senate sent that bill back to conference, and we had to accept in the Alaska leasing bill phraseology that neither House wanted. We ought to avoid that, so that instead of the chairman of the committee rejecting amendments where it is clear that amendments ought to be made, if he wants to get these things into conference he ought to accept the amendments, and that will clearly throw it into conference, where the conferees can adjust it.

Now, with reference to this particular amendment, as the language now reads not a man in this House will say that the language in this bill expresses the intent of the committee. What does it authorize as it now stands? It authorizes the President to make an agreement with the carriers to do what? To make an agreement to guarantee that they shall not receive more than a certain sum as compensation. That is what the agreement is. What carrier would care for an agreement of that kind? Of what benefit would it be to any carrier to get an agreement from the President of the United States to say, "We will guarantee you, Pennsylvania Railroad, that you shall not receive during Federal control more than \$50,000,000 a year in

compensation for your property"? Now, of course, what the committee had in mind was to authorize the President to make an agreement with the railroads for a fixed sum, and provide that in making that agreement he should not go beyond a certain maximum sum fixed by Congress; in other words, in the illustration I have made of the Pennsylvania road the maximum that we authorized him to agree upon, we will say, is \$50,000,000; but if he can make an agreement with the Pennsylvania Railroad for \$40,000,000, we wish to leave him free to do that. But under the language as it stands that can not be done, and my amendment provides, in the first place, to strike out the words "not exceeding," and authorizes the President to fix and agree upon a fixed sum that they shall receive.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LENROOT. I ask for five minutes more, Mr. Chairman.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that his time be extended five minutes. Is there objection?

There was no objection.

Mr. LENROOT. And then, to carry out the plain intent of the committee, on page 2 I provide for striking out the words "equivalent as nearly as may be to" and inserting "not exceeding the average annual income of the railroads for this three-year period." That makes it entirely plain. There can then be no question about what the authority of the President is; that he is authorized by this language to agree with the railroads to pay them a fixed sum, but that fixed sum shall not be greater than the three-year average that is provided in the bill.

Mr. DOREMUS. Will the gentleman yield?

Mr. LENROOT. Yes.

Mr. DOREMUS. Will the gentleman inform the committee as to his purpose in proposing to strike out the words "equivalent, as nearly as may be"? It is my opinion that those words ought to remain in, and I want to get the gentleman's view of it.

Mr. LENROOT. Because, when you are making merely a standard, a measure, to fix a maximum sum, "equivalent" means nothing, and that is all that is desired—to fix in each case a sum, and to lay down a rule by which that sum is to be determined.

Mr. SHERLEY. Is not the gentleman assuming, however, that the character of bookkeeping of every railroad is such as to make its annual return for three years past an accurate measure, whereas in point of fact that assumption is not true?

Mr. LENROOT. Whether it is true or not, the gentleman must remember that with the bill as amended the return of the carrier does not fix the sum which the carrier is entitled to receive at all. It fixes merely the maximum sum.

Mr. SHERLEY. It ought not to fix that, if the character of the bookkeeping is such as not to make it a proper standard; and so the words "as nearly equivalent as may be" are used to give some leeway as to the bookkeeping methods of the railroads.

Mr. DOREMUS. My idea is the same as that of the gentleman from Kentucky. It is notorious that certain railroad companies, in order to make a return to their stockholders, have skinned their lines. In other words, they have not set aside the proper amount for maintenance and depreciation. Now, as to those lines it might be the judgment of the President that a larger sum ought during Federal control to be set aside for maintenance and depreciation; and yet that would prevent the railroads affected from declaring the same return that they have formerly declared. So I think the language of the bill ought to be left so that, no matter whether the railroad gets its return in dividends to its stockholders or in the improvement and upkeep of the property itself, we ought to be in a position to say that the return is an equivalent of that which they formerly received.

Mr. LENROOT. I will say to the gentleman that I have no intention in this amendment of disturbing in any way any idea that the committee had in that respect; and I am perfectly willing to modify my amendment by leaving in the words "equivalent as nearly as may be" and inserting before the word "equivalent" the words "not exceeding a sum" which will maintain the thought and intent of the committee; and I ask unanimous consent, Mr. Chairman, that the second part of my amendment be again reported, striking out what I proposed and inserting after the word "control," in line 2, the words "not exceeding a sum."

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Mr. LENROOT offers a modified amendment, as follows: On page 2, line 2, after the word "control," insert the words "not exceeding a sum."

Mr. LENROOT. Now, Mr. Chairman, that removes that controversy and leaves it as it was intended. I want to follow up

with one observation and then I will yield. As the language now stands, the standard return, unless my amendment be adopted, is not the sum which the President is authorized to agree with the railroad that it shall receive, but this maximum sum, whereas all through the bill the standard sum is the sum that the President is authorized to agree upon. Of course that was not the intention. If the question of the standard return be the fixed sum, you have provided that the standard return shall be determined by the Interstate Commerce Commission, while it was clearly the intention of the committee to give the President the authority to determine that fixed sum, Congress only providing the maximum.

Now, if my amendment be adopted, it will provide that the President is authorized to agree with the railroads to pay them an annual sum fixed by him as compensation, but that sum shall not exceed the equivalent as nearly as may be to the three-year average. That makes it entirely clear, and certainly carries out the intention of the committee, while the present language does not.

Mr. SIMS. Mr. Chairman, I wish to state in connection with these proposed amendments that the gentleman from Wisconsin in general debate gave notice that he was going to offer a number of so-called perfecting amendments. He did not offer them then while he was occupying the floor in general debate, but he did attach them to his remarks, and they are printed in the RECORD of the 22d. I did not know what those amendments were any more than the character of them as perfecting amendments. The next day was an exceedingly busy day, as we all know, in the Committee of the Whole. When the gentleman from Wisconsin arose and offered the amendment which he has discussed, I then made the request that these amendments proposed by him, so far as they affected section 1, should be passed over, with the privilege of returning to the section at any time he might see proper to offer them. There was objection made to that, and an agreement was made that we might return at any time to offer perfecting amendments, without limiting it to the gentleman from Wisconsin. That was agreed to, and immediately the point of no quorum was made, and so no further business was done.

Mr. LENROOT. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. LENROOT. If that had been agreed to, I would not have offered it this morning.

Mr. SIMS. It remained without being acted upon.

Mr. LENROOT. I am willing to make that agreement now.

Mr. SIMS. I stated to the gentleman from Wisconsin and other Members of the House, not in debate, that I wanted to go over those amendments, and that where an amendment was proper and desirable, to have no controversy about it or to oppose it because the gentleman from Wisconsin [Mr. ESCH] or I had not proposed it, but that where it was a perfecting amendment, if it merely affected the verbiage, I thought it was better to accept them than to waste a lot of time in discussing them and voting for or against them. My intention at that time, as I expressed privately to members of the committee, was to give attention to the amendments set out in the RECORD on Sunday and call the committee together at 11 o'clock this morning and submit the proposed amendments to the full committee. That was my intention, so stated to the members of the committee and to Members of the House.

But I will admit that to my surprise when I submitted a unanimous-consent request that the House meet at 11 o'clock to-day it was accepted. Judging by the way such requests have been met before I thought it would be disagreed to. So if I called the committee together it had to be at 10 o'clock. I put in the whole day with the best assistance I could get in analyzing the amendments. I have a memorandum here of that analysis. Some of them I have not the slightest objection to and will offer no argument against them. Others are material in substance, and I think ought to be defeated on their merits or lack of merits.

Mr. ALEXANDER. Why does not the gentleman renew his request as to these amendments to perfect the text, passing over them, and going along with the bill?

Mr. SIMS. I want to state further that I even then would have called the committee together. I made several efforts to get the gentleman from Wisconsin [Mr. ESCH] over the telephone, but failed, for the purpose of asking him to communicate with members on his side asking them to meet here this morning, and I would notify the others. I was unable to get him, and that is the reason why the committee was not called together.

There are amendments to section 1, and others go through the entire bill. Consequently, we are bound to reach them to-day, and as these are some of the most important amendments that will be offered we must consider them on their merits as they are reached. When we come to an amendment that I do not

expect to oppose there will be no time wasted. There are others, and even on those the members of the committee might differ. I wanted to do this as a courtesy to the committee and give them an opportunity to pass upon them.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIMS. I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SIMS. Here is an amendment offered in all good faith by the gentleman from Wisconsin [Mr. LENROOT]. Before he offered to modify it he pronounced it absolutely necessary to carry out the intention of the committee and the House. After making a very strong speech and many positive assertions, he himself admits that he was mistaken as to part of the amendment he had offered, to strike out the words "equivalent as nearly as may be."

Mr. LENROOT. I did that because I thought by accepting the modification it would remove an element of controversy.

Mr. SIMS. And that was the most important element in it. Now that proves that no man is infallible in his knowledge of these things. No man has a higher opinion of the ability of the gentleman from Wisconsin to understand any question that he studies and gives thought to than I have. The head of the committee, so far as the period of service is concerned, another gentleman from Wisconsin, who has served on the committee longer by several years than any other member, who has had every opportunity to study all these amendments and has studied them, and I place to-day and at this minute and at this hour more confidence in the judgment of the gentleman from Wisconsin [Mr. Esch] on these amendments than I do in the illustrious Senator to be from Wisconsin [Mr. LENROOT]. Now, gentlemen may anticipate that I am going to ask them to vote down the amendments and thrash it out in conference. I am not. I am going to ask them to thrash them out right here, and I hope the gentleman from Wisconsin will admit that his amendments are not infallible and necessary to the perfection of the bill.

Mr. LENROOT. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Mr. Chairman, I think the amendment does not help the bill, but gives the gentleman a lot of wreckage to float on, and I think it ought to be voted down.

Mr. LENROOT. Is that the best argument the gentleman can make?

Mr. SIMS. No; that was not intended to be an argument.

Mr. LENROOT. Does the gentleman not think it would be better for the gentleman to undertake to analyze the bill and show wherein my contention is not correct?

Mr. SIMS. I shall withdraw any complimentary remark I have made about the gentleman if it is offensive.

Mr. LENROOT. It would be to much better purpose if the gentleman did.

Mr. SIMS. I am trying to say that this very item, this very language of the bill, this amendment, in its effect, has been studied and gone over ad libitum by the very best authority that we can consult on what is the purpose of that portion of the section, and what is the intention to permit the President to include in his contract. This identical proposition and all that is embraced in the gentleman's amendment was fully discussed at length by the committee, and so far as this part of the bill is concerned, it is the deliberate judgment of the entire committee.

Mr. LENROOT. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. LENROOT. Does the gentleman mean to say that his committee discussed these questions I have been discussing and that it is the deliberate opinion of the committee that the language of the bill expresses the intention that they desire?

Mr. SIMS. The committee—

Mr. LENROOT. The gentleman has made that statement.

Mr. SIMS. The committee accepted the bill as it is reported, and the minority report makes no objection to any part of it, as no member of the committee has offered any amendment touching this language, and that was discussed in the committee. I can not say it was the deliberate judgment of each member.

Mr. LENROOT. Was this question discussed in the committee?

Mr. SIMS. Yes. Several gentlemen on the committee are right here by me and they tell me that it was discussed at length. Half a dozen of them here say so.

Mr. SNOOK. Mr. Chairman, if the gentleman will permit, I offered the amendment in the committee that the gentleman has offered, in the very words in which the gentleman has offered it, and after discussing it for half an hour the committee agreed to the language contained in the bill.

Mr. LENROOT. Then all I can say is, if the gentleman will yield, that I want to withdraw the statement I made the other

day, that I did not think the committee was in any way to blame, except as being victims of misplaced confidence.

Mr. SIMS. Mr. Chairman, I ask the committee not to make the mistake of following a gentleman who is not on the committee, however great his ability may be, in undertaking to rewrite this bill after this thing has been rejected in the Senate and in the House.

Mr. LENROOT. Mr. Chairman, will the gentleman yield? I would like to have my colleague, Mr. Esch, discuss this amendment.

The CHAIRMAN. The committee will be in order. The time of the gentleman from Tennessee has expired.

Mr. HUDDLESTON. Mr. Chairman, I move to strike out the last word. I have made a very earnest effort to analyze the bill, after having heard the general debate and read what has been said in the Senate. The bill seems to drive at three purposes, and three only, in the main. The first is to fix the amount that the owners of the railroads are to get out of it, the next is to provide the machinery whereby that amount may be reached, and the third is to give the President power to fix the rates, taking it way from the bodies that now have that power. So far as I am able to get out of the bill, and out of what is said about the bill, there is very little else in it.

We have possession of the railroads. Passing this bill has absolutely nothing to do with our taking them over and operating them. We have that power under existing law.

I want to vote for this bill. I have studied it, in the desire to vote for it, but I have studied it with increasing disappointment. The bill from my point of view is a failure. I regret that the Congress is not responding to this great emergency, in passing railroad legislation of greater importance than any ever broached before upon this subject. It is not responding to the situation adequately, and in a manner worthy of its great traditions. It seems to me that the Congress is dealing with this subject with a lack of courage, with a lack of definite purpose, with a lack of a purpose in view that is really worth while.

We are trying to ride two horses. One is private ownership and the other is public ownership, and those who have had charge of the drafting of this bill, of making it a law, seem to be unwilling to choose either of these horses. They are trying to ride them both at the same time, and I believe that the result will be that the bill will prove to be a most ignominious failure.

So far as the first section of the bill is concerned, absolutely the only purpose it can have is to give the railroads more than they are justly entitled to under the Constitution. That is all there is to it. Why do we have to pay them anything? Simply because Article V of the amendments to the Constitution provides that private property shall not be taken for public use without just compensation. We can not take the railroads without just compensation. We have no right to give more. It will be a violation of our duty to the American people if Congress shall give these railroads more than just compensation for their use. [Applause.] I venture to say that no one will have the boldness to dispute that proposition.

The courts have construed this provision of the Constitution. Its meaning is certain, and known to every lawyer in this body. It does not take an act of Congress to apply it. The question is, What compensation is just? That is all there is to it, and the Congress—

Mr. DEWALT. Will the gentleman allow an interruption?

Mr. HUDDLESTON. I will allow a question.

Mr. DEWALT. I desire to ask the gentleman, if he is dissatisfied with the compensation as outlined in this bill, what does he propose as a just compensation?

Mr. HUDDLESTON. I propose that these railroads shall not be allowed a greater return on their investment than other people whose property is taken by the Government. [Applause.]

Mr. DEWALT. That does not answer the question.

Mr. HUDDLESTON. I will answer the gentleman if he will just give me time and will answer it in a sentence. I propose that the railroads shall have a reasonable income upon the actual value of their property at the time the Government took it over. That is what I propose. Now, the Constitution of the United States fixes that as the measure. It is the measure that has been fixed by the Supreme Court of the United States in its decisions passing upon the question of what rights these corporations have. The rate must not be confiscatory. That is the limitation that there is on the rate, and whenever we make it more than that, as I say, we are not responding to the duties of this hour. The Constitution of the United States has been frequently construed by the courts and the rule established that property may be taken if the terms of the taking do not violate that provision and become confiscatory.

Now, that is the rule. How are we going to ascertain what is the amount that ought to be paid for this service? We have the authority to take the property now. We need no new law

for that purpose. All we have got to do is to apply the rule that is established by the Constitution and Supreme Court in its construction of that provision.

Are the railroads going to be allowed to take more from the National Government than they should in the way of rates? Is it to be said here that the railroads are going to receive from an absolutely certain source—the Government—an income greater than they would be entitled to if the Interstate Commerce Commission was fixing the rate—that they are entitled to charge for the use of their property by private individuals only such return as will give them a reasonable income, yet may charge the Government a greater rate? If so, what is the basis for such difference. Are you going to give the railroads, because the Government is using them, more than you would if private citizens used them? What basis for any such idea can be advanced?

We need machinery, it is true, to establish this amount that ought to be paid to the railroads and I am willing to vote for such machinery. I am willing to provide adequate machinery, but I am unwilling for a single moment to give the railroads more than that to which they are justly entitled. We know what justice is. The Supreme Court has laid out the rules and all we have got to do is to stand up to them.

Mr. DEWALT. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I know how very popular it is in the minds of a great many Members of Congress, not only on this side of the Capitol but on the other side as well, to proclaim and declaim continually against railroads and corporations. I fully appreciate the fact, too, that it sounds very well back home to have gentlemen say that they are against corporations and railroads receiving enormous amounts of compensation for anything at anytime or anywhere. But that does not change the relation at all. The popularity of a measure or the unpopularity of a measure in the judgment of an honest legislator has nothing to do with the proposition. Now, what is the proposition? I have heard the gentleman who has just spoken say that he demands justice, that he is willing to give justice but he will not give anything in the way of tribute. Very well, let it be so. Now, what is justice? These roads are taken over. That is an accomplished fact. Having been taken over, they must be compensated. That is the law. Now, how shall they be compensated? The gentleman says, "Take over their property and give them a fair income or rental on that." Unfortunately for that proposition, gentlemen of the committee, it is at this time an utter impossibility. Judge Prouty, who is on the valuation committee of railroads, has definitely declared that all the railroads to-day in this country so far as he knows are not able, from the judgment of the valuation committee, assisted by the railroads themselves, to place any definite value upon their operating property and their valuation.

Mr. GORDON. Will the gentleman yield at that point?

Mr. DEWALT. Certainly, sir.

Mr. GORDON. Is the gentleman's contention that it is necessary to fix the value of this property now of these railroads? Has it got to be done instantaneously, or can it be deferred, as we have done with other people whose property we have taken, until the real value of this property can be determined?

Mr. DEWALT. I believe, sir, that for the stability of all the stocks and bonds and all the property interests concerned in this country, so far as railroads are concerned, time is of the essence of the contract.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. DEWALT. I will.

Mr. HUDDLESTON. Does the gentleman assert that we ought to stabilize these securities at a higher rate than is just to the people?

Mr. DEWALT. Certainly not, and I am coming to that in a moment.

Mr. HUDDLESTON. Why does the committee take the three-year period instead of the one-year period, as the English did?

Mr. DEWALT. The reason is this: If we took only the one year, 1917, then you would certainly pay them more than under this.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. DEWALT. Certainly.

Mr. HUDDLESTON. England took the prewar year of 1914. Why should not we do the same thing?

Mr. DEWALT. They did not take the prewar year of 1914, the gentleman is mistaken.

Mr. GORDON. They took 1912.

Mr. DEWALT. They took six months of 1913 and took six months of 1914.

In other words, gentlemen of the committee, it is just this: There are a great many who argue this question who do not know anything about the facts. [Applause.]

Mr. GORDON. And that is a fact. Will the gentleman yield?

Mr. DEWALT. One moment. If I was to agree with all the premises which were laid down by the distinguished gentlemen, then I would certainly come to their conclusion; but the trouble is I can not agree with the premises.

Mr. COOPER of Wisconsin. Will the gentleman yield for a question?

Mr. DEWALT. Yes.

Mr. COOPER of Wisconsin. I do not wish to get into this controversy any further.

Mr. DEWALT. It is not a controversy; it is a discussion.

Mr. COOPER of Wisconsin. The gentleman has just said that they could not take a prewar year, and yet he followed that statement by the statement that England took six months in 1913 and six months in 1914, including up to July, 1914, and the war began in August. And, then, they did take one year just before the war, by his own statement. [Applause.]

Mr. DEWALT. That is exactly what I said, only the gentleman did not hear it. The war broke out in 1914.

Mr. COOPER of Wisconsin. The gentleman can not evade that. That is what he did say.

Mr. DEWALT. This gentleman never evades anything. He always tries to argue from the facts as they are presented; and the fact is that in England they took six months of 1913 and six months of 1914, and they averaged it; and they averaged it in this way, that if the profits of the railroads in 1914 for the first six months were in excess of the profits of 1913, the last six months, they made the average.

Mr. DOREMUS. Will the gentleman yield?

Mr. DEWALT. I will yield.

Mr. DOREMUS. The gentleman from Alabama [Mr. HUDDLESTON] has just asked you why we did not follow the English plan and take a year preceding our entrance into the war.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DEWALT. I ask for two minutes more, so that I can respond to this query.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent for two minutes more. Is there objection? There was no objection.

Mr. DOREMUS. If we had adopted that plan, would it not be even more favorable to the railroads than the one that is now incorporated in the bill?

Mr. DEWALT. I have already said that. If we had taken last year—1917—that is the most prosperous year any of the railroad companies have known; 1915 was a lean year, bringing in some \$683,100,000; and in 1917 over a billion dollars. The consequence was, they took a light year and a fairly prosperous year to determine the sum total and making the average.

Now, as to this question of compensation according to valuation of the property, Judge Prouty, who was on the valuation committee, has declared that there are now only three railroads in this country that have been investigated as to their property valuation, and they have not yet determined the amount of that valuation. And, further, he says that it will take at least three or four years more—I think he said four, but he said three, I am sure. I am referring to the gentleman from Wisconsin [Mr. ESCH] for the correctness of my statement.

Mr. ESCH. The valuation, as far as the field was concerned, would take until 1920, and it would take a year before they could tabulate their returns.

Mr. DEWALT. So you see the utter impossibility of trying to fix the valuation upon the basis as presented by my friend from Alabama.

Now, this is a clear question of how we shall compensate them for the use of the property that is taken. The value thereof is represented by the earning capacity of that property, and that earning capacity is not determined by the railroad companies; it is not determined by the President; it is determined by the reports submitted to the Interstate Commerce Commission yearly, adopted, revised, and taken by them as a verity, and those sums are fixed and determined by the Interstate Commerce Commission after due investigation.

Mr. RAMSEYER. Will the gentleman yield?

Mr. DEWALT. Certainly.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

Mr. RAMSEYER. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended two minutes in order to answer a question.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the time of the gentleman from Pennsylvania be extended two minutes. Is there objection?

There was no objection.

Mr. RAMSEYER. The value of the use for what time?

Mr. DEWALT. The value of the use at time of taking would be the legal proposition. But in this instance that could not be a fair estimate, because if you were to follow that you would have to take the value of the use in 1917, and that would be disproportionately large.

Mr. RAMSEYER. And you fix three years?

Mr. DEWALT. Yes.

Mr. RAMSEYER. If you have the right to fix it at 3 years why have you not the right to fix it for 5 years or 10 years?

Mr. DEWALT. Because the contract is about to be entered into. You must hear the rights of both of the contracting parties, and must arrive at an average that will best suit the interests of not only one but both.

Mr. RAMSEYER. Then, in the judgment of the committee, three years is such a period?

Mr. DEWALT. I think so; yes, sir.

Mr. RAMSEYER. Now, if the gentleman was correct in his statement that a period of a year before the war would be unfair, because excessive, why did not the committee have a right to go back and take two years, or three years, at some period when the railroads of the country were not affected by the abnormal conditions of war abroad?

Mr. DEWALT. In answer to that I wish the gentleman had had the privilege of inspecting all the reports of the Interstate Commerce Commission from the year 1902 all the way up to 1914, 1915, 1916, and 1917.

Mr. RAMSEYER. I am asking for information.

Mr. DEWALT. He would then have come to the determination that 1914 was a very lean year, that 1912 was what they called a bad year, and going along the scale from year to year it was determined by the committee from the inspection of those reports that the average was substantially the mean average during the entire time.

Mr. RAMSEYER. Now, why would not 1910, 1911, and 1912 be fair?

Mr. DEWALT. In other words, I have just been informed by one of my colleagues on the committee who has looked over the figures that this was the lowest net return during a period of 18 years for a like period of three years.

Mr. RAMSEYER. Would that be fair to the railroads?

Mr. DEWALT. As long as they have not objected I should think so.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. LENROOT. I ask unanimous consent, Mr. Chairman, that the gentleman may have two minutes more. He is a member of the committee. I would like to know what objections he has to the amendment I have proposed.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the gentleman from Pennsylvania [Mr. DEWALT] may proceed for two minutes more. Is there objection?

There was no objection.

Mr. DEWALT. As I understand the gentleman's amendment, it is simply a transposition of the words "not exceeding" from the first page to the second page. Whether it changes the portent of the act I am not able to say. This, however, I will say in all candor to the gentleman that during the time of the discussion on this very phrasing in this first section the gentleman to my right, Mr. SNOOK, of Ohio, offered an amendment almost precisely similar in words and terms. That amendment was discussed, and the question came up as to whether these words should not be put in after the word "compensation" and before the word "not"—"an amount not exceeding an annual sum," and it was thought that that did not improve it at all. It did not clarify the situation or make it any stronger. Then the words "from time to time" were included as an amendment, and then the question came up as to the line, "equivalent as nearly as may be to the average annual railway operating income."

Now, I am going to say to the gentleman from Wisconsin that I do not believe the transposition of those words "not exceeding" from the first page to the second page makes one iota of difference in this bill, and, so far as I am concerned, as a member of the committee, I would vote for it.

Mr. LENROOT. I would like to ask the gentleman this question: Does it not change the entire character of the definition of standard returns unless this change is made?

Mr. DEWALT. I do not think it makes one bit of change. Otherwise I would oppose the amendment.

Mr. CALDWELL. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from New York moves to strike out the last word.

Mr. CALDWELL. Mr. Chairman, we should not lose sight of the legal phase of this question. When you take property and

take title to it, you must pay the then value of it; but when you take property for the use of it, you must pay the usable value of it during the period you use it.

Now, this bill provides that the President shall have authority to make a contract. If the contract is entered into willingly, the question of whether the price is too much or too little does not affect its legality. If we expect the President to make this contract, we should give the President sufficient latitude to meet the willing mind of the people who own the railroads, and, as I understand it, it has been tentatively discussed with the railroads and it is reasonably expected that the three-year period will be satisfactory to them. Therefore there is some hope that the contract entered into will be made willingly, and therefore legal and satisfactory. If we propose to extend the contract for a specified period of time, and that does not meet the wishes of the people who own the value, and afterwards it is shown that that is not a fair value, then, under the Constitution, the price could not be enforced.

Mr. SMITH of Michigan. Do I understand the railroads have consented to what shall be a reasonable compensation?

Mr. CALDWELL. I say, as I understand it—and I base my statement on what I have read in the newspapers—the railroads have been offered this three-year basis, and it seems to meet their approval; but I do not know anything about it personally.

Mr. COOPER of Wisconsin. Mr. Chairman, I should like to ask the gentleman from Michigan [Mr. DOREMUS] a question. He made the statement here a moment ago touching this language.

The CHAIRMAN. Will the gentleman from Michigan give his attention to the gentleman from Wisconsin?

Mr. SMITH of Michigan. The gentleman from Michigan is in the Hall over there.

Mr. COOPER of Wisconsin. Mr. Chairman, if the gentleman from Michigan will pay attention just a moment, I would like to ask him a question to see if I correctly interpret what he said a moment ago with reference to this proposed amendment. The language in line 10, first page, as he understands it, means this: That the roads shall receive compensation not exceeding an "annual sum," which means that they shall receive each year not more than an amount—see the next page, line 2—"equivalent as nearly as may be to" the standard return; that is, certain things further specified show. Now do I understand the gentleman to say that the Government may not want to pay that all in money, and that therefore the words "not exceeding" were left in the bill to limit the amount which might be paid in cash to the roads? Is that it?

Mr. DOREMUS. Either in cash or its equivalent.

Mr. COOPER of Wisconsin. Either in cash or its equivalent?

Mr. DOREMUS. Yes.

Mr. COOPER of Wisconsin. That being so, the gentleman's idea is that the words "not exceeding" where they are express the intent of the committee?

Mr. DOREMUS. Yes; that is correct; whether the stockholders of the roads get their returns in dividends or whether a part of it goes into the maintenance of the system, the equivalent must be the average for the last three years. That is my understanding.

Mr. COOPER of Wisconsin. Yes; that is what I understood the gentleman to say in interpreting this, and therefore there is a difference in the interpretations given to this clause by the gentleman from Michigan and the gentleman from Wisconsin [Mr. LENROOT] who offered the amendment.

Mr. DOREMUS. My offhand view is that the amendment of the gentleman from Wisconsin as it now stands does not change the meaning of the section. Certainly the idea of the committee is that the returns to these roads, whether it be in cash or whether it be in something else, shall not exceed the equivalent of the average annual return for the last three years.

Mr. COOPER of Wisconsin. Then the words "annual sum" mean such payment?

Mr. DOREMUS. The idea is to find the average annual return for a period of three years, and when that is ascertained, if the railroad company makes the contract with the President, that will be the return during the period of the war.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired. All time on this amendment has expired.

Mr. HARDY. Mr. Chairman—

Mr. FESS. Mr. Chairman, I ask unanimous consent to proceed for one minute.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. FESS. I hope the chairman will be willing to accept this amendment, in the interest of the clearness of the language.

Mr. SIMS. You mean the amendment offered by the gentleman from Wisconsin [Mr. LENROOT]?

Mr. FESS. Yes—shall receive as just compensation an annual sum not to exceed—

Mr. SIMS. I want to say to the gentleman that I understood the gentleman from Wisconsin to say just now that his amendment as now amended would change the whole character of the scheme of the bill?

Mr. LENROOT. No.

Mr. SIMS. What was it?

Mr. LENROOT. It restores it. As the language now reads, the whole scheme of your bill is changed, but if my amendment is adopted it will be preserved.

Mr. SIMS. I differ with the gentleman; but, after all, it is true that the amendment, in the judgment of the committee, neither helps nor hurts, and therefore I do not think we ought to encourage amendments that do not help the proposition. Anybody can offer amendments of that sort, debate them, and take up the time of the House.

The CHAIRMAN. Without objection the pro forma amendment is withdrawn. The question is on the amendment offered by the gentleman from Wisconsin [Mr. LENROOT]. The Chair understands it is all offered as one amendment.

Mr. LENROOT. Yes.

The question being taken, on a division (demanded by Mr. LENROOT) there were—ayes 63, noes 65.

Mr. LENROOT. I ask for tellers, Mr. Chairman.

Tellers were ordered, and the Chairman appointed Mr. LENROOT and Mr. SIMS.

The committee again divided; and the tellers reported—ayes 84, noes 61.

Accordingly the amendment was agreed to.

Mr. MONTAGUE. Mr. Chairman, I move to strike out the last two words of the section.

Mr. SIMS. Would the gentleman like to have more than five minutes?

Mr. MONTAGUE. I would like 15 minutes.

Mr. SIMS. I ask unanimous consent that the gentleman have 15 minutes. He is a member of the committee who took no time in general debate.

The CHAIRMAN. The gentleman from Tennessee, chairman of the committee, asks unanimous consent that his colleague on the committee have 15 minutes. Is there objection?

There was no objection.

Mr. MONTAGUE. Mr. Chairman, railways from their inception have made most important contributions to military operations, but these contributions have never been so prodigious as in the present world war. It may not be too much to affirm that the success of Germany's military machine is due more to her railway system, its complete coordination with her armies, the rapid and almost perfect transportation of men and matériel from center to fronts, and from front to front, than any other single factor in her military plans. I should add that this system was constructed by Germany long before the outbreak of this war, and was perfected almost wholly for military purposes.

England and France, Mr. Chairman, were not so well prepared in transportation; at least their transportation systems were not adapted to military strategy. Their systems were established for commerce and not for war; but the necessities of war have wrought rapid changes in their railways and they have now become adapted to the perfection of military organization.

America's railway system is beyond doubt the greatest and most efficient railway system in the world, containing some 260,000 miles—more by many thousand miles than the entire mileage of England, France, Germany, Italy, and Russia. But our railways were unadapted to efficient military organization and operation.

Mr. Chairman, the American railways at the time of our declaration of war were somewhat run down. The physical properties had deteriorated; there was a great shortage of engines and cars, and no adequate provisions or plans for maintenance, replacements, renewals, terminals, and additions had been made; the loss of some 70,000 men to the Army, and perhaps a larger number to more remunerative civil employments, resulting in the dislocation of labor, were some of the factors that rendered our railways inadequate to meet the needs of war or the commerce incident thereto.

To coordinate and unify the American railways, to make necessary improvements and replacements, and to operate with greater unity and efficiency became the supreme duty of the hour. Perceiving this situation, the President assumed the grave responsibility of taking over the American railway systems as well as transportation by canals and inland waterways. He had no other alternative.

In addition to the paramount military reasons which I have just suggested, namely, the unification of our railways and their adaptation to effective military organization, was an impelling financial consideration. With over seventeen billions of railway securities, and these securities steadily and rapidly shrinking in value, with another great Government liberty loan confronting us, it became imperative to take over the railroads in order to stabilize the security markets of the country and prevent financial disaster. If railroad securities were forced upon the markets of the country, seeking sales at high rates of interest, and in competition with the flotation of Government bonds, then it became urgently necessary to take over the railroads in order to prevent competition and the consequent demoralization of the finances of the country. The President vividly realized this exigency, for in his address to Congress of January 4, 1916, he said:

One of the strong arguments for assuming the control of the railways at this time is the financial argument.

From every aspect of the problem, no alternative was left the President but to exercise the power granted him by the act of August 29, 1916, and take over the railways of the country.

Mr. Chairman, the right of the President to assume control of the railways for and during the war is indubitable, certainly for the purposes of this bill and of argument in its support. But what shall the President pay for the use of the railways so taken over? The principles controlling the answer to this inquiry are clear and commanding. He must pay a "just compensation" for the use of the property so taken. Our Constitution, voicing the equities of free governments, expressly so declares. But neither the President nor Congress can determine what is "just compensation"; such compensation must be either agreed upon by the President and the railways, or, failing agreement, it must be determined by the courts. So in the absence of agreement the ascertainment of "just compensation" is a juridical function, not a legislative or an executive function.

But litigation should always be avoided, if practicable, and such an avoidance is most important at this time, for should the American railways seek their compensation by resort to the courts the delay and uncertainty incident to this method of ascertainment might result in chaos and ruin. No Member of the Congress should knowingly invite such a result, and to eliminate its dangerous possibility this bill undertakes to authorize the President to make an agreement with the carriers as to the amount of this compensation, which if reached will exclude juridical action.

Mr. Chairman, the principle is plain, but its concrete application is difficult. For how shall we determine the compensation which he may submit as "just compensation"? Congress may empower him to make an offer, but what shall this offer be? Several methods of ascertaining "just compensation" were considered by the Committee on Interstate and Foreign Commerce. Should we authorize the President to offer compensation based upon a return on the fair value of railway property? This method was considered, but insuperable difficulties met us upon the threshold. For what is the value of such properties? I answer that the evidence before the committee of Congress shows beyond doubt that no one knows now and no one can know in time to deal with this question. Judge Prouty, the most eminent authority on this subject, the chairman of the railway valuation committee of the Interstate Commerce Commission, stated before our committee that he did not know this value, that his committee did not know it, that no one now knows it, and that no one will know it for three or four years to come. Notwithstanding that this eminent official and his committee have been investigating this great subject for some three years, with an expenditure of some millions of dollars, the proof was conclusive that no such valuation is determinable now or can be determined within three years. So, of course, the committee of which I am a member was forced to abandon this method of ascertaining compensation. Should we employ such an untrustworthy and elusive method, the obvious result would be to throw the American railways into court, with inevitable chaos at the moment when the safety of our Republic demanded the stability of American securities. No patriotic public servant could contemplate such an unspeakable calamity, a calamity so desired by our enemies.

Should we adopt a method based upon the market value of the stocks and bonds of the American railway systems? This method was considered, but here the question at once arose, What is this market value, and how can it be determined? Manifestly the market value of such securities is too fluctuating and varying to be adopted as a just basis or measurement of compensation. No fair compensation could thus be ascertained, and to employ such a method could only result in forcing the railways into the courts to obtain the remuneration provided

by the Constitution. Again, I may affirm that we dare not invite such a calamity.

So, Mr. Chairman, we had to resort to another basis, to another standard, of compensation; and this basis, this standard, was to approximate the principle and practice employed in the condemnation of private property for public use. This method is an old and tried one, and apparently affords the best and most analogous precedent. This method covers the common equities of the problem. It is simply to pay the owner for the use of his property that amount he has been heretofore getting. The bill adopts this method, and we submit it to Congress and to the country as the most simple, expeditious, and just method obtainable under existing circumstances. A more accurate method might be devised, but a more accurate method can not be devised within the time that action must be taken. Time is almost the essence of the whole undertaking, and if we do not act quickly we may as well not act at all. Therefore I submit that if we can approximate substantial justice by this method we will have done our duty.

So, Mr. Chairman, in determining a proper standard of compensation we not only have to consider what the railways have been getting or earning, but the time within which these earnings have been obtained. Earnings is the income derived from operations less the expenses of operation, taxes, and one or two other items. But within what period shall we estimate the income? Shall it be for the year preceding the date of taking over? Manifestly this period may be unjust, because the preceding year may be an abnormal one, the income being either too small or too large. Therefore the committee determined to take the average operating earnings for a period of three years ending June 30, 1917, as a basis of compensation. That is to say, the earnings for the years 1915, 1916, and 1917 divided by 3 would determine the compensation, not exceeding which the President is authorized to negotiate an agreement. The President need not agree upon the maximum average; he may agree upon a less sum, but he can not agree upon a larger amount. The responsibility within these limitations is squarely placed upon the President.

It has been suggested, Mr. Chairman, that we should have taken a longer period than three years for determining the average annual income. I submit that the committee substantially did this. Go back 18 years and take six three-year periods therefrom, and I submit that the difference in the percentage of income for any one of these periods is not sufficient to justify the rejection of the particular three years adopted by your committee.

Mr. FESS. Will the gentleman yield? There is a maximum put upon it.

Mr. MONTAGUE. There is.

Mr. FESS. But no minimum.

Mr. MONTAGUE. No minimum.

Mr. FESS. Does the bill contemplate the betterments suggested by Mr. Hill?

Mr. MONTAGUE. It does.

Mr. FESS. Will the gentleman allow me to say that the pressure of war seems to be very deleterious to-day on rolling stock, and especially locomotives.

Mr. MONTAGUE. That is true; and that is one reason why we should expedite this legislation.

I have not the figures at hand for the moment, but I ask the attention of the committee to the operating income of 38 railway systems comprising what is called the eastern district—that is, the territory east of the Mississippi and north of the Ohio—containing more than one-fourth of the actual mileage of the American railways and a far larger proportion of traffic. The net operating income of these 38 roads for 1915 was less than such income for the years 1906, 1907, 1908, 1910, 1911, 1912, and 1913. The return on the investment for June 30, 1915, was 4.34 per cent, less than the return in any of the last 18 years, except for the year 1914. The average net operating income for the eastern system for the three years ending June 30, 1917, was \$384,840,150, which in relation to the average investment during the three-year period gives a return thereon of 5.41 per cent, or less than the returns for the years 1902, 1903, 1905, 1906, 1907, 1910, 1916, and 1917. To put the facts in another form, for the three-year period ending June 30, 1902, the average per cent was 5.37; for the three years ending June 30, 1905, 5.51 per cent; for the three years ending June 30, 1908, 5.70 per cent; for the three years ending June 30, 1911, 5.47 per cent; for the three years ending June 30, 1914, 4.68 per cent; and for the three years ending June 30, 1917, 5.41 per cent. Therefore, it is apparent that the rate proposed, so far as it affects the great eastern system of railways, can not be characterized as extravagant. And when we consider that the average rate of returns upon

the property investment of all the railways of America is 5.31 per cent, we must conclude that the earnings or compensation provided for in the bill does substantial justice to the roads and the people of America.

I should add, Mr. Chairman, that the proof of the annual returns of the railways of America is to be found in the record and reports of the Interstate Commerce Commission. So the evidence of the returns is supported by record proof, ascertainable by the public, and regarded as of the highest validity by nearly all systems of jurisprudence.

Mr. Chairman, intimately connected with compensation is the income or the revenue from which that compensation is derived. The earnings of railways rest upon rates and fares. Without charges or rates for passengers and freight, there would be no earnings. Rates, therefore, bear a vital relation to the operation and income of railroads.

The President has taken over the railroads, a step only taken once before in the life of the Nation. His action involves tremendous responsibility. He must control and operate the railway systems of our country. The Congress has authorized him to assume this responsibility, and we must of necessity further authorize him to discharge this responsibility. This responsibility can not be fully performed unless the President can control the earnings and expenditures of the railways. To control earnings he must perforce control rates. Otherwise earnings and expenditures may be dislocated; the equilibrium of income and outgo will not be adjusted; finance and operation will not coordinate.

The Senate bill in its last analysis confers upon the Interstate Commerce Commission the rate-making power, but the House bill confers upon the President in the last analysis the rate-making power. Your committee believes that the logic of events, the emergency which precipitated this responsibility upon the President, the military necessities of the hour, and the coordination of administration and finance, all combine to approve of the power which is delegated to the President by the House bill.

The President not only occupies a relation to railways which the chief executive officers of these railways have heretofore held, but he sustains another and higher relation, namely, that of trustee, that of a disinterested representative of the roads and of the people.

Under existing laws the railways may initiate rates and shippers may indirectly bring about a revision of rates, but there may be serious doubt that the President can initiate rates unless we give him the authority provided for in the pending bill.

Mr. LENROOT. Will the gentleman yield?

Mr. MONTAGUE. I will.

Mr. LENROOT. I am glad to hear the gentleman state that the President has not the power to initiate a rate, but do not the President and his advisers claim that without this bill he has the power to initiate and make rates?

Mr. MONTAGUE. By force of law, incident to the powers conferred upon the President in the act authorizing him to take over the railroads, it may be held that if the railroads could initiate rates, the President, standing in their stead, might exercise similar powers. But I think no power of so important a character should rest upon deduction or argument; it should rest upon the specific authorization of the statute. I would rather not rely on logical processes for this power. I would rather give him that power directly or withhold it directly.

Mr. SNYDER. Mr. Chairman, will the gentleman yield for a question?

Mr. MONTAGUE. Yes.

Mr. SNYDER. In case the authority to fix rates is taken from the President in this act, who would then have the right, if this bill becomes a law, without other amendment, to initiate rates?

Mr. MONTAGUE. That is a serious and an embarrassing question and one I do not think any one can answer absolutely. The shipper may have the right indirectly to initiate rates, as I have before suggested, or the board of directors or administrative officers of the roads may possess it. But if the Sweet amendment to the pending bill is adopted then it may be that no one can initiate rates. For it must be borne in mind that the Interstate Commerce Commission can not initiate rates; this commission passes upon the reasonableness of rates submitted to it.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. MONTAGUE. Yes; for a question.

Mr. GREENE of Vermont. If we are only taking over the roads because of military necessity and the transportation of our own war stuff is all that we want, why should we have any concern about commercial rates and commercial business?

Mr. MONTAGUE. There may be occasions when it will be essential for the President to make rates. This bill does not command the President to make rates. It simply gives him this power, and it is a power which from the nature of the case, from the necessities of his office, I imagine he will only use should grave emergencies arise.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. MONTAGUE. I yield.

Mr. MADDEN. Under what circumstances might such a condition arise as the gentleman has just described?

Mr. MONTAGUE. Suppose the President found that a rate upon a given commodity was of such a character that he could not move or retard it with the celerity demanded by the necessities of the case?

Mr. MADDEN. But would that make any difference to the expedition?

Mr. MONTAGUE. It would make a great deal of difference. The existing rates might be such that he could not mobilize or retard the shipment unless he could change this rate, and change it immediately. It might be necessary to discourage shipments, and why should they not be discouraged by rates or classifications? England has done so.

Mr. GREENE of Vermont. Will the gentleman permit me to suggest that if the President can commandeer the physical properties of the roads, he can put them into operation to carry goods, can he not?

Mr. MONTAGUE. Yes; but we should give him the indirect authority resulting from rates as well as the direct authority resulting from control over operations.

Mr. GREENE of Vermont. Regardless of rates?

Mr. MONTAGUE. Above the mere question of commandeering, suppose there is a falling in the revenue which must be averted immediately or operations become impaired and default be made in the guaranty of compensation? Immediate action may be required, and delay incident to the investigation and deliberation of the commission will be fatal. But are we not conjuring up apprehensions? Do we not know that the President will, from the necessities of the case, leave the rate-making duty to the commission; that it will continue as heretofore to pass upon rates; and that the President will only act in a supreme exigency?

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. MONTAGUE. Yes.

Mr. FESS. If the bill becomes a law, with the power given to the President, is there any possibility of a State railway commission interfering with the rates on an intrastate line?

Mr. MONTAGUE. I think that the President's power would be paramount in that respect.

Mr. MADDEN. Has not the commission the power?

Mr. MONTAGUE. He is speaking of intrastate as distinguished from interstate rates.

Mr. MADDEN. Yes; but I do not think intrastate shipments would have anything to do with the conduct of the war.

Mr. MONTAGUE. The gentleman was asking whether the President could overrule the public utility commissions of the several States in the exercise of their existing jurisdiction over intrastate rates. I think under the bill, as it now stands, the President will have this power—a power, however, which he is most unlikely ever to exercise.

Mr. DILL. Mr. Chairman, before the gentleman leaves that, if the President guarantees a certain remuneration to these roads, and the earnings do not equal the guaranty, how will the money be raised to meet the guaranty?

Mr. MONTAGUE. By an increase of rates.

Mr. DILL. But if the money has not been raised at the end of the year?

Mr. MONTAGUE. Then he could go into the markets and borrow, and the debt thus created would have to be taken care of by increased income which in all human probabilities would have to be taken care of in turn by an increase in rates.

Mr. Chairman, the term of duration of Federal control is inherently connected with compensation and rates. Compensation for a fixed term must be different from compensation for an unlimited term. Congress would hardly authorize the President to tender the same compensation for a brief period as for an indefinite period. Therefore compensation and time are correlative factors. So while less logically connected with rate making still not less practically connected therewith is the duration of control or use of the railways. For it is obvious that Congress would not think it wise or expedient to confer the power of rate making upon the President for an indefinite time, but might think it very necessary to confer such power for the period of the war. Consequently from almost every aspect of the subject the duration of control is an inevitable and vital consideration.

Mr. Chairman, I submit as incontrovertible that if the railways are taken over by the Government for war purposes they

should be relinquished upon the conclusion of the war. The end having been accomplished, the peace status should be restored. We should not exert a war power in time of peace, for it would be indefensible in law and in morals.

Mr. Chairman, it has been contended upon this floor that many complications will result from governmental control which must be readjusted at the end of the war, and therefore no definite period should be fixed at this time for such readjustment. But why should a definite date impair such readjustment? Is it not obvious that if a definite time be now fixed all contracts and engagements made between the Government and the railways, or between the Government and third parties in respect of railways, will be made and entered into with relation to such a date, and thereby such complications will necessarily be diminished and readjustments will be facilitated? A definite date inexorably provides in advance against complications, for in the very nature of things the business world will adjust itself to a definite date; the business world can not adjust itself to an indefinite date. An uncertain time for the ending of control, I submit, will necessarily beget confusion, doubts, and complications.

Mr. Chairman, it has also been argued or prophesied that at the end of the war new and strange economic and industrial forces will have come into existence. That from the weltering aftermath of the war colossal economic forces will spring forth, needing to be controlled by a government of ordered liberty. But if these forces are to develop, why should we not now undertake to provide that they shall be dealt with without prejudice by a subsequent Congress, for it is obvious that this Congress will have no opportunity to deal with the subject? Moreover, Mr. Chairman, if these new economic forces are to be controlled, a definite date will prepare and quicken the country for the consideration of this subject.

Therefore I submit that the provision in the pending bill for the termination of control within two years after the war—a generously reasonable duration—is wise in that it puts the country and the Congress upon notice that readjustments will have to be made at the expiration of this period, and therefore a proper stimulus will be given to Congress for the preparatory study and consideration of the questions involved. Without some such notice, some such stimulus, consideration might be postponed under an indefinite prolongation authorized by law until an hour of peril had come upon the country, when time and conditions would forbid that investigation and thought required for the disposition of so great a subject.

Mr. Chairman, it was argued before the committee reporting this bill to the House that a definite time for the return of the railways to their owners would so stimulate speculation in railway securities that chaos would come upon the country. This is a strange and unfounded apprehension. It is self-evident that a contrary result would follow, for uncertainties and contingencies constitute the very life and essence of speculation.

Mr. Chairman, recurring to a former thought suggested by me, I would urge that whatever difficulties and problems may result from this war, no legislation now enacted should give a tendency or an inertia to any given remedy or theory that may hereafter have to be considered. This is no time to place weights upon future Congresses. This is a period of strain and stress; the unnatural and the abnormal prevail. Let us await peace for a consideration of ownership or increased regulation of railways. Congress will not then be disconcerted by the hysteria of war; free from its perturbations and under normal conditions Congress can then wisely deal with all of these questions.

Mr. Chairman, we should not throw away our chart. We should not forget the consideration which moved the passage of the act of August, 1916, for Federal control. That consideration was one and only one, namely, to meet the exigencies and necessities of war. The commerce clause of the Constitution—

To regulate commerce with foreign nations and among the several States and with the Indian tribes—

was wholly unrelated to the motive or purpose of the legislative mind. To contend that the railways may be taken over under the war power, but held after the war under the commerce clause of the Constitution is a contradiction and a piece of legislative legerdemain to which I can not give my consent.

I submit as a matter of supreme moment that Congress should employ no war power for peace purposes; that it should not pervert the exigencies of war to experimental peace policies in advance of the arrival of peace. When we assert the war powers of the Constitution our action should rest upon those powers. We should not in one breath declare our action based upon war, and in the next that the same action is based upon commerce. For it should never appear to those of coming generations that the legislative department of the Government ever for an instant

considered the Constitution of our Republic a "scrap of paper." [Applause.]

It does not seem unpopular, I fear, to consider the Constitution a negligible document. I differ from that view. I entertain with deep conviction that a country of the size of America, with its millions of people, with varying economic interests and social aspirations, can foresee the end of its career, unless its political institutions are defined and protected by a written constitution. [Applause.]

Gladstone is reported to have said that the American Constitution was the greatest instrument ever struck off by the brain and purpose of man at any one time. This is perhaps an exaggerated truth, for the American Constitution is really an evolutionary document, formulating for the time at least the accumulated liberties and social aspirations of a mighty people.

The war determines our duty. The war inexorably fixes a date for the return of the properties of the American railways. We have no moral or legal right to hold this property after the end of the war save for a reasonable time, which is a judicial question, and within which the readjustments incident to relinquishment may be effected.

Let our successors deal with the questions presenting themselves after the close of the war. They can then be considered from every angle, and the Congress can bring to bear upon these conclusions its profoundest research, assembling all data, assessing all facts, and solving them with courage and wisdom. I take counsel in my faith in the institutions of my country rather than in the voices of the excited prophets of the unknown. [Applause.]

Mr. ESCH. Mr. Chairman, I wish to offer an amendment. On page 2, line 7, after the word "seventeen," insert the words "both inclusive."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, line 7, after the word "seventeen," insert the words "both inclusive."

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. ESCH. I do.

Mr. WALSH. This question may have been brought out before, but I wanted to ask the gentleman his idea as to the meaning of this language in parenthesis, whether that means they can only include income of lines that have been acquired, leased, or consolidated within those three years, or whether it simply means the incomes of the roads for those three years, no matter when they might have been acquired, leased, or consolidated. From a reading of it it would appear that it was confined to the income of lines acquired, leased, or consolidated within that period of three years. Now, there are a great number of roads that were leased prior to July 1, 1914.

Mr. ESCH. They will be taken care of under the three-year period, but it was because of a doubt whether the income should be increased by the money derived by the lines leased for that period of time or included, namely, within the period of six months.

Mr. WALSH. That is not the six months' period.

Mr. ESCH. I should say the three-year period, which is taken as the period for the standard return.

Mr. WALSH. Well, I can not quite understand why it is necessary to put those two dates in there as applying to leased lines.

Mr. ESCH. As being a source of income to the carriers it should be included in the standard return. If it were not put in there they would be denied that amount of standard return, and they would be entitled to it under the principles enunciated in section 1.

Mr. WALSH. But suppose a road was acquired on June 1, 1914. Then that income could not be included.

Mr. ESCH. Without this specification it would be included, and the only purpose of my amendment is to include both—

Mr. WALSH. I understand the object of the gentleman's amendment, but it seems to me that the phraseology as employed confines the rates to include the income of leased lines to those lines that were leased between those two dates.

Mr. ESCH. Yes; that is the statement of it. What would be prior to that time would already be reflected in the operating income of the carriers.

Mr. WALSH. But if you left the two dates out and left the words in parentheses out, would it not also be included?

Mr. ESCH. I think it would not.

Mr. SIMS. I want to ask the gentleman from Wisconsin a question. As I caught his amendment, after the word "seventeen," it provides for using the words "both inclusive"?

Mr. ESCH. Yes.

Mr. SIMS. That covers a period of more than two years.

Mr. ESCH. We fix a limit between July 1 and December 31. Now, ordinarily you either include the first date and exclude the last or exclude the first and include the last. But we want both.

Mr. SIMS. The word "both" means it is between the two dates?

Mr. ESCH. But you include the two dates.

Mr. SIMS. I thought the word "inclusive" was sufficient without the word "both," but I have no objection to it.

The CHAIRMAN. The question is on agreeing to the amendment.

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

Mr. SIMS. Mr. Chairman, I offer an amendment. On page 12, line 17, after the word "retirements," insert a comma.

The CHAIRMAN. The Chair is advised that it has already been done by a previous amendment.

Mr. BORLAND. Mr. Chairman, I offer an amendment. On page 1, line 9, after the words "receive," insert "out of the earnings thereof."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. BORLAND: Page 1, line 9, after the word "receive," insert the words "out of the earnings thereof."

Mr. BORLAND. Mr. Chairman, I offer this amendment for the purpose of calling the committee's attention to what I understood to be the statement of the gentleman from Virginia [Mr. MONTAGUE], not because I favor this particular plan that this amendment would provide. The operation of this amendment would be to provide for the payment of compensation only out of the earnings of the road. As the bill now stands I think it provides for an absolute payment of compensation according to the agreement between the President and the roads.

Now, I agree with the original text of the bill, but my understanding of the question asked by the gentleman from Virginia [Mr. MONTAGUE], and answered by him, was that if the roads did not make sufficient earnings they would be compelled to make sufficient earnings by the adjustment of rates. I may not have understood the gentleman from Virginia correctly, but that is my recollection of his answer.

Mr. BARKLEY. Will the gentleman yield for a suggestion?

Mr. BORLAND. Yes.

Mr. BARKLEY. I understand the suggestion made by the gentleman from Virginia, in discussing the rate-making power given to the President, was that if the expenses of the road were increased somebody should have the power to raise the revenue sufficiently to cover those extensions.

Mr. BORLAND. There is no question about that. But he said the question was asked him as to where the money was to come from to pay this compensation, and he said "out of the rates," and if the rates were not sufficient they must be made sufficient.

Now, my understanding is that the compensation the railroads are to receive is absolute and without any regard whatever to the success or nonsuccess of the roads; and, believing that is true, I am in favor of the text of the committee bill, both on this point and on the point of the President having the power to make rates.

Mr. MEEKER. Does it not seem like a good business policy to make the rate high enough so as to pay expenses?

Mr. BORLAND. Exactly. I am in favor of the power of the President to initiate rates as provided in the text of this bill, because I believe that this compensation to the railroads is payable absolutely; and I further believe, in common with these two gentlemen who have interrogated me, that if the returns of the road are not sufficient to pay the compensation, and they can be made sufficient by a readjustment of the rates within fair lines of business, they should be made sufficient by a fair adjustment of the rates.

Mr. SWITZER. Suppose whoever had control—say, the Director General—would so divert the freight for military purposes as to decrease materially the earnings of the railroad system, do you think that railroad should then receive compensation because it has not earned enough money to pay the standard rate?

Mr. BORLAND. If the gentleman thinks I do, he has misunderstood what I said before. I do not think we can escape the payment of the compensation.

Mr. SWITZER. You say it should be out of the earnings of the road?

Mr. BORLAND. It should be; but, as a matter of legal effect, it is not.

Mr. SWITZER. But suppose the Director General diverts the freight from that system which would naturally come over it, and it has not the earning capacity that it had before, would he still stand sponsor?

Mr. BORLAND. The gentleman and I are not apart on that. It may be that the effect of the war will be to blight certain industries or certain shipments from certain communities or the movement of freight in certain directions so as to cut

down tonnage of certain railroads. That might be the effect of the war, irrespective of the diversion for war purposes.

Mr. BARKLEY. Under this bill there are two different classes of roads. One class is those roads which have had a standard return, which means a net income for a three-year period. The President could not pay more than that income for that period.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BORLAND. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent for five minutes more. Is there objection?

There was no objection.

Mr. BARKLEY. There are other roads that the President has taken over which have no standard return for that period, because they have made no operating income. Now, if the gentleman's amendment is adopted, the President can not make a contract or pay operating expenses except out of the income, and he would be barred from making a contract with these roads that have no standard return.

Mr. BORLAND. I thought I made it clear that I did not want to change the language of the bill. There is only one further point I want to make.

Mr. SIMS. The gentleman, then, does not expect to insist on his amendment?

Mr. BORLAND. Oh, no. I wanted to call attention to that. The question is a very vital one as to the right of the President to initiate rates, as are the reasons which have been urged by some gentlemen why no such power should be given. I am one of those who agree with the member of the committee from Pennsylvania [Mr. DEWALT] that the President has that power now by virtue of the act of last August.

When he assumed management and control of the roads, I believe he stepped into the shoes of the managers of those roads, and he has as much power to make rates on the roads he controls as he has control of the train service of those roads; just exactly the same power. He steps into the shoes of the managers of the roads, and he or his subordinate official becomes the man who initiates the rates. The only question in doubt is what becomes of those rates after they are initiated? Do they come before the Interstate Commerce Commission, and are they suspended for 30 days? That is the only question involved.

My understanding of this bill is that it gives the President the power to put into effect a change of rates immediately, and gives the Interstate Commerce Commission the power to review those rates upon the complaint of any shipper. It may be an extension of the President's power, because now he might be simply in the position of the manager of the road to initiate rates, as the manager would, and they would be under the control of the Interstate Commerce Commission, as now. But, as the President has the absolute war power to control these roads, what remedy would the shipper have if the President should put the rates immediately into force? So, as a practical proposition, there is no difference in the legal status of the shipper. We might just as well in this bill give the shipper full knowledge of what his rights are going to be. I believe that the committee, in drafting this bill, has given the shipper as full an opportunity for a hearing on the fairness of rates as can be given under the law. I believe that all the shipper can get any way is to have the right to have the findings of the President reviewed by the Interstate Commerce Commission. I do not believe that the shipper can get under the law an absolute suspension of those rates, nor do I believe he can get any new remedy in case the rates are determined to be unfair or discriminatory. We must trust the President with the war power, and the Committee on Interstate and Foreign Commerce has very wisely, I think, provided for the use of the machinery of the Interstate Commerce Commission to review the fairness of those rates, so that the shipper may have some opportunity at least to present his side of the case, which may not have been presented to the Director General of the road at the time the rate was first initiated.

Mr. FOSS. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. Yes.

Mr. FOSS. I want to ask the gentleman whether or not he thinks the Interstate Commerce Commission might have some diffidence in passing upon a rate fixed by the President of the United States, who is the creator, so to speak, of the men who occupy positions on that commission?

Mr. BORLAND. I do not think so. I do not think the Interstate Commerce Commission, if the gentleman were a member of that commission—and in that case I feel sure he would make a distinguished member of the commission—and if I were also a member I do not think we would have the slightest hesitation in passing upon such rates as might be fixed by the President.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FOSS. Mr. Chairman, I ask unanimous consent that the gentleman from Missouri may have five minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. BORLAND. I say I do not think the gentleman from Illinois or I would have the slightest hesitation in pronouncing upon all questions affecting the rights of the people of the United States, not the slightest.

Mr. FOSS. Now, as I understand it, this commission reports back to the President, so that the President reviews, so to speak, the proceedings of the Interstate Commerce Commission.

Mr. BORLAND. It is purely advisory as to him.

Mr. FOSS. That is to say, the President can initiate the rates, but the commission has appellate jurisdiction in a way; but the President is the final arbiter?

Mr. BORLAND. Unquestionably; and I am unable to see how under the law it can be otherwise. If I have correctly read the case of Marbury against Madison, I do not think the President of the United States can be either mandamus or enjoined. I do not see that any other remedy can be given to the shipper than the one we have given him.

Mr. FOSS. But here the Interstate Commerce Commission, that formerly fixed the rates, is practically put into a state of "innocuous desuetude."

Mr. BORLAND. I do not think so.

Mr. FOSS. The commission has not the power to fix the rates.

Mr. BORLAND. It has not the power now to fix the rates, but review rates.

Mr. FOSS. It reports to the President.

Mr. BORLAND. I think it is now a valuable power and worthy of preserving that gives them the right to review rates. The shipper may show an entire difference of view regarding those rates, and they may be either restored or modified or otherwise changed as the result of a fair hearing. I think that is all that can be fairly given to the shipper.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. Yes.

Mr. MADDEN. Does the gentleman say that the Interstate Commerce Commission has not now the power to initiate rates?

Mr. BORLAND. It decides on the reasonableness of those rates.

Mr. MADDEN. But they can not be put in effect until the final judgment of the commission is given.

Mr. BORLAND. On the question of reasonableness.

Mr. MADDEN. On the question of rates.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. BARKLEY. Mr. Chairman, I wonder if we can not enter into a unanimous-consent agreement about limiting the time of debate on this section?

Mr. TOWNER. I will say, Mr. Chairman, that I have an amendment that I want to offer as a substitute for the first paragraph of this section. I have been waiting, of course, until those amendments were disposed of that perfected that first part of the section. I have no objection, so far as I am personally concerned, to the limitation of the debate, but I would like to have that taken into consideration.

Mr. BARKLEY. I do not want to cut off any opportunity for offering amendments, but the time seems to be running on unlimitedly. I ask unanimous consent, Mr. Chairman, that the debate on this section and all amendments thereto be concluded in 20 minutes.

Mr. TOWNER. I would like to have 10 minutes on my amendment.

The CHAIRMAN. The gentleman from Kentucky [Mr. BARKLEY] asks unanimous consent that all debate on the section and all amendments thereto be concluded in 20 minutes. Is there objection?

Mr. CONNALLY of Texas. I shall have to object to that, Mr. Chairman.

Mr. MADDEN. I object.

The CHAIRMAN. The gentleman from Illinois objects.

Mr. BARKLEY. Mr. Chairman, would the gentleman object to 45 minutes?

Mr. BORLAND. I ask unanimous consent, Mr. Chairman, to withdraw my amendment.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. BARKLEY. I want to renew my request for unanimous consent, and make it 45 minutes.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that all debate on this section and all amendments thereto be concluded in 45 minutes. Is there objection?

Mr. GREEN of Iowa. I object.

Mr. LENROOT. Mr. Chairman, will not the gentleman withhold his objection?

Mr. GREEN of Iowa. Yes.

Mr. LENROOT. I want to say that half of the time this morning was consumed in general debate and not on amendments. I want to suggest to the gentleman that if he desires to push the bill speedily he can make a point of order, but we ought to have reasonable time for amendments.

Mr. BARKLEY. The gentleman from Virginia [Mr. MONTAGUE] was allowed to proceed.

Mr. LENROOT. I do not think we should cut off amendments.

Mr. BARKLEY. I have no desire to limit amendments.

Mr. MADDEN. I reserve the right to object. There are a great many Members who would be glad to discuss the bill in its general phases in general debate, but they did not have the opportunity to do so, and it may be that they will want to discuss the bill out of order and not the amendments that may be pending. I think they ought to be heard.

The CHAIRMAN. Objection is heard. Does any gentleman desire to offer an amendment?

Mr. CONNALLY of Texas. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CONNALLY of Texas: On page 3, line 1, after the word "carrier," insert the words "and in the discretion of the commission from such other evidence and data as may be available to or secured by the Interstate Commerce Commission."

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, it will be noted that in this paragraph it is provided that the Interstate Commerce Commission shall determine from the books, reports, and other data of the carriers both the standard return and the cost of any improvements and extensions; and in the next sentence it provides that its certificate as to these facts shall be conclusive. My amendment seeks to give the commission the discretion, either to confine itself to the character of data or evidence already mentioned in the bill, or to go outside and to take into consideration other evidence or data which it may be able to secure. Now, it does seem to me that it is rather giving too much weight to the evidence which the carriers may submit, to confine the Interstate Commerce Commission to that evidence, and then to make a finding based on that evidence absolutely conclusive. My amendment will only give the commission the discretion which I think it ought to possess, to ascertain the truth wherever it may find it, whether from the books or records of the carriers themselves, or from the books and records of other carriers with whom they may have had dealings, or from the books and records of trust companies and financial institutions with which the carriers may have had business connections, and which may be able to throw some light upon the financial operations of the railway companies mentioned. I believe this amendment ought to be adopted in all fairness to the shipping public, because unless it is adopted, and if the language in the bill is retained it will absolutely tie the hands of the Interstate Commerce Commission, and say to it that in trying the case they shall be confined to the evidence offered by the plaintiff, and shall in the good old justice-of-the-peace way enter up judgment for the plaintiff.

Mr. ESCH. Would it satisfy the objection the gentleman has raised to strike out from the bill the words "and from reports, books, and other pertinent data of such carriers," leaving the commission the whole field of inquiry?

Mr. CONNALLY of Texas. Absolutely.

Mr. ESCH. So that would make the gentleman's amendment unnecessary.

Mr. SIMS. If the gentleman will confine his amendment to that, there will be no objection to it.

Mr. CONNALLY of Texas. I will accept the amendment.

Mr. SIMS. The gentleman can ask to modify his amendment.

Mr. CONNALLY of Texas. I ask unanimous consent to withdraw my amendment and to offer the following instead.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CONNALLY of Texas: Page 2, line 24, to page 3, line 1, strike out the words "from the reports, books, and other pertinent data of such carrier."

Mr. BLACK. Mr. Chairman, I move to strike out the last word of the amendment. At this time I want to discuss briefly the proposition referred to by the gentleman from Virginia [Mr.

MONTAGUE] and the gentleman from Missouri [Mr. BORLAND] to the effect that the Interstate Commerce Commission is a creature of the President, and that therefore in the existing emergency it should be shorn of its power to be the final arbiter of the rates. I think that there can be but little question as to the wisdom of the step which the President took on December 28 when he issued his proclamation taking over the railroads, and I think that there are but few, very few, in this country who are not in entire sympathy with what has been done in this respect and are willing to cooperate in every possible way toward making the operation of these railroads by the President a success and an agency for promoting greater efficiency in the prosecution of the war; but the inquiry at once arises, Is it necessary to discard the machinery of the Interstate Commerce Commission, which has hitherto exercised its jurisdiction under the laws enacted by Congress, in order that this successful operation shall be obtained? The gentleman from Missouri [Mr. BORLAND] and the gentleman from Virginia [Mr. MONTAGUE] advanced the novel proposition that the Interstate Commerce Commission is the creature of the President, and that therefore to permit it to be the judge as to rates would be making the creature greater than the creator. Gentlemen, the Interstate Commerce Commission is not the creature of the President. It is an independent body, created by an act of Congress of the United States. Its members are appointed, it is true, by the President, just as he appoints the members of the Supreme Court. But would any Member of this House have the temerity to say that the jurisdiction of the Supreme Court ought to be taken away, even in time of war, because, forsooth, it has the power to interpret the laws and the Constitution of the United States and to which interpretation the President of the United States, Members of Congress, and all other public officials and private citizens must conform their actions? Now, I am in favor of that provision of the bill which gives the President the power to initiate rates, but I believe that the final arbiter of the reasonableness and justice of those rates should be the Interstate Commerce Commission.

Mr. REAVIS. Will the gentleman yield?

Mr. BLACK. I yield to the gentleman from Nebraska.

Mr. REAVIS. No one who understands the tremendous amount of labor now devolving upon the President would expect him to fix rates.

Mr. BLACK. No one would expect him to do it. I take it that in the midst of his large and expanding duties it would be impossible for him to go into the intricate study of railway fares and rates.

Mr. REAVIS. He would have to do it through some commission.

Mr. BLACK. He would; and who is better qualified to deal with rate matters than the Interstate Commerce Commission, which by reason of its long experience possesses a better knowledge of these intricate matters of freight rates than any other body in this country? It is learned in the complicated and complex matters inseparably connected with transportation problems as is probably no other body of men in the country.

Mr. REAVIS. Will the gentleman yield for another question in line with his argument?

Mr. BLACK. Yes; I yield.

Mr. REAVIS. The foundation of these rates must be reasonableness. Who has had experience as to the reasonableness of rates to compare with the experience of the Interstate Commerce Commission?

Mr. BLACK. No one that I know of, and I think that it should continue to exercise its authority over fares and rates, under legal authority and restraints which are already a part of the law of the land.

Mr. SIMS. The gentleman said he was in favor of the President initiating rates, as I understood him?

Mr. BLACK. Yes.

Mr. SIMS. But would the gentleman have the rates initiated go into effect immediately?

Mr. BLACK. I myself will propose an amendment, if it is not proposed by some member of the committee, that will leave the law with respect to initiating rates substantially as it now is, except that I would give the President the right to initiate rates without giving the notice now provided by law, but leave that matter to the discretion of the President. Then I would allow the shipper to appeal to the Interstate Commerce Commission, if he wishes to do so, and let that body finally determine whether or not such rates, fares, charges, classifications, and so forth, are just, fair, and reasonable.

Mr. SIMS. The gentleman, then, wants to put the President exactly in the attitude that the railroads were before the war with reference to the initiation of rates?

Mr. BLACK. The gentleman substantially states my position, but not exactly so.

Mr. SIMS. That he may initiate in the sense of merely proposing an increase?

Mr. BLACK. He may initiate rates and put them into effect under the provisions of the pending bill, and I favor that; and what I want to do is to give the same right of appeal to the Interstate Commerce Commission as is now provided by law.

Mr. SIMS. The law does not provide now for putting a rate into effect.

Mr. BLACK. It does upon 30 days' notice, or such notice as the Interstate Commerce Commission may prescribe.

Mr. SIMS. The Interstate Commerce Commission must approve now before they permit it to be filed.

Mr. BLACK. The gentleman states the law correctly, as applied to carriers, if my memory serves me right, but I favor the provision that you have in the bill which we are now considering, giving the President the right to initiate fares and rates, which is undoubtedly some modification over the present law; but while I am in favor of that provision, so as to give the President the power of quick action, still I also want to preserve the right to the shipper to appeal to the Interstate Commerce Commission, and leave that commission with full power to be the final arbiter as to the justness and fairness of rates, and power to suspend them if they are found to be not just and reasonable.

Mr. SIMS. One of the largest shippers would be the Government.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RAYBURN. Will the gentleman yield?

Mr. BLACK. Yes.

Mr. RAYBURN. Is not the idea of the gentleman from Texas along the line of the amendment that I proposed in the committee and presented here, that the President should be given the power to initiate the rate and that it shall go into effect in 30 days unless complaint is filed?

Mr. BLACK. Yes; but I would go further than that and allow these rates to go into immediate effect, but allow the Interstate Commerce Commission to suspend them if they were found to be unjust and unreasonable. Now, we all know that in the operation of the transportation companies the President can not act very generally by personal direction, but that it will be done largely by the Director General, and it is very apparent that even he, with his many pressing duties connected with the Treasury Department and the direction of the great financial operations of the war, will be forced to delegate his authority to subordinates; and therefore it seems to me that the reasonable and logical thing to do is to make the Interstate Commerce Commission the final judge in these matters, for the very simple reason that it is the most efficient and the most effective body in this country to deal with such matters, and it is not reasonable to suppose that any other body appointed by the President or the Director General would be more competent to deal with the problem.

Mr. CONNALLY of Texas. Does the gentleman think that the shipper ought to be required to pay more than a fair and just rate in order to make up the deficit which might be caused by the necessities of war?

Mr. BLACK. He should not; it ought to be levied by general taxation if there should happen to be any deficit. I hope, of course, that there will be none. Now, why should we want to destroy the power of the Interstate Commerce Commission and lodge these unnecessary powers in the hands of the President? Is it merely for the sake of granting autocratic powers to the President? Surely not. I have never understood that the President wants Congress to grant him any powers which he does not need in the prosecution of the war, and surely no one can contend that the power to be the final judge of rates is a war power.

Mr. GORDON. Will the gentleman yield?

Mr. BLACK. Yes.

Mr. GORDON. I want to call the gentleman's attention to the provision inserted in the bill that prohibits everybody, the President included, from imposing any more than a just and reasonable rate.

Mr. BLACK. That is true; but who is to determine it? Why not a judicial body like the Interstate Commerce Commission? It is not an administrative body. It is more in the nature of a judicial body, with power to adjust equities between the shipper and the carrier. It does not operate the railroads. It does not

initiate rates. It irons out the differences which are bound to arise in the operation of the roads whether that operation shall be by the railroads or by a Director General appointed by the President of the United States.

Mr. SNOOK. Will the gentleman yield?

Mr. BLACK. I will.

Mr. SNOOK. Did I understand the gentleman to say that if it should become necessary during the period of Government control of the railroads to raise the rates, or a rate, that he favors taxation of the people to pay it?

Mr. BLACK. I say that if a deficit should arise in the operation of the railroads, due to war necessities, that the shipper should not be penalized thereby to the point where he would have to pay an unjust and an unfair rate; that he ought to have some tribunal to appeal to, to decide as to the justness and reasonableness of rates.

Mr. SNOOK. I understood the gentleman to say, in answer to his colleague from Texas, that if it was necessary to raise the rate he favored the raising of that higher rate by taxation.

Mr. BLACK. If the gentleman understood me that way, he understood me erroneously. What I said was that rather than that the shipper should at any time be required to pay an unjust, unreasonable, and confiscatory rate, taxes ought to be levied in the usual way rather than to penalize him.

I think that is a sound proposition and that most of us agree on that, at least. I hope that at the proper place in the bill that an amendment will be adopted preserving the ordinary and usual jurisdiction of the Interstate Commerce Commission.

Mr. MADDEN rose.

The CHAIRMAN. The gentleman from Illinois will be recognized in opposition to the motion of the gentleman from Texas, and then all debate will be closed.

Mr. MADDEN. Mr. Chairman, the Interstate Commerce Commission is not the creature of the President. It is an independent department of the Government. It is so held to be an independent department. It is not subject to the orders of the President and ought not to be subject to his orders. Under the present law regulating rates the carrier is allowed to suggest a rate, and he files that rate with the Interstate Commerce Commission. He can not file the rate at all until the Interstate Commerce Commission says so within the period of 30 days. It is within the power of the Interstate Commerce Commission to suspend the rate after it is filed for another period, and it is finally within the power of the Interstate Commerce Commission to say what the rate shall be.

Now, I submit that if the Interstate Commerce Commission is not to be allowed to carry out the functions for which it was organized it ought not to be kept as a burden upon the taxpayers of the country. It is costing a good many million dollars every year to maintain the Interstate Commerce Commission. By long years of training it has acquired experience in rate making. Who will say that the President of the United States has had any such experience as will qualify him to make rates, and why should he be permitted to make the rates? Why should the Interstate Commerce Commission be compelled by any legislation that we may enact to simply review the rate made by the President of the United States and submit the result of their view to him for his action? The mere fact that we have turned over to the President of the United States the power to operate the railroads, for the period of the war, as a war measure, does not justify the granting of further power of making rates. One of the functions of operating this railroad is a war function and the other function proposed in this legislation is a commercial activity. Nobody will suffer if the President is put in the place of the railroad companies and is authorized in that capacity to suggest rates to the Interstate Commerce Commission and the Interstate Commerce Commission is authorized, as they now are, to say whether those rates are reasonable and just. The President, simply because he happens to be President, ought not to be given unlimited powers to make rates. He might decide to raise the rates out of all reason, and yet these rates might be considered as reasonable by the Interstate Commerce Commission, because they would not want to have their opinion conflict with his.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. In a moment; but even the suggestion of the Interstate Commerce Commission after review would not be binding upon the President, and so whether he made a reasonable or an unreasonable rate would make no difference. I yield now.

Mr. TOWNER. I want to make this suggestion to the gentleman: Under the old law, up until the time we took over the regulation of the railroads, the question of rate making was a question between the railroads and the people, and then we said that neither the railroads nor the people should have the

right arbitrarily to decide, and we instituted the Interstate Commerce Commission as a board for that purpose. The question of rate making is now one between the people and the Government, and yet it is said here that one of the parties to that relationship, the Government itself, the President of the United States, is to have the right to make the rates.

Mr. MADDEN. And I do not think it ought to be so, because the President in the performance of his function as the operator of the railroads is representing the individual owners of the railroads, though he may be speaking for the Government, and he should not be permitted to arbitrarily fix a rate without the right of review and decision from some other body, and that body should be the Interstate Commerce Commission.

The CHAIRMAN. The time of the gentleman from Illinois has expired. All time has expired on this amendment. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. CONNALLY].

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

Mr. SIMS. Mr. Chairman, I desire to make a statement for the benefit of the committee. The question of rate making or the power of rate making will be reached in this bill at the proper place. Of course, there is going to be time for liberal debate when it is reached, and from now on I shall object to discussing the rate-making question under an amendment that does not apply to it at all. I understand when the question is reached that the gentleman from Wisconsin [Mr. ESCH] is going to offer an amendment.

Mr. ESCH. It will be offered by the gentleman from Iowa [Mr. SWEET].

Mr. SIMS. At all events, it will be offered when we reach that part of the bill, and I shall object to further discussion of the question of rate making.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. MADDEN. Members of the gentleman's own committee were discussing this question?

Mr. SIMS. Yes.

Mr. MADDEN. And the other Members who were not familiar with the practice of the committee and its members had a right to believe that it was in order, so long as the committee itself inaugurated the practice.

Mr. RAMSEYER. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Mr. RAMSEYER moves to amend section 1 by adding the following paragraph—

Mr. SIMS. Mr. Chairman, section 1 has been already amended by an amendment offered by the gentleman from Wisconsin [Mr. ESCH]. I suppose this amendment ought to come in at the end of that amendment which has been already adopted.

Mr. RAMSEYER. I hope it will come in at some place.

The CHAIRMAN. The gentleman from Iowa offers an amendment as a new paragraph, and at what point of the bill?

Mr. RAMSEYER. I place it at the end of the amendment offered by the gentleman from Wisconsin [Mr. ESCH].

Mr. ESCH. At the bottom of page 5.

The CHAIRMAN. It is to come in at the end of the section?

Mr. RAMSEYER. Yes.

The CHAIRMAN. Very well. The Clerk will report the amendment.

The Clerk read as follows:

Mr. RAMSEYER moves to amend section 1 by adding the following paragraph at the end of the section:

"Provided, That in no case shall the net income (that is, the sum remaining after deducting for operation, maintenance, taxes, fixed charges, and interest in funded and unfunded debts, and all other items of expense according to the system of accounting established by the Interstate Commerce Commission) of such carrier exceed 6 per cent on the par value of the capital stock (eliminating duplications) outstanding on the 31st day of December, 1917."

Mr. RAMSEYER. Mr. Chairman, a year ago when our entrance into this war seemed inevitable, and for the first few months after war was formally declared, much was said by men in and out of public office about this being a war without profiteering; that no one should make money out of war; that all must sacrifice. Most of the people are now sacrificing, most of the people are bearing greater burdens, and most of the people are receiving no special legislative favors from this body.

Nearly 10 months ago I made a speech on the floor of this House in which I took occasion to say:

We must take the people into our confidence and constantly reassure them by our legislative acts—not words merely—of our righteous purposes in this war. * * * While considering measures to bring this war to a successful and just termination we must not overlook those problems that touch every man, woman, and child in the land and the

just and equitable solution of which will vitally affect our national concord and unity. If the laws that we shall pass here will permit some to amass vast wealth out of this war and cast the burdens and sacrifices upon the shoulders of the masses of our population it will require no prophet to tell you that that will tend to discord and dissension. * * * What I am contending for in these times is laws so just and equitable that no class of our citizens will have occasion to feel that they are not getting a fair and square deal and for a foreign policy worthy of our traditions and of our boasted leadership among the democracies of the world.

These principles have guided me and shall continue to guide me during the remainder of my service in this body. With these principles in mind, let us examine the bill before the House.

The bill is not a proposition to take over the railroads. The railroads have been taken over by the President under provisions of the act of August 16, 1916. The roads are now in the possession of and under the control of the Government and they will remain in the possession of and under the control of the Government during the war, whether this bill becomes law or not. I voted for the law of August 16, 1916, and I approve the President's action in taking over the railroads. I know of no one in Congress who either opposed the law that gave the President power to take over the railroads in such an emergency as this or who is now opposed to the Federal Government operating the roads during the present emergency.

In view of what I have said it is evident that Members of Congress can freely express their views in opposition to provisions of the bill or the bill itself without fear of being understood as opposing the action of the President in taking over and operating the railroads. Whether the sections of the bill relative to the compensation of the owners of the railroad stock or the powers to be granted to the Interstate Commerce Commission or the time limit when the railroads shall revert back to their owners become law or are amended to conform to views held by gentlemen like myself, the Federal Government under the direction of the President will continue to operate the roads during the war and for a considerable period hereafter.

Mr. Chairman, with that preliminary statement I wish to state for the information of the committee that the amendment just offered is in identical language to one offered in the Senate on last Friday. To my way of thinking the compensation allowed the owners of railroad stock in section 1 of the bill is indefensible and preposterous. That is especially true in view of the fact that the people freely give the Government the use of their money at 4 per cent and will continue to do so as long as the Government has need for it. Organized wealth should be required to sacrifice as well as the people during this war. Under the circumstances, together with all the other guaranties of this bill to railroads, the adoption of this amendment would not only be just compensation to owners of railroad stocks, but it would be liberal compensation as well.

This morning the gentleman from Pennsylvania [Mr. DEWALT] undertook to defend this section by invoking a rule of law that the compensation to which the railroads are entitled is the value of the use of the railroad property at the time of taking over.

Mr. DEWALT. Mr. Chairman, will the gentleman yield for a moment?

Mr. RAMSEYER. I will ask the gentleman to be brief, because I have only a few minutes.

Mr. DEWALT. The legal statement that I tried to make was this: That the measure of damages for taking property is to be estimated upon the value of the property at the time of the taking.

Mr. RAMSEYER. That would be December 28, 1917.

Mr. DEWALT. Yes; but that is the actual taking of the property. When you take only the use of the property then a different rule would apply. You must estimate what the use is worth.

Mr. RAMSEYER. And when.

Mr. DEWALT. Not at the time, because if you did you might possibly get an overestimate or an underestimate because the value of the use of the property would differ at different times. It might be \$10,000,000 one year and \$5,000,000 another year. Therefore you must strike an average and determine what that is worth.

Mr. RAMSEYER. I am very glad the gentleman has made that statement, because several members of the gentleman's committee have gotten up here and contended it was exactly as I stated it. For instance, the gentleman who just left the floor a while ago, the gentleman from Virginia [Mr. MONTAGUE], made this statement: "Pay for a man's property that which he has been getting." Now, the natural inference from that would be that he meant the value of the use of the property at the time it was taken over. Of course, this limitation of 3 years arrived at by the committee is an arbitrary time. It

might as well have been 5 years or 10 years or 15 years, and would have been just as legal as the 3-year limit. Now, I do wish to call to the attention of the committee some figures that the stockholders of the road are going to be permitted to earn. Members of the committee who spoke here I know confused some Members as to the terms "stocks," "bonds," and "property investment." Now, the table which the Interstate Commerce Commission furnished, and which was set out fully in the minority report of Senator CUMMINS and published in the remarks of the gentleman from Wisconsin [Mr. LENROOT], shows the returns on the capital stock. Some gentleman of the committee made answer that, although the percentage of net income returned on capital stock as shown by this table was high, if the calculation be made on the property investment it is not so high. Now, my understanding of this bill is that you undertake to guarantee to the railroads the interest on their bonds, all the operating expenses, taxes, maintenance, make allowance for depreciation, and so forth, and then give the stockholders the average net income that they have been getting for three years prior to June 30, 1917, either as dividends or to be used as part dividends and part surplus, as they may see fit. Now, if I am not right about this I would like to be corrected.

Mr. STEVENSON. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAMSEYER. Mr. Chairman, I would like to have five minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. STEVENSON. I understood the gentleman both in his amendment and in his remarks to say that the standard return was the income after paying the interest on bonds, as well as paying the operating expenses. Does the gentleman understand the bill to mean that?

Mr. RAMSEYER. Section 1 will do just what I said it would do. That is what I said, and no member of the committee made any objection to it. I am, of course, now speaking of the effect the bill will have stripped of technical terms.

Mr. STEVENSON. They used the term "standard return" the same as railroad operating income and that—

Mr. RAMSEYER. That has a technical meaning, and I would like to call attention—

Mr. STEVENSON. But I want to call the gentleman's attention to the fact that the railway operating income is that which is left after paying certain expenses, of which interest on bonds is not one at all.

Mr. LENROOT. Will the gentleman yield?

Mr. RAMSEYER. The table to which I referred gives the average per cent of net income, which does include payment of interest on bonds.

Mr. STEVENSON. I am referring to the fact that the standard return provided for in this bill does not provide that the Government is to pay interest on the bonds at all.

Mr. RAMSEYER. Who is going to pay it? The interest on bonds must be paid while the railroads are under Federal control as it was before.

Mr. STEVENSON. They pay it out of the standard return that is turned over to the railroads themselves, that is the way I understand it.

Mr. RAMSEYER. Of course, the interest on bonds must be taken care of before the railroads can realize the net income shown in the table. You are not going to let the interest on bonds go unpaid; you have to take care of the interest on bonds before the railroads can realize this net income.

Mr. STEVENSON. No, sir; that is not the provision of the bill as I understand it. They have to pay them the standard return and out of that they pay their interest as they do their dividends.

Mr. RAMSEYER. I understand the bill the way I have explained it. The practical results will be the same. In either event the guaranty of this bill covers, among other things, the interest on bonds and dividends on capital stock, and if the earnings of the railroads are insufficient we reach into the Federal Treasury to make them up.

Mr. LENROOT. Will the gentleman yield?

Mr. RAMSEYER. I will.

Mr. LENROOT. I would like to call the attention of the gentleman to the fact that the claim of this bill for the standard return is a sum fixed by the President that they shall be entitled to receive plus, later on, certain additions or subtractions. It is not operating railway income at all; it is a fixed sum.

Mr. RAMSEYER. I understand that. The bill undertakes to authorize the President to pay the railroads not to exceed a

certain amount. But both the President and the Director General have declared the railroads should have the maximum amount allowed in the bill. That amount I contend is too high. We all know that the Director General will make agreements with the railroads allowing them the maximum under the bill, for that is what he has repeatedly stated should be done. Knowing what the Director General's intentions are, it is absurd to give him that power and then stand back and say if he does do that thing we will show him up to the people.

Mr. BARKLEY. Will the gentleman yield for a question?

Mr. RAMSEYER. Is it in the nature of an explanation?

Mr. BARKLEY. No; but possibly it may be an explanatory question.

Mr. RAMSEYER. Is it to inform me or to inform the gentleman?

Mr. BARKLEY. Well, I do not know that the question will inform either one of us much.

Mr. RAMSEYER. Will the gentleman ask the question?

Mr. BARKLEY. Does not the gentleman know that there are many railroads where the amount of their capital stock does not correctly reflect the amount of money invested?

Mr. RAMSEYER. That is true.

Mr. BARKLEY. Because they have sometimes returned large sums of money and put that money into improvements and betterments and have not increased their stock—

Mr. RAMSEYER. I understand that. The percentage you are going to allow is on the capital stock?

Mr. BARKLEY. Yes.

Mr. RAMSEYER. Now, right here let me see whether we have the same understanding of the terms "capital stock," "bonds," and "property investment." Now, suppose you had a farm for which you are asked to pay \$10,000 and you put \$3,000 of your own money in and \$7,000 under a mortgage. At the end of the year after paying interest on the mortgage and operating expenses of the farm and taxes you have \$1,000 left. Now, that is 10 per cent on the property investment, is it not, but it is 33½ per cent on the money you have in it? Carry that analogy to the whole railroad system of the United States; we have bonds to the amount of \$10,021,730,075, eliminating duplications; capital stock, \$6,514,750,554, eliminating duplications. Add the amount of bonds and stocks and we have \$16,536,500,629, which represents the property investment. The interest on the bonds is a fixed charge, just like the interest on the mortgage, and what is left after interest on bonds, operating expenses, and so forth, are paid goes to the stockholders as dividends. Under this bill the railroads will get annually \$955,000,000. The bondholders, like the mortgagee, get a fixed rate of interest, about 4 per cent, or annually, in round numbers, \$400,000,000. The stockholders will receive \$550,000,000, or an average of 8½ per cent on the capital stock. * The stockholders of some roads receive a much larger net income than others. So, when Members speak of net income on capital stock as excessive and exorbitant, it is unfair, and no answer to call attention to the property investment.

At this place I ask to have printed in the Record the table I referred to a while ago from the Interstate Commerce Commission. The figures in this table have been neither challenged nor contradicted.

The table referred to is as follows:

| Road. | Capital stock actually outstanding (average for the 3 years ended June 30, 1917). | Average net income for the 3 years ended June 30, 1917. | Average per cent of net income to capital stock. |
|---|---|---|--|
| EASTERN DISTRICT. | | | |
| Pennsylvania R. R. Co. | \$199,195,567 | \$44,534,939 | 8.93 |
| New York Central R. R. Co. | 249,676,128 | 32,367,269 | 12.96 |
| Baltimore & Ohio R. R. Co. | 210,809,812 | 12,283,220 | 5.83 |
| Pennsylvania Co. | 89,000,000 | 9,537,850 | 11.92 |
| Philadelphia & Reading Ry. Co. | 42,481,700 | 10,916,875 | 25.70 |
| Delaware, Lackawanna & Western R. R. Co. | 42,320,400 | 13,890,560 | 32.90 |
| Pittsburgh, Cincinnati, Chicago & St. Louis R. R. Co. | 67,511,733 | 4,558,503 | 6.75 |
| Lehigh Valley R. R. Co. | 60,668,000 | 7,169,999 | 11.83 |
| Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. | 57,027,200 | 5,048,902 | 8.85 |
| Michigan Central R. R. Co. | 18,736,400 | 3,463,464 | 18.48 |
| Central R. R. Co. of New Jersey | 27,436,800 | 5,556,775 | 20.25 |
| Delaware & Hudson Co. | 42,502,600 | 5,437,517 | 12.79 |
| Philadelphia, Baltimore & Washington R. R. Co. | 25,571,000 | 2,941,156 | 11.50 |
| Pittsburgh & Lake Erie R. R. Co. | 31,991,200 | 7,537,923 | 23.56 |
| Elgin, Joliet & Eastern Ry. Co. | 10,000,000 | 945,239 | 9.45 |
| Maine Central Ry. Co. | 18,199,317 | 1,605,075 | 8.82 |
| Buffalo, Rochester & Pittsburgh Ry. Co. | 16,500,000 | 1,560,021 | 9.45 |

| Road. | Capital stock actually outstanding (average for the 3 years ended June 30, 1917. | Average net income for the 3 years ended June 30, 1917. | Average per cent of net income to capital stock. |
|---|--|---|--|
| EASTERN DISTRICT—continued. | | | |
| Bessemer & Lake Erie R. R. Co. | \$500,000 | \$3,235,080 | 647.22 |
| Chicago & Erie R. R. Co. | 100,000 | 70,449 | 70.45 |
| Hocking Valley Ry. Co. | 10,909,500 | 1,313,129 | 11.94 |
| West Jersey & Seashore T. R. Co. | 10,317,933 | 691,139 | 6.70 |
| Central New England Ry. Co. | 8,547,200 | 717,565 | 8.40 |
| New York, Philadelphia & Norfolk R. R. Co. | 2,500,000 | 895,508 | 35.74 |
| Rutland R. R. Co. | 9,150,300 | 575,651 | 6.29 |
| Bangor & Aroostook R. R. Co. | 4,079,067 | 337,803 | 8.28 |
| Cumberland Valley R. R. Co. | 5,333,553 | 1,280,684 | 24.01 |
| Kanawha & Michigan Ry. Co. | 9,000,000 | 991,655 | 11.02 |
| Lehigh & New England T. R. Co. | 6,000,000 | 819,722 | 13.66 |
| Chicago, Terre Haute & Southeastern Ry. Co. | 4,300,000 | 234,761 | 5.46 |
| Lehigh & Hudson River Ry. Co. | 1,340,000 | 374,915 | 27.93 |
| Monongahela Ry. Co. | 3,800,333 | 352,809 | 9.25 |
| Cincinnati Northern T. R. Co. | 3,090,000 | 268,573 | 8.95 |
| Port Reading T. R. Co. | 2,000,000 | 182,547 | 9.13 |
| Detroit & Toledo Shore Line R. R. Co. | 1,428,000 | 348,020 | 24.37 |
| Buffalo & Susquehanna T. R. Corporation. | 7,000,000 | 495,232 | 7.09 |
| Staten Island Rapid Transit Co. | 500,000 | 160,119 | 32.02 |
| Detroit & Mackinac Ry. Co. | 2,950,000 | 218,976 | 7.42 |
| Total eastern district. | 1,593,322,780 | 182,921,748 | 11.48 |
| SOUTHERN DISTRICT. | | | |
| Illinois Central R. R. Co. | 109,288,114 | 12,383,882 | 11.33 |
| Louisville & Nashville R. R. Co. | 72,000,000 | 12,058,800 | 16.75 |
| Norfolk & Western Ry. Co. | 138,583,887 | 17,342,810 | 12.51 |
| Chesapeake & Ohio Lines | 62,788,000 | 5,848,431 | 9.31 |
| Atlantic Coast Line R. R. Co. | 68,754,700 | 7,424,004 | 10.80 |
| Central of Georgia Ry. Co. | 2,000,000 | 1,878,570 | 9.39 |
| Nashville, Chattanooga & St. Louis Ry. | 15,994,831 | 2,175,425 | 13.60 |
| Mobile & Ohio R. R. Co. | 6,016,890 | 888,067 | 14.76 |
| Cincinnati, New Orleans & Texas Pacific Ry. Co. | 5,443,400 | 2,448,928 | 44.99 |
| Florida East Coast Ry. Co. | 10,833,333 | 1,090,321 | 10.06 |
| Alabama Great Southern Ry. Co. | 11,210,350 | 1,364,245 | 12.17 |
| New Orleans & Northeastern R. R. Co. | 6,000,000 | 645,449 | 10.77 |
| Richmond, Fredericksburg & Potomac R. R. Co. | 4,315,067 | 979,486 | 22.70 |
| Georgia Southern & Florida Ry. Co. | 3,708,000 | 222,186 | 5.90 |
| Charleston & Western Carolina Ry. Co. | 1,200,000 | 200,036 | 21.67 |
| Gulf & Ship Island R. R. Co. | 7,000,000 | 373,070 | 5.33 |
| Alabama & Vicksburg R. R. Co. | 2,100,000 | 390,784 | 17.13 |
| Washington & Southern Ry. Co. | 4,000,000 | 348,841 | 8.72 |
| Atlanta & West Point R. R. Co. | 2,483,800 | 232,922 | 11.83 |
| Western Railway of Alabama | 3,000,000 | 251,851 | 8.39 |
| Total. | 554,745,062 | 68,635,910 | 12.37 |
| WESTERN DISTRICT. | | | |
| Atchison, Topeka & Santa Fe Ry. Co. | 332,323,877 | 32,230,091 | 9.70 |
| Southern Pacific Co. | 272,725,239 | 17,983,726 | 6.60 |
| Chicago, Milwaukee & St. Paul Ry. Co. | 233,235,167 | 14,336,613 | 6.15 |
| Chicago, Burlington & Quincy R. R. Co. | 110,839,100 | 24,444,045 | 22.05 |
| Chicago & North Western Ry. Co. | 157,591,852 | 16,040,315 | 10.18 |
| Great Northern Ry. Co. | 249,361,866 | 24,031,687 | 9.63 |
| Northern Pacific Ry. Co. | 247,984,069 | 24,287,781 | 9.87 |
| Union Pacific R. R. Co. | 321,835,100 | 31,018,328 | 9.64 |
| Minneapolis, St. Paul & S. Ste. Marie Ry. | 37,810,200 | 4,571,790 | 12.09 |
| Oregon Short Line R. R. Co. | 103,000,000 | 9,381,016 | 9.33 |
| Texas & Pacific Ry. Co. (Rec.) | 88,755,110 | 2,545,330 | 6.58 |
| Chicago, St. Paul, Minneapolis & Omaha Ry. Co. | 29,815,000 | 2,854,452 | 9.57 |
| Duluth, Missabe & Northern Ry. Co. | 4,112,500 | 4,693,088 | 114.12 |
| El Paso Southwestern Co. | 25,000,000 | 2,190,198 | 8.76 |
| Houston & Texas Central R. R. Co. | 10,000,000 | 1,088,368 | 10.88 |
| Duluth & Iron Range R. R. Co. | 5,333,333 | 2,049,987 | 38.27 |
| Fort Worth & Denver City Ry. Co. | 9,243,800 | 1,297,029 | 14.03 |
| Panhandle & Santa Fe Ry. Co. | 604,500 | 389,097 | 64.37 |
| St. Louis, Brownsville & Mexico Ry. Co. | 500,000 | 263,544 | 52.71 |
| Chicago, Rock Island & Gulf Ry. Co. | 469,000 | 83,685 | 17.84 |
| Bingham & Garfield Ry. Co. | 6,171,667 | 1,405,681 | 22.78 |
| Louisiana Western Ry. Co. | 3,350,000 | 802,684 | 23.89 |
| Nevada Northern Ry. Co. | 2,000,000 | 879,907 | 43.99 |
| Vicksburg, Shreveport & Pacific Ry. Co. | 4,969,300 | 299,534 | 5.99 |
| Houston East & West Texas Ry. Co. | 1,000,000 | 234,119 | 23.41 |
| Cripple Creek & Colorado Springs Ry. Co. | 757,000 | 171,112 | 22.67 |
| Colorado & Wyoming Ry. Co. | 100,000 | 163,566 | 163.64 |
| Wichita Valley Ry. Co. | 1,000,000 | 117,936 | 11.79 |
| Arizona & New Mexico Ry. Co. | 2,770,000 | 237,614 | 8.58 |
| Total. | 2,210,635,611 | 220,076,073 | 9.96 |

| | Per cent. |
|--|-----------|
| Hocking Valley Railway Co. | 11.94 |
| Illinois Central Railroad Co. | 11.33 |
| Louisville & Nashville Railway Co. | 16.75 |
| Norfolk & Western Railway Co. | 12.51 |
| Chesapeake & Ohio lines | 9.31 |
| Atlantic Coast Line Railroad Co. | 10.80 |
| Central of Georgia Railway Co. | 9.39 |
| Nashville, Chattanooga & St. Louis Railway | 13.60 |
| Mobile & Ohio Railroad Co. | 14.76 |
| Cincinnati, New Orleans & Texas Pacific Railway Co. | 44.99 |
| Florida East Coast Railway Co. | 10.06 |
| Chicago & North Western Railway Co. | 10.18 |
| Chicago, Burlington & Quincy Railroad Co. | 22.05 |
| Minneapolis, St. Paul & Sault Ste. Marie Railway Co. | 12.09 |
| Chicago, St. Paul, Minneapolis & Omaha Railway Co. | 9.57 |
| Atchison, Topeka & Santa Fe Railway Co. | 9.70 |
| Southern Pacific Co. | 6.60 |
| Chicago, Milwaukee & St. Paul Railway Co. | 6.15 |
| Great Northern Railway Co. | 9.63 |
| Northern Pacific Railway Co. | 9.87 |
| Union Pacific Railroad Co. | 9.64 |

The per cents that the stockholders of the following roads are guaranteed annually during Federal control show the excessiveness and the inequality of the standard of compensation in this bill:

| | Per cent. |
|---|-----------|
| Bessemer & Lake Erie Railroad Co. | 647.22 |
| The Chicago & Erie Railroad Co. | 70.45 |
| New York, Philadelphia & Norfolk Railroad Co. | 35.74 |
| The Cumberland Valley Railroad Co. | 24.01 |
| The Lehigh & Hudson River Railway Co. | 27.98 |
| Charleston & Western Carolina Railway Co. | 21.67 |
| Duluth, Missabe & Northern Railway Co. | 114.12 |
| Duluth & Iron Range Railroad Co. | 38.27 |
| Panhandle & Santa Fe Railroad Co. | 64.37 |
| St. Louis, Brownsville & Mexico Railway Co. | 52.71 |
| Colorado & Wyoming Railway Co. | 163.64 |

The CHAIRMAN. The time of the gentleman has expired. Mr. DOREMUS. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Iowa be extended five minutes.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the time of the gentleman from Iowa be extended five minutes. Is there objection?

There was no objection. Mr. DOREMUS. Will the gentleman permit a question? If you are the owner of that farm to which you have just directed our attention by way of illustration, and the Government took that farm over, what do you think your return should be?

Mr. RAMSEYER. Now, of course, I was speaking of a farm merely to illustrate terms to Members who know more about farm terminology than they do of railroad terminology. To get back to the subject matter, let us speak of that farm as a railroad.

Mr. DOREMUS. No; let us call it a farm. Mr. RAMSEYER. Wait. I am answering the question and I want to answer it in my own way, so that we can get the distinction.

Mr. DOREMUS. All right. Mr. RAMSEYER. Take a small railroad which cost \$10,000. Seven thousand dollars represents bonds, \$3,000 represents stocks, and \$10,000 would represent the property investment. Ten thousand dollars might represent the value of the road or might not. Now, when you are trying to determine what the return should be for the stocks, it is not fair to cover over the whole amount of property invested, because the \$7,000 is in the hands of bondholders and they get a certain fixed rate, 4 per cent or 5 per cent, say. And when you are going to pay the stockholders you should only pay them a just compensation on the capital they have actually in the road and which they own.

Mr. SWITZER. Just one question. Is it not true that interest on bonds is paid out of the standard return?

Mr. RAMSEYER. Well, it is paid out. What the Government undertakes to pay the railroads must of necessity cover interest on bonds before the owners of the capital stock can come in for dividends.

Mr. SWITZER. If there is nothing left, we do not get anything.

Mr. RAMSEYER. These figures in the table I just referred to have not been disputed. Day before yesterday, in addressing questions to the chairman of this committee, I asked him whether it was not true that stockholders were getting these large percentages, and I called especial attention to the return of the Bessemer and the Lehigh roads, and he said it was true, as far as the capital stock was concerned, and that these large percentages are going to the stockholders. Here is the colloquy to which I refer:

Mr. RAMSEYER. Taken from the same report, I call your attention to certain large and well-known railroads. Under the provisions of this bill each of the following roads will have net for its stockholders annually during Federal control:

| | Per cent. |
|---|-----------|
| The Pennsylvania Railroad Co. | 8.92 |
| The Pennsylvania Co. | 11.92 |
| The New York Central Railroad Co. | 12.96 |
| The Philadelphia & Reading Railway Co. | 25.70 |
| Delaware, Lackawanna & Western Railroad Co. | 32.90 |
| Michigan Central Railroad Co. | 18.48 |
| Central Railroad Co. of New Jersey | 20.25 |
| Philadelphia, Baltimore & Washington Railroad Co. | 11.50 |

Mr. RAMSEYER. Will the gentleman yield for a relevant question? In the table prepared by the Interstate Commerce Commission and printed with the remarks of the gentleman from Wisconsin [Mr. LENOOR] yesterday he gives the percentages of net income on these various roads.

Mr. SIMS. On what?
 Mr. RAMSEYER. On capitalization.
 Mr. SIMS. On stock?
 Mr. RAMSEYER. Yes, sir.
 Mr. SIMS. All right; go ahead.
 Mr. RAMSEYER. Now, here is the Lehigh Road, 27.98.
 Mr. SIMS. On the stock?
 Mr. RAMSEYER. That means that the stockholders are getting that much upon the face value of their stock, does it not?
 Mr. SIMS. Yes.
 Mr. RAMSEYER. Now, in regard to Bessemer, that means that the fellows who own the stock, not the bonds, will get 647 per cent?
 Mr. SIMS. I told you that.

Mr. DOREMUS. Mr. Chairman, will the gentleman yield?
 Mr. RAMSEYER. I should like to call attention to some figures here, and I do not yield.

Going over the table that I referred to, I see that there are 86 roads that will receive over 5 per cent on their capital stock. Of those, 13 roads will get over 26 per cent on the capital stock, mind you, not on the property investment. I claim it is unfair to get up here and contend that a certain income on capital stock is right, because, spread over all the property investment, the rate is lower. The incomes shown in this table are on the capital stock and not on the property investment.

The following roads will receive over 26 per cent on their capital stock under the provisions of this bill:

| | Per cent. |
|---|-----------|
| Lehigh & Hudson River Ry. Co. | 27.98 |
| Staten Island R. & Transit Co. | 32.02 |
| Delaware, Lackawanna & Western R. R. Co. | 32.90 |
| New York, Philadelphia & Norfolk R. R. Co. | 35.74 |
| Duluth & Iron Range R. R. Co. | 38.27 |
| Nevada Northern Ry. Co. | 43.99 |
| Cincinnati, New Orleans & Texas Pacific Ry. Co. | 44.99 |
| St. Louis, Brownsville & Mexico Ry. Co. | 52.71 |
| Panhandle & Santa Fe Ry. Co. | 64.37 |
| Chicago & Erie R. R. Co. | 70.45 |
| Duluth, Missabe & Northern Ry. Co. | 114.12 |
| Colorado & Wyoming Ry. Co. | 162.64 |
| Bessemer & Lake Erie R. R. Co. | 647.22 |

Mr. Chairman, section 6 appropriates \$500,000,000 out of any moneys in the Treasury for the purpose of paying the expenses of Federal control and the compensation guaranteed in this bill. How did this \$500,000,000 get in the Treasury? By taxes paid by the people, by bonds sold to the people bearing 3½ per cent and 4 per cent interest, and by the sale of thrift stamps to the men, women, and children of the land. In other words, the tax money, money from bonds and thrift stamps, which the people have loaned gladly and willingly to their Government at not to exceed 4 per cent interest, the proponents of this bill ask us to use to pay the stockholders of the railroads annually 10 per cent, 20 per cent, and more on their capital stock. I submit that is unfair to the people. It is the people's money that will make up 25.70 per cent to the Philadelphia & Reading Railway Co., 32.9 per cent to the Lackawanna Railroad Co., 20.25 per cent to the Central Railroad Co. of New Jersey, 22.05 per cent to the Chicago, Burlington & Quincy Railroad Co., and so forth.

The proponents of this bill say that unless we vote the railroad stockholders this unreasonable compensation the railroads will go into court and be allowed the value of the use of these roads at the time of taking over, which will amount to as much as the bill allows and maybe more. If Congress in this war excitement has lost its equilibrium, it has no right to presume that the courts have also. If the roads have the constitutional right to compensation measured by the value of the use at the time of taking over, December 28, 1917, what right has Congress to fix the earnings of the roads over a 3-year period ending June 30, 1917? And if Congress has the right to fix a 3-year period, why not a period of 5 years or 10 years or 15 years? This bill attempts to fix the compensation during the war and at least for three or four years thereafter. Do you not suppose that the courts will take cognizance of the fact that we are in war and that conditions are abnormal? Do you not suppose that the courts will recognize the fact that for at least two years prior to June 30, 1917, times were abnormal and that the roads were receiving abnormally high returns? And do you not think the courts are still possessed with sufficient common sense to know that as soon as the war ends and during the period of Federal control of three or four years thereafter the roads will likely not earn more than during normal times, and maybe a great deal less?

For illustration, each year at Des Moines, Iowa, is held the greatest State fair in the United States, and for about two weeks the street cars of that city, owing to greatly increased passenger traffic, earn unusual returns. Suppose during the midst of the fair for some reason the Government should take over the street railway system of Des Moines for a year. Under the contention set forth by some of the committee reporting this bill, the street railway would be entitled to the value

of the use of the railway at the time of taking over. That is, their earnings for 52 weeks would be fixed at what they were earning during the abnormal two weeks of the fair. Will any gentleman here get up and contend that any court in the land would do so absurd a thing? If the times have caused us to lose faith in mankind, let us, for Heaven's sake, still retain a little faith in our institutions, especially our courts. No amount of arguing or legal quibbling will convince the people of the country that our courts will hold that an unreasonable compensation, an extravagant compensation, an abnormal compensation is just compensation under the Constitution or that, if the railroads choose to go into court, will the courts hold that the unreasonable and extravagant compensation of this bill is just compensation? In legislating generously for the owners of railroad stock the committee should not forget to be fair to the people, out of whose pockets will come the money to pay the generous compensation which the bill guarantees to the owners of railroad stock.

I am not proposing this amendment because of hostility to railroads, because I have none. On the other hand, I realize that the commercial needs of the country demand that our railroads should be greatly improved and extended. It seems to be conceded that before a year of Federal control the Government will expend from \$1,000,000,000 to \$2,000,000,000 in railway improvements and extensions. I want to see the sum so expended inure to the benefit of the public permanently. When the roads were taken over there was no other alternative for the President. He did the right thing. The compensation provided in this bill for the owners of the railway capital stock is excessive. My amendment is fair both to them and the people. I hope the amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. RAMSEYER].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was rejected.

Mr. LENROOT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

Mr. HUDDLESTON. Mr. Chairman, I have an amendment on the desk.

The CHAIRMAN. We will get to it in a minute.

The Clerk read as follows:

Mr. LENROOT offers the following: Page 2, line 22, strike out the words "standard return" and insert "average annual railway operating income."

Mr. LENROOT. Mr. Chairman, the scheme of this bill—and it is a proper one—is that the President within the maximum that is provided by the bill may agree to pay a railroad a certain specific sum, and that certain specific sum becomes the standard return for that railroad. That may later be increased or decreased, as the case may be. It may be increased if there be compensation for betterments and road extensions, and so forth. It may be decreased in case of retirements and matters of that kind. But in the use of the standard return, in line 22, they evidently had in mind the average railway operating income, because they say this standard return is to be determined by the Interstate Commerce Commission. That is not what the committee means. The President is to determine that. The Interstate Commerce Commission is to determine the average annual net railway operating income for the three years. And that my construction is correct can be readily demonstrated by turning to line 15 on the same page, where they provide "that any railway operating the income accruing during the period of Federal control in excess of such standard return shall remain the property of the United States." Of course, they must there have had in mind the fixed sum the President agrees to pay.

They would not have had in mind a maximum sum, because if they had had in mind a maximum sum what would become of the money between that maximum sum and the sum that the President agreed to pay? Then, over on page 3, the words "standard return" are again used in line 12, for it is provided that the taxes shall be charged or deducted against the "standard return." Again, having in mind the fixed sum that is contained in the agreement that the President agrees to pay, it would be an idle thing to provide that the taxes should be deducted from the maximum return when the maximum return is merely a limitation upon the President. Again, on the next page, in line 13, it is provided that the United States, still continuing on the agreement, "may by deductions from the standard return or by other proper means and charges be reimbursed for the cost of any additions, repairs, renewals, and betterments

to such property," again clearly showing that the use of the term "standard return" means not the average railway operating income unless it should happen to mean the same, because the President might fix the same sum as the average railway operating income. But it is clear that in every case, except the one I seek to amend, the words "standard return" mean not the average railway operating income, but they mean the sum that the President agreed to pay, which under the bill may be either increased or decreased within the maximum, according to the provisions of the bill. And that is further carried out, as you will see if you will turn to the end of this paragraph, where this language occurs:

The certificate of the Interstate Commerce Commission shall for the purpose of such an agreement be taken as conclusive of the amount of such average annual railway operating income.

Now, Mr. Chairman, unless this amendment is adopted, you will have this situation, that while in the first paragraph you give the President the authority to make an agreement with the railroads as to the amount which they will receive within the maximum that is provided in this language, unless my amendment is adopted, you say to the Interstate Commerce Commission that you shall decide for the President what sum he shall pay. Of course, that was not the intention of the committee, and I think that upon reflection that the committee will accept the amendment.

Mr. SIMS. Mr. Chairman, I wish to ask the gentleman from Wisconsin if the words "standard return," as defined in the place where he offers the amendment, do not mean merely annual railway operating income?

Mr. LENROOT. No; they do not. If the gentleman will turn to line 15, as I tried to show, there he will find that the use of the words "standard return" means not the average operating income but the sum that the President agrees to pay; and so on page 3, line 12, and on page 4, line 13. And the gentleman will remember that in the original bill which was introduced by him that is where the confusion arises—that the average railway operating income was the fixed sum that the railroad was entitled to receive, so that in that case the standard return and the railway operating income meant the same. But now the words "railway operating income" are not a fixed sum, but the maximum. If this amendment is adopted it will clear the whole thing up.

Mr. SIMS. The gentleman means, in effect, that is what it means?

Mr. LENROOT. Yes.

Mr. SIMS. The language in the bill defining standard return says, "During the period of such Federal control it shall receive as compensation not exceeding the annual income."

Mr. LENROOT. The words "not exceeding" are stricken out.

Mr. SIMS. That was the gentleman's amendment?

Mr. LENROOT. Yes. It has been adopted.

Mr. SIMS. Oh, yes; by the amendment adopted this morning—

An annual sum herein called standard return payable from time to time in reasonable installments for each year and pro rata for any fraction of a year of such Federal control or equivalent, as nearly as may be, to the average annual railway operating income.

Mr. LENROOT. Not exceeding the equivalent.

Mr. SIMS. Yes; not exceeding the equivalent. That is what the standard return means, and everywhere it is referred to in the bill it carries that meaning.

Mr. LENROOT. Yes. It carries the meaning that it is the fixed sum, except in the one instance that I seek to amend, that the President shall pay.

Mr. SIMS. You propose to amend the language before the average annual railway operating income?

Mr. LENROOT. Yes.

Mr. SIMS. In other words, they are equivalent? They are equal to each other. What is equal to another is equivalent?

Mr. LENROOT. No; but the President may agree to pay them a less sum than this.

Mr. SIMS. I know the gentleman is perfectly serious in this matter and so am I. I think we ought not to try too rigidly to define and include all the stipulations of the contract.

Mr. LENROOT. No; but the gentleman will see that the words "standard return" should have a uniform meaning in the bill. In one place it now means one thing. In this particular place it means, or the intention was to make it mean, the average annual railway operating income, but everywhere else in the bill it means the sum the President agrees to pay.

Mr. STEVENSON. If the President makes the contract on the maximum, it would not make any difference, but if he made it on the basis of lower than the maximum they would have confusion?

Mr. LENROOT. Yes. That is the point.

Mr. SIMS. According to my present understanding of it, as to what the gentleman means to accomplish, I see no objection to it. But there is this objection generally, that amendments here spring up suddenly. This is not one of the amendments that the gentleman published in the Record. I might make a mistake and the gentleman might. In doing this I do not want to be precluded from returning and correcting a mistake if I should find that it is one.

Mr. LENROOT. There would be no objection to that.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin [Mr. LENROOT]. The amendment was agreed to.

The CHAIRMAN. The gentleman from Wisconsin offers a further amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LENROOT: Page 2, line 21, before the period, insert a comma and the following: "but debits and credits arising from the operation of such street electric passenger railways, including railways commonly called 'interurban,' as are at the time of the agreement not under Federal control, shall be excluded."

Mr. LENROOT. Mr. Chairman, it will be remembered that the President, in his proclamation taking over these systems of transportation, expressly excluded from Federal control and did not take over electric and interurban lines. Now, unless this amendment is adopted we will have this situation: The railroads own electric and interurban lines. Their operating returns to the Interstate Commerce Commission include the earnings of the electric and interurban lines; and unless this amendment is adopted, in our direction to the Interstate Commerce Commission to ascertain the average net operating income to form the basis of compensation which the railroads are entitled to receive, the earnings of these roads not taken over will be included. My amendment only provides that their debits and credits arising out of this proposition—of these roads not taken over by the Government—shall be excluded.

Mr. HAMLIN. On the same page I notice it says in line 2—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 Dec. 31, 1917) for the three years ended June 30, 1917—

Now, if the gentleman's amendment is adopted, why should not that be stricken out?

Mr. LENROOT. No; for that reaches an entirely different matter.

Mr. HAMLIN. If they have a traffic agreement with these interurban lines or electric lines, that increases the revenue of these roads.

Mr. LENROOT. No; I think the chairman of the committee will bear me out in saying that the words included in that bracket are intended to include only such leased roads as are taken over by the Government. That is true, is it not?

Mr. SIMS. If they take over a system that has leased roads, they take the leased roads over too.

Mr. LENROOT. That is true; but the Government does not take over electric lines whether leased or not, because they are expressly excluded by the proclamation.

Mr. HAMLIN. I rather agree with the gentleman. I think; but if his amendment is adopted will we not have to change the wording included in parentheses on this same page, because this seems to include all electric lines and everything else, if they are operated in conjunction with the road that is taken over?

Mr. LENROOT. I am inclined to agree with the gentleman, although I think my amendment would be broad enough to cover both.

Mr. HAMLIN. Perhaps it might.

Mr. TOWNER. I want to call the attention of the gentleman to the fact that I do not think he stated quite accurately the proclamation of the President. The proclamation of the President includes all of those systems of transportation engaged in general transportation whether operated by steam or electric power; so when the gentleman says the proclamation does not include electric lines engaged in general transportation his statement is not quite accurate.

Mr. LENROOT. I think I stated it too broadly in my remarks, but I think my amendment covers exactly the point.

Mr. TOWNER. The gentleman is well aware that some great trunk lines—for instance, the Milwaukee Railroad—operate a portion of their lines almost exclusively by electric power.

Mr. SIMS. Several hundred miles.

Mr. TOWNER. And there are quite a number of lines engaged in general transportation that are operated by electric

power. In fact, it seems to me the President intended to take over, and the language is that the President intended to take over all roads engaged in general transportation. That seems to be the determining feature.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LENROOT. I ask unanimous consent for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LENROOT. If the gentleman will permit me, my amendment reads—

from the operation of such street electric passenger railways, including railways commonly called interurbans, as are at the time of the agreement not under Federal control.

Mr. TOWNER. I was not complaining at all of the amendment.

Mr. LENROOT. I think I made my statement too broad.

Mr. FESS. I recall one road in Ohio that has a trolley system, but at the same time it is a steam line, too, operating over the same tracks.

Mr. LENROOT. All my amendment does, if we have not taken over any such roads, is that in giving the compensation to the carriers we ought not to include the income of such roads as we have not taken over.

Mr. SIMS. Mr. Chairman, I can not see how this amendment is necessary at all. I see the purpose of it. The purpose is all right, but the President does not intend, and so specifically states, to take over the street car and interurban electric lines. The President's proclamation excludes street car and interurban railroads, and by no possibility could the income from these roads be affected by this bill. Now, the gentleman must presume, for his amendment to be worth anything, that the representatives of the Government, in making a contract with any particular carrier, would be so careless as to include in the standard return received the revenues from some such line not taken over. Now, how can he assume that any sane lawyer, in drawing a contract with the Government, would ever think of including in the terms of the contract property that had not been taken over by the Government.

Mr. LENROOT. The gentleman does not get the point. The provision that I seek to amend has nothing to do with the discretion of the President. The provision I seek to amend is a mandatory direction to the Interstate Commerce Commission as to what they shall certify to the President; and I simply say that without this they would be compelled to certify all of the operating returns of a carrier from whatever source derived. My amendment simply requires the Interstate Commerce Commission to deduct from that operating revenue the revenue derived from roads that are not taken over by the Government.

Mr. SIMS. But, my friend, would not the Interstate Commerce Commission in making its report of the returns reported by the railroads set out so much as is received from street car and interurban lines?

Mr. LENROOT. No; because the railroad may return that in its general operating return to the Interstate Commerce Commission, and unless they are expressly directed to investigate and exclude such returns they would include the returns from such roads without any further authority.

Mr. SIMS. Mr. Chairman, if I thought there was any danger at all of any such thing happening I could see some use in this amendment, but I can not see how there could be any reasonable probability that any contract could be entered into which would include the street cars or street car lines or interurban roads, that were no part of the general transportation system taken over. Therefore, I do not think the amendment is necessary.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. LENROOT) there were 46 ayes and 21 noes.

So the amendment was agreed to.

Mr. HUDDLESTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 3, strike out lines 2 to 8, both inclusive, and insert in lieu thereof the following: "be to seven per centum upon the actual fair value of the property taken at the time of the taking, and in addition."

Mr. HUDDLESTON. Mr. Chairman, the effect of this amendment is to substitute an entirely different standard of compensation. The bill as it stands takes the income for three years and divides it by 3, and makes the result the standard by which compensation for the taking shall be made. My amendment, if adopted, will give to the railroads as compensation 7 per cent upon the actual value of their property at the time it was taken. I substitute for the arbitrary and fanciful standard of

the bill a standard established by Article V of the Constitution as construed by the Supreme Court of the United States. It is fair to the railroads and it is fair to the people. The only argument that has been made against it, or that can be made against it, is that delay may ensue in ascertaining what the value of the property is. That is a mere detail, and the same difficulty will arise in ascertaining the standard established by the bill, although perhaps not to the same extent as the method written in the bill. And although there may be an increased difficulty in determining by judicial proceeding exactly what the amount to be allowed is, that difficulty is not so great as to justify the House in departing from the principles of justice established by the Constitution.

Mr. DILLON. Will the gentleman yield?

Mr. HUDDLESTON. I will.

Mr. DILLON. Does the gentleman distinguish between compensation for use of property and compensation for the property itself?

Mr. HUDDLESTON. There is absolutely no difference. I have been surprised by the labored efforts of gentlemen undertaking to make some distinction between standards of compensation for the taking of property temporarily and taking it permanently. I have been surprised to hear gentlemen who ought to know better if they do not, argue that we are bound to accept as a standard, as conclusive, the showing of what the temporary value is by what the property has been earning. Gentlemen ought to know the law. The law is that income is merely one factor in determining what the temporary value is. Proof as to the earning power of the property is just as germane where the property is taken permanently as when taken temporarily. It is a mere factor. Other factors are also to be considered.

Now, when we take property of a railroad corporation for public purposes we are doing a slightly different thing from taking property from a private individual which he devotes to his own private use. In the latter case the individual is entitled to use his property in such manner as to get the largest income possible, whether it be fair or in the public interest or not; he is entitled to get all the traffic will bear. But such is not the case with railroad property. No railroad has a right to charge anything beyond a reasonable and fair income.

Anything beyond that is extortion and can not properly and legally be allowed. We must, therefore, conclusively assume that the railroads have been earning only a reasonable income and must fix the compensation to be paid by the Government accordingly. We must assume this—not that the rates charged have been just, but that a fair return is just, even if a reduction of rates is made.

Mr. DILLON. Will the gentleman yield?

Mr. HUDDLESTON. Yes.

Mr. DILLON. Will the gentleman tell the committee how he is going to determine the value of the property when the Interstate Commerce Commission says it will take four years to determine the physical value?

Mr. HUDDLESTON. I had as I have undertake to answer that as to answer how we are going to determine the compensation under the standard put in the bill. It is just as easy to do one as to do the other. It is just as easy to fix the value of the property as to ascertain what the incomes of the railroads really were during the three years named in the bill. The question is a bigger one, but not more difficult or troublesome.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The question was taken, and on a division (demanded by Mr. HUDDLESTON) there were 6 ayes and 48 noes.

So the amendment was rejected.

Mr. LENROOT. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 1, line 6, strike out the words "called herein carrier" and the parentheses.

Page 1, line 7, strike out the words "any such carrier" and insert "the owner of any such railroad or system."

Page 5, after line 19, insert a new paragraph, as follows:

"Wherever used in this act, the word 'owner' includes any person, corporation, partnership, or association who, during any portion of the period of Federal control of a railroad or system of transportation would be entitled to the possession, use, and control of such railroad or system in the absence of Federal control thereof. Wherever in this act reference is made to the period of Federal control in connection with an owner it shall be taken to refer to the portion of such period during which such owner, but for such Federal control, would have been entitled to the possession, use, and control of the railroad or system of transportation."

Mr. LENROOT. Mr. Chairman, I wish to say to the chairman that in order to expedite the bill I am not going to press this amendment, but I desire to make a very brief statement, so that he may have it in mind when he goes into conference. As I

stated the other day, the bill as it now reads recites that we have taken over certain transportation systems, and they are "herein termed carriers." We have not taken over any corporations. We have taken over certain physical property. Then, the bill authorizes the President to make an agreement with that physical property, that we shall pay it so much, which of course is an absurdity, but of course a court would properly construe that as to intention.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield?

Mr. LENROOT. Yes.

Mr. MONTAGUE. How could they agree with the carrier if they did not agree with the owner of the carrier?

Mr. LENROOT. I say that I have no question about the way the court will construe it, but you might as well say, as far as phraseology is concerned, that if we take over a horse we will agree with the horse. I am speaking about the phraseology of the bill, and I want to say that it has been stated to me several times privately that they have followed the interstate-commerce act. They have not followed the interstate-commerce act, for that act all through it makes distinction between a railroad as a property and a corporation which is termed a common carrier.

Mr. PARKER of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. LENROOT. Yes.

Mr. PARKER of New Jersey. I want to direct the gentleman's attention to the fact that the act of 1916 says that the Government shall utilize not the railways but the systems of transportation, and I believe that means to utilize the corporation, its organization, and keep the corporation for the use of the Government, not taking away its servant but to utilize the corporation.

Mr. LENROOT. My only answer is that we have not taken over the corporations, but here is a more serious question that does present itself, and that I think ought to have the consideration of the committee. If an agreement is made with a system for all roads that are under its control at the time we take them over, suppose a lease of a road that it has expires the next month after the agreement is made. Certainly the compensation should not continue to that carrier, but the agreement should be made with the owner of that road, and therefore there should be a clear definition of ownership rather than the mere taking over of systems of transportation. In other words, the President ought not to be limited to making agreements with the systems of transportation or with the owners of transportation that did own them at the time we happened to take them over. Whenever they become a separate entity again, of course they have the right to go into court and get compensation, and if we agree to pay the system compensation, covering the compensation they are entitled to, we will be paying it twice. As I say, I understand very well that that presents a question of policy, and I am not going to press the amendment, but I do seriously ask the chairman to give that consideration when we go into conference.

Mr. Chairman, I withdraw the amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

Mr. LENROOT. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 2, strike out all after the word "States," in line 16, through the word "act," in line 18, and, on page 5, after line 19, insert the following as a separate paragraph:

"The agreement shall also provide that the owner shall accept all the terms and conditions of this act and any regulation or order made by or through the President under authority of this act or of that portion of the act entitled 'An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes,' approved August 29, 1916, which authorizes the President in time of war to take possession, assume control, and utilize systems of transportation."

Mr. LENROOT. Mr. Chairman, this is an amendment that I sincerely hope the chairman will accept. It strikes out the language—

and that each carrier so agreeing shall thereby become subject to all the provisions of this act.

If the language that I propose to strike out was connected up with the agreement there would probably be no objection to it, but it stands as a legislative declaration that a carrier agreeing to become subject to all of the provisions of the act, leaving the implication that if a carrier does not see fit to make an agreement it is not subject to any of the provisions of the act.

Mr. BARKLEY. How can Congress compel any railroad that does not enter into this agreement to agree to accept anything? Of course, this bill provides for the compensation of railroads. They may not accept this compensation. They may say, "We will stand on our lawful rights as they exist under the law and go into court and get fair and just compensation." How can we

compel a road that does not enter into a contract with the Government to accept anything?

Mr. LENROOT. Does the gentleman think there are no provisions in this bill that are binding on a railroad, whether it makes an agreement or not?

Mr. BARKLEY. No; I do not. I say there are provisions here that are binding provided the courts sustain them, but we can not make a contract with them if they do not want to.

Mr. LENROOT. The gentleman does not get the point.

Mr. BARKLEY. If they do not want to accept the provisions of the bill, we can not compel them to. If the provisions of the bill are constitutional and lawful, they must accept them, whether they agree to them or not; so it is not necessary as far as that is concerned.

Mr. LENROOT. No.

Mr. BARKLEY. But you are attempting here to compel railroads who do not voluntarily enter into a contract with the Government to accept things they may desire to go into court and fight.

Mr. LENROOT. I am not attempting any such thing. The gentleman, however, by insisting on the language being retained, says, in effect, to a railroad: "If you will enter into this agreement, then you are bound by all the provisions of the act; but if you do not choose to agree, there is nothing in this act that applies to you."

Mr. BARKLEY. That is not the intention, and that is not the impression I am trying to leave on the gentleman's mind; but this provision that the gentleman strikes out on page 2 is a provision in connection with the terms of the contract that is entered into between the roads and the Government, if there is a contract. If there is no contract, it does not apply; and it states that these roads which enter into this contract must agree in the agreement that they accept the terms of the bill, and I sincerely contend that it is very doubtful whether Congress may control a railroad that does not enter this contract as to compensation to accept anything.

Mr. LENROOT. Let me put the question to the gentleman. Suppose the language had been a little different than it is here and had been in this way: That any carrier agreeing to make a contract as is herein authorized shall be subject to the provisions of this act. Does the gentleman contend, then, that the carrier not agreeing would be subject to any provision that imposed any restriction upon the carrier?

Mr. BARKLEY. The bill itself is broad enough to cover in the general terms the operation of railroads and the characters of returns made by the Interstate Commerce Commission, the revolving fund, depreciation, betterments, and all the provisions of the bill; it is sufficient to cover them by reason of the fact that they have been taken over, but in making a contract with these companies by the Government I do not think it is wise to attempt to bind by a contract that is made with those who do agree those who do not agree as to the terms of the contract made.

Mr. LENROOT. There is nothing in my mind or any suggestion I have made that even squints at anything of that kind. My proposed amendment is merely a substitute for the language that is found in the bill, which, upon its face, would exclude carriers that do not agree from being subject to the provisions of the bill at all. My amendment merely provides that in every such agreement there shall be a provision that the carrier making this agreement accept all other provisions of this act and thereby become bound not only by the provisions of the act, but by virtue of the contractual relation as well.

Mr. BARKLEY. That is exactly the language the gentleman strikes out in his amendment—

Mr. LENROOT. No; it is not.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SIMS. Mr. Chairman, the gentleman from Wisconsin I believe left out a portion of the amendment which he had printed.

Mr. LENROOT. I did.

Mr. SIMS. Embracing forfeiture provisions.

Mr. LENROOT. That is true.

Mr. SIMS. And now the gentleman's amendment would read, as I understand it—

The agreement shall also provide that the owner shall accept all the terms and conditions of this act and any regulation or order made by or through the President under authority of this act or of that portion of the act—

And so forth.

Now, if I understand the effect of the amendment offered by the gentleman from Wisconsin [Mr. LENROOT], the contracting party would have to agree to comply with any order made by the Director General or anyone authorized by him?

Mr. LENROOT. Any lawful order.

Mr. SIMS. Any lawful order; and yet he does not define what a lawful order is.

Mr. LENROOT. Oh, no.

Mr. SIMS. I can see this, Mr. Chairman—I think I can—that it may deter and prevent contracts being made that would be of advantage to make. It is dangerous to try to place too many stipulations in an act for a contract. The contract ought to be limited, as a matter of course, in a general way—I mean as to the power to make it—and then leave the details of that contract to the authorities drawing it up—the administration, the President—but to require those carriers to agree to any act, regulation, or order made through the President, I do not see what use it would be to require them to agree to something that perhaps they think would be ruinous to them, because they might believe that the order made by the Director General or somebody under him would be ruinous or damaging, and all that kind of thing, and therefore they would hesitate to make the contract.

Mr. LENROOT. Will the gentleman yield?

Mr. SIMS. I see the purpose of the gentleman, and I approve of his purpose, and I was going to say it seems to me that these are mere hindrances to making contracts, and which ought to be left to the stipulations to be embraced in the contract instead of prescribing them. Let them have the prescribing words in the contract. When you insert the prescribing words in a section you inferentially exclude everything not prescribed, and there is danger—

Mr. LENROOT. Will the gentleman yield to me? I am sure the gentleman does not wish, when this act is passed, to have a legal question raised as to whether any road is covered by this act that does not come to an agreement under this proposition.

Mr. SIMS. If they do not make an agreement, of course, it is covered in the act.

Mr. LENROOT. But when you say, as you do say in the language I am trying to change, that if they make an agreement they shall be bound by the act, there is an implication that if they do not make an agreement they will not be bound by the act.

Mr. SIMS. If they do not, they do not come under section 1 at all, and are provided for in other sections.

Mr. LENROOT. You are not confining it to section 1; you are saying they are bound by the provision of this act if they make an agreement, and have not you raised at once a very serious legal question that the intention is that only the agreeing roads are covered—

Mr. SIMS. No—

Mr. LENROOT. My amendment will leave every road, whether agreeing or not agreeing, subject to the provisions of the act, and in addition by making the contract they accept in a contractual way the provisions of the act and thereby avoid a very serious legal situation that may well arise under this language.

Mr. SIMS. Now, the gentleman's object and purpose is unobjectionable in every way, but I do not see that follows. I think we should leave the bill just as it is. The bill has been thoroughly considered, with a view to trying to prevent any and all of these kinds of things arising, and we must presume that the contract itself will have some provisions in it to protect the Government.

Mr. BARKLEY. Will the gentleman yield to a question there?

Mr. SIMS. Yes.

Mr. BARKLEY. Is it not true that the effect of the amendment would be simply that the railroads that make an agreement agree to not go into court and fight any agreement as to the rate? How can you prevent any other road that does not make an agreement from going into court and fighting a provision of the rate? You can not foreclose the right of non-agreeing roads to go into court and fight any provision of this bill. All we can do is to require that every road that does agree, thereby agrees not to go into court and fight any provision of the bill.

Mr. LENROOT. I want to ask the gentleman, and I think I have asked him before, is it his contention that there is no provision of this act that does not apply to all roads, whether agreeing or nonagreeing?

Mr. BARKLEY. I think it applies to all roads taken over by the Government.

Mr. LENROOT. Certainly. And what I want is to provide that the act covers all roads.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. SIMS] has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. LENROOT].

Mr. DOREMUS. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman from Wisconsin a

question. As I understand it, your purpose is to make this bill so that all roads, whether they enter into the contract with the President or not, will be brought within the terms of the act?

Mr. LENROOT. Yes, sir.

Mr. DOREMUS. I am not clear whether the gentleman's amendment will accomplish that purpose. It says the agreement shall also provide so-and-so. Now, let us assume that the railroad does not make the agreement, then does his amendment bring the nonagreeing roads within the terms of the bill?

Mr. LENROOT. They are brought in by the striking out of the language in the bill that I am afraid of. It strikes out the language that the road so agrees. That is the point.

Mr. DOREMUS. As I understand your amendment, it only applies to an agreement.

Mr. LENROOT. It only applies to an agreement.

Mr. DOREMUS. And if the agreement is not made, then will the nonagreeing road be under the provision of the bill?

Mr. LENROOT. If the language I refer to is stricken out of the bill it certainly will.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. LENROOT].

The question was taken, and the Chair announced that the ayes appeared to have it.

Mr. SIMS. Division, Mr. Chairman.

The committee divided; and there were—ayes 35, noes 31.

So the amendment was agreed to.

Mr. LENROOT. Mr. Chairman, I offer an amendment. It is the last amendment I have to this first paragraph.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LENROOT: Page 2, lines 3 to 7, strike out the parentheses and the words included within them; and at the end of line 21, after the period, insert the following:

"If any lines were acquired by, leased to, or consolidated with such railroads or system between July 1, 1914, and December 31, 1917, both inclusive, and separate operating returns to the Interstate Commerce Commission were not made for such lines after such acquisition, lease, or consolidation, there shall (before the average is computed) be added to the total railway operating income of such railroad or system for the three years ending June 30, 1917, the total operating income of the lines so acquired, leased, or consolidated for the period beginning July 1, 1914, and ending on the same date of such acquisition, lease, or consolidation, or on June 30, 1917, whichever is the earlier."

Mr. SIMS. Mr. Chairman, I want to ask the gentleman before he begins if that is one of the printed amendments?

Mr. LENROOT. I think it is.

Mr. SIMS. Where is it?

Mr. LENROOT. Page 2, line 3.

Mr. SIMS. Where in the RECORD?

Mr. LENROOT. I thought that was included, but I may be mistaken.

Mr. MONTAGUE. I do not find it.

Mr. LENROOT. No; that was one I held out for revision.

I will say in reference to this that it makes very little change in the original language that it seeks to substitute. It includes the amendment that has been adopted, proposed by my colleague from Wisconsin [Mr. Esch], and what it seeks to clear up is this:

There are two very important questions that arise under the language of the bill. In the first place, it provides for the inclusion therein of "such income." Now, what is "such income" of these leased or consolidated lines? The immediate language preceding is, "the average annual railway operating income." Now, of course, it could not have been the intention of the committee to include as "such income" the average income of these leased lines while under separate control, because there could not be any such thing. It did not have existence during the entire period of three years. Neither could it mean, of course, all the income. It was not the intention to include all the income of such leased roads. I take it that what was intended to be covered by this provision was a case like this: Suppose in 1915 a road was under separate operation, rendered separate operating returns to the Interstate Commerce Commission, and then in 1916 was leased, and during 1916 and 1917 the income from that leased road was included in the operating returns of the lessee. Now, of course, it would not be fair to the carrier in getting at the compensation that is due it not to take into account the income of this road that was leased during this three-year period in ascertaining the maximum to which it was entitled. And evidently the intention of the committee is that in that kind of a case, where a railroad was under separate operation, we will say, in 1915, that that income should be added, not to the average income, but added to the total amount of the three years' income of the carrier making the return, the income for that one year added, and then the sum of that divided by three in order to get the average operating income of the carrier making the return. But that intention is not expressed.

Mr. STEVENSON. Mr. Chairman, will the gentleman permit me?

Mr. LENROOT. Certainly.

Mr. STEVENSON. Would not that give just one-third of the earning capacity of the leased road?

Mr. LENROOT. No; because the income of the leased road in 1916 and 1917 would be included in their operating returns.

Mr. STEVENSON. In 1916 and 1917?

Mr. LENROOT. Yes; but in 1915 it would not be.

Mr. STEVENSON. Your amendment merely proposes to bring in the income for 1915 and add that to 1916 and 1917?

Mr. LENROOT. Yes.

Mr. STEVENSON. So as to get the average of the whole time, and measure the earning capacity of that particular leased line?

Mr. LENROOT. Yes. As it now reads, the members of the committee will readily see that if such income does not refer to the average income—and that is impossible, because there could not be an average of the three years for such carrier—then it means the income of the road prior to its acquisition should be added to the average—an increase that is not fair and that is not just. I take it that the committee could not have had that in mind. I take it that what is intended here, and what is entirely fair, is that any operating income not included in the operating returns of the carrier shall be added to the operating return of the carrier, and that sum total divided by three.

Now, if I am not correct in my conclusion in regard to that I will be glad to be corrected, but if I am correct as to what the intention is it seems to me very clear that my amendment should be adopted.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. LENROOT. One minute, Mr. Chairman. My amendment goes one step further; that may or may not be important. If after the acquisition that road continued to render separate operating returns, of course, that should be taken into consideration as well, and my amendment provides for that.

Mr. SIMS. If I get it correctly, as to the language in the lines included in the parentheses, your amendment strikes that out?

Mr. LENROOT. Yes.

Mr. SIMS. And instead of substituting your amendment within the parentheses to take the place of that stricken out you introduce it at the end of the line as a new paragraph?

Mr. LENROOT. Yes; as a new paragraph.

Mr. SIMS. On the continuation of the same line to take the place of that stricken out?

Mr. LENROOT. Yes.

Mr. SIMS. The object and purpose being to do what the lines in parentheses purport to do?

Mr. LENROOT. Well, what the committee intended to do, if I understand it correctly.

Mr. SIMS. Mr. Chairman, I rose simply to ask that question, so that I might know. I supposed the gentleman had published all the amendments that he intended to offer in the Record.

Mr. LENROOT. I will say that there were a few that I was not entirely certain about myself, and this is one of them.

Mr. SIMS. And therefore my hard day's work on Sunday did not give me opportunity to study this amendment and look out for its bearings on other portions of the bill. I do not want to oppose an amendment that will help the bill. I do not want to waste time in opposing one that will not hurt the bill. But just now undertaking to say whether this should be substituted for the language in the parentheses or whether it will state it in a better way is something that I am not prepared at this time to pass on.

Mr. LENROOT. I have no desire merely to try to improve the phraseology. I would not try to take the time of the committee if it did not seem that the existing language was seriously defective.

Mr. SIMS. As I understand the contention of the gentleman, it is that the language in the parentheses does not carry out what is clearly intended to be carried out, and his object is to clarify and make certain what he deems is uncertain?

Mr. LENROOT. Yes.

Mr. SIMS. If that is the fact, it ought to be done. But, as I say, I can not afford to agree to this amendment, and so I will retain the privilege of returning to it, if it is adopted, in the future. But, as I said, this bill has been passed over and considered time and time again by the most competent authorities I know of to pass upon it, and of course their contention is that the language in the parentheses is full and complete, so far as it is necessary to carry out the intention and purpose of it.

Mr. LENROOT. This is one of the provisions that is identical in both the Senate and the House bill, and if I am correct—and I think I am—it certainly seems to be the best way to take care of it and to let the amendment go in and take care of it in conference.

Mr. SIMS. Mr. Chairman, as I said several times, I think it is dangerous to adopt amendments that are sprung on the House suddenly, where we have had no time to study and investigate them, and therefore I can not accept the amendment, and I reserve the right, as a matter of course, to ask consent to return to this section of the bill and oppose it. But if it means just what the gentleman himself contends it to mean, it is a difference between tweedledum and tweedledee, with perhaps the advantage on the part of tweedledum.

Mr. LENROOT. I shall not object to the gentleman returning to any of these amendments.

Mr. BARKLEY. Mr. Chairman, does the gentleman object to returning to it at a future time?

Mr. LENROOT. No. I have no objection to that whatever. Now, I have one more amendment, on taxes.

Mr. SIMS. I understood the gentleman to say this was the last on section 1?

Mr. LENROOT. Yes.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I ask unanimous consent to have the amendment again reported.

The CHAIRMAN. Without objection, the amendment will again be reported.

The Clerk read as follows:

Amendment offered by Mr. LENROOT: Page 2, lines 3 to 7, strike out the parentheses and the words included within them, and at the end of line 21, after the period, insert the following:

"If any lines were acquired by, leased to, or consolidated with such railroad or system between July 1, 1914, and December 31, 1917, both inclusive, and separate operating returns to the Interstate Commerce Commission were not made for such lines after such acquisition, lease, or consolidation, there shall (before an average is computed) be added to the total railway operating income of such railroad or system for the three years ending June 30, 1917, the total railway operating income of the lines so acquired, leased, or consolidated, for the period beginning July 1, 1914, and ending on the date of such acquisition, lease, or consolidation, or on June 30, 1917, whichever is the earlier."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the Chairman announced that the ayes seemed to have it.

Mr. BARKLEY. Mr. Chairman, I will ask for a division on that amendment.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 31, noes 35.

Mr. LENROOT. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chairman appointed Mr. BARKLEY and Mr. LENROOT to act as tellers.

The committee again divided; and the tellers reported—ayes 56, noes 49.

So the amendment was agreed to.

Mr. TOWNER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. TOWNER moves to amend as follows: On page 1, to strike out all after the enacting clause down to and including line 11; on page 2, to strike out all of lines 1 to 24, inclusive; on page 3, to strike out lines 1 to 4, inclusive, and to insert in lieu thereof the following:

"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 that during the period of such Federal control it shall receive as just compensation the payment in full by the United States of the interest as it shall become due during said period on all the bonded indebtedness of the carrier, and also an amount to be paid in annual or semiannual dividends equal to the dividends declared and paid by said carrier on the capital stock of said carrier on the basis of the average of said dividends declared and paid by the carrier during the fiscal years 1915, 1916, and 1917. That any amount collected and received by the United States derived from the revenues and receipts of said carrier in excess of the amounts required for the payment of interest on bonds and dividends on stock and the amounts required to carry out the further guarantees of the United States to the carriers as herein provided, shall be divided into equal parts, one part to be paid the carrier and the other retained by the United States.

Mr. BARKLEY. Mr. Chairman, I believe I will reserve a point of order on that amendment.

The CHAIRMAN. The gentleman from Kentucky reserves a point of order.

Mr. TOWNER. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. TOWNER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. TOWNER moves to amend as follows: On page 1, to strike out all after the enacting clause down to and including line 11; on page 2, to strike out all of lines 1 to 24, inclusive; on page 3, to strike out lines 1 to 4, inclusive, and to insert in lieu thereof the following:

"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 that during the period of such Federal control it shall receive as just compensation the payment in full by the United States of the interest as it shall become due during said period on all the bonded indebtedness of the carrier, and also an amount to be paid in annual or semiannual dividends equal to the dividends declared and paid by said carrier on the capital stock of said carrier on the basis of the average of said dividends declared and paid by the carrier during the fiscal years 1915, 1916, and 1917. That any amount collected and received by the United States derived from the revenues and receipts of said carrier in excess of the amounts required for the payment of interest on bonds and dividends on stock and the amounts required to carry out the further guarantees of the United States to the carriers as herein provided, shall be divided into equal parts, one part to be paid the carrier and the other retained by the United States."

Mr. TOWNER. Mr. Chairman, this amendment affects only the provisions of the bill which prescribe the amount of compensation the Government offers to the railroads as payment for their use during the time they shall remain in the possession of the Government.

The Constitution provides that private property shall not be taken for public use without just compensation. If, when the property is taken, an agreement can be made between the Government and the owner of the property as to what is just compensation, then the matter is amicably determined. But if no agreement can be made, the amount must be determined by arbitration or proceedings in the courts. In the present instance it is not the property itself which is taken over and for which just compensation must be paid, but only the use of such property. The Government must pay to the owners just compensation for the use of their property while it remains in the possession of the Government.

In the provision of the bill which I seek to amend the Government makes an offer to the railroads which, if they accept, will constitute an agreement as to the amount of compensation which the roads are to receive during Government occupancy. It is open to any railroad company to accept the offer and receive such compensation, or reject it and have the amount determined by court proceedings. The Government, representing the people, has no right to pay the railroads more than a just compensation, and the railroads have no right to demand more than a just compensation. The offer of compensation made in the bill should be just compensation, for if the offer is accepted the Government is bound.

Under the provisions of the act of August 29, 1916, the President was authorized to "take possession and assume control of any system or systems of transportation or any part thereof." December 28, 1917, the President exercised the power granted to him, and by proclamation took possession of the railroad systems of the United States and placed them under the control of Secretary McAdoo as Director. This action was a war measure. The Government requisitioned the railroads that it may be better enabled to successfully carry on the war. There is very little opposition either on the part of the railroads or the people to this action of the Government. The railroads are assured of fair treatment by the Government, and the people feel that such action was necessary to a successful prosecution of the war. It is an act, however, of tremendous importance. It requires on the part of Congress legislation that will best carry out its declared purpose and at the same time provide that entire justice be rendered to both the railroads and the people. The defects in the provision regarding compensation contained in the bill are that the amount which is offered to be paid is to be determined upon an unfair basis; that it is excessive in amount as a whole; that it is unequal in application; that instead of preventing litigation and a speedy settlement of the amount of compensation, it will probably result in much litigation and delay; that it offers to the railroads no incentive for wise management and good service, but, on the contrary, offers a premium for indifference and inefficiency.

UNFAIR BASIS.

The amount which the Government offers to the railroads is based upon the average annual railway operating income which they received for the fiscal years ending June 30, 1915, 1916, and 1917. Neither of these years was a normal year. The first year commenced July 1, 1914. The war broke out in Europe August 1, 1914. In the United States the breaking out of the war in Europe almost brought about a panic. During the months that followed an unusual depression in all business existed. The earn-

ings of the railroads were abnormally small. The second year, commencing July 1, 1915, witnessed a remarkable revival of business. War orders for almost all our important products came pouring in. Excessive prices were offered, and a marvelous war-stimulated activity continued throughout the year. The earnings of the railroads rose to a point never before reached. The same conditions continued throughout the third year, commencing July 1, 1916.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. TOWNER. I yield to the gentleman from Alabama.

Mr. HUDDLESTON. I want to ask the gentleman from Iowa why we could not adopt the same standard that the English adopted, that is to say, the fiscal year ending June 30, 1914?

Mr. TOWNER. It is my contention that none of these standards based upon conditions in past years can measure what will be "just compensation" for the future. What the coming years may bring to us we do not know. It may be continued prosperity; it may be adversity or sudden disaster. It is to pay for the use of the railroads during years to come that compensation must be provided. Just compensation during such period should be measured by what conditions are during such period and not by conditions that existed in the past. I have shown that the three years which are to furnish the average provided for in the bill were all abnormal years. It is certain that no period in the past would be a duplicate of the years that are before us, for never were world conditions so unsettled as now.

Mr. TILSON. Will the gentleman yield?

Mr. TOWNER. I yield to the gentleman from Connecticut.

Mr. TILSON. Does not the gentleman see that if we take any three years it might be extremely unfair to any railroad?

Mr. TOWNER. I do; and I shall discuss that feature presently.

Mr. TILSON. Because they might have devoted a large amount of their income to improvements and betterments during those particular years.

Mr. TOWNER. I understand that.

Mr. TILSON. Why not take 10 or 15 years and spread it over a greater period? Would not that be fair?

Mr. TOWNER. No; for whatever the past has been it is certain the future will be something different. It is for the future we are to provide, and we should not offer what is to be considered a just compensation unless it is based upon conditions that shall exist during that period.

EXCESSIVE IN AMOUNT.

The amount which the Government offers to the railroads, and which, if they accept, will be the compensation paid, is excessive. It is provided that the Government shall pay the railroads an annual amount for their use equal to the average annual railway operating income, based upon the amount received by the railroads during the three fiscal years ending June 30, 1917. The average annual operating income for the years ending June 30, 1917, was about \$950,000,000. The amount of railway bonds outstanding is about \$10,000,000,000. The amount of interest which must be annually paid on such bonds is about \$400,000,000. The amount of capital stock of the railroads at par value is about \$6,314,000,000. If from the amount the Government tenders to the railroads, \$950,000,000 annually, is deducted the amount required to pay interest on the bonds, \$400,000,000, there will remain a balance of \$550,000,000, which it is proposed we should give the railroads annually to pay dividends and to add to their surplus. This amounts to more than 8.5 per cent on the par value of all their capital stock.

The proposal of the Government is especially favorable to the larger railroads. If only these are considered, it is found that the net income on the par value of the capital stock of the great railways of the eastern district for the three years was 11.48 per cent, for the southern district it was 12.37 per cent, for the western district it was 9.96 per cent.

Still more unjust will the amount proposed to be paid appear when some particularly favored roads are considered. The percentage on the par value of the capital of the following roads will be:

| | Per cent. |
|----------------------------|-----------|
| New York Central R. R. | 12.96 |
| Lackawanna | 32.90 |
| Michigan Central | 18.48 |
| Northwestern | 10.18 |
| Burlington | 22.05 |
| St. Paul | 12.09 |
| Erie | 70.45 |
| Panhandle & Santa Fe | 64.37 |
| Colorado & Wyoming | 162.64 |
| Duluth, Missabe & Northern | 114.12 |
| Bessemer & Lake Erie | 647.22 |

Viewed either from the standpoint of general averages or individual cases, the amount to be paid by the Government is excessive. To pay all the railroads a net return of more than 8.5 per cent is more than a just compensation. The Government

pays to the citizen who lends his money to the Government 4 per cent. The railroads who lend their property to the Government are certainly not entitled to receive more than twice as much as the citizen. To pay the larger and more prosperous roads an average of 11.27 per cent is certainly excessive. To pay the enormous amounts which are shown in individual cases is unjustifiable from any standpoint. It is true that in some cases the par value of the stock is not as much as the real value of the investment. But in still more cases the par value represents stock issued which is largely "water" and represents no capital investment.

In the offer made in the bill of the amount to be paid by the Government not only is this annual payment of \$950,000,000 to the railroads guaranteed but other large guaranties are made.

Payment of the interest on the bonded indebtedness, amounting to about \$400,000,000, is to be paid out of the \$950,000,000. Besides this, the Government agrees to guarantee the payment of all the outstanding obligations of the railroads during its occupancy. The maturing obligations amount to in 1918, \$182,000,000; 1919, \$188,000,000; 1920, \$186,000,000; 1921, \$440,000,000.

The Government agrees to pay all ordinary taxes, both Federal and State, levied against the railroads while in the possession of the Government. The payment of war taxes, however, is not assumed.

To those roads which had no operating income during the three-year period, the President is authorized to pay such an amount as he may determine.

Five hundred million dollars is appropriated from the Federal Treasury to provide additional equipment, additions, terminals, extensions, to make advances when needed, and for the expenses of Federal control. No provision is made for the repayment or final disposition of such property.

The Government is to pay all the expense of the operation of the roads while under its control. This includes salaries of officers, wages of employees, fuel, and so forth. The Government is to retain all the officers and keep all the men. It is expected that some of the extravagant salaries which certain officers are now receiving will be reduced. It is also expected that the wages of the employees will be increased. Whatever is done the Government will have to pay.

The Government also agrees to pay all maintenance charges. This means keeping the track in repair, the rolling stock in effective condition, and all the property of the roads kept in good condition. The property is guaranteed protection and is to be returned to the railroads in as good condition as when received.

The period of occupancy is fixed by the terms of the bill as during the period of the war, and for two years after a treaty of peace has been proclaimed. All these payments and guaranties must be continued during that period. If the war should continue for years with constantly increasing demands and with constantly enlarging expenditures, still these tremendous obligations to the railroads will continue. If the general business of the country, which will furnish the revenue to reimburse the Government, shall be absorbed in war activities and the revenues derived from rates and fares and charges become negligible, still the Government must continue paying the railroads on the basis of the three most prosperous years in their history. If the war should cease within a year, and the expected depression follow, still for two years the railroads would be maintained, their expenses paid, their dividends would continue and their surplus pile up, no matter what might happen to the other business enterprises of the country.

It has been stated as a justification for the action taken that we are but doing what Great Britain did when she took over her roads. A few days after the war broke out, in August, 1914, Great Britain took over her railroads. As compensation the Government agreed to guarantee the net earnings on the basis of the year 1913, a little over 4 per cent on their bonded indebtedness and about 4 per cent on the capital stock. Our bill guarantees \$250,000,000 more per annum proportionally than Great Britain. It guarantees a surplus above dividends eight times as large as Great Britain.

The railroads of the United States had on hand January 1, 1917, in cash \$288,000,000. They had in cash, time deposits, and securities of unaffiliated companies \$804,000,000. None of this fund is taken over by the Government, so that the Government will start with no surplus, and must operate the systems taken over without a working capital except that derived from the Treasury of the United States.

These agreements and guaranties constitute more than a "just compensation." They are excessive in amount and ought not to be imposed upon the people.

UNEQUAL IN APPLICATION.

The gentleman from Connecticut [Mr. TILSON] called attention to the fact that the method of payment proposed would be unfair to small railroads who for particular reasons may have had no operating income during the three-year period. That is certainly true, and in order to meet that difficulty the bill provides that if "because of nonoperation, receivership, or any undeveloped or abnormal conditions" the compensation would be "inequitable as a fair measure of just compensation" the President may make such special agreement with such railroad for compensation as may be just. That, as may readily be seen, is necessary and fair, because it would be no defense against a claim for "just compensation" for a railroad taken over and used by the Government perhaps for years, to say that because such railroad had no operating income for certain years in the past nothing would be due it for use in the future. But such arrangement added to the other provision for compensation will result in largely increasing the amount the Government will be compelled to pay for the use of the roads. The \$950,000,000, which represents the operating income of those that had an operating income, will be absorbed, of course, and the Government will be compelled to pay to those which had no operating income during the three-year period what would be a "just compensation" for the use of their roads.

But the inequality does not stop there. There will be many cases where an operating income was received, but where it was too small to constitute what would be "just compensation." This, too, would have to be arranged so that the operating income guaranteed would be augmented by further payments from the Treasury.

It must be evident that only those roads will be satisfied with the operating income which received an excessive or large return during the test period. In the very nature of things the amounts paid will be unequal upon any fair estimate, and to that extent unjust.

LITIGATION AND DELAY.

I think we all realize that every effort should be made in arranging for compensation to avoid litigation and delay. The Government can only offer what it considers a just compensation, and such offer may be accepted or rejected by any particular railroad as it may deem the offer advantageous or otherwise. It is manifest that any railroad which realizes that another railroad will receive a disproportionate compensation will not be satisfied if it shall receive less. The more inequalities that exist, the more dissatisfaction and consequent litigation there will be. It would be hard to conceive of any place of payment that would create more inequalities. It may, therefore, be anticipated that much litigation will result. Either that or the dissatisfied roads will be consoled with generous or excessive payments.

NO INCENTIVE FOR EFFICIENCY.

One of the strongest grounds of condemnation against the method of compensation proposed in the bill is that it gives no incentive for wise management and good service, but, on the contrary, will encourage indifference and inefficiency.

It is not proposed, nor would it be possible at this time, for the Government in taking over the railroads to substitute Government officials as officers to manage the railroads, nor to make the employees of the railroads the employees of the Government. The management of the direct and practical operation of the railroads will remain in the hands of the same men who were in charge before the Government assumed control. The president and general managers and boards of directors will continue as usual. But why should they worry? Their stockholders are satisfied, because their stock has been made as good or better than a Government bond. Their dividends are guaranteed by the Government. The railroads are to be maintained and improved with additions, extensions, and betterments from the Treasury of the United States. It makes no difference what their income may be, the railroads are assured an income during the entire period of Government occupancy, the most generous they have ever received.

Business may fail, panics may come, depression rest like a pall over the land, the effects of the war may ruin half of the enterprises of the country, still the prosperity of the railroads can not fail, for the Government insures them not only against loss, but gives them the largest profit ever recorded in the history of transportation. Without effort on their part, without diligence, without efficiency, no matter how managed, no matter whether good service is rendered or not, they are insured protection, preservation, and a handsome return as long as the Government remains in control. If it were desired to afford an opportunity to discredit Government control or owner-

ship no better plan could be devised than the one proposed in the bill.

WHAT THE AMENDMENT WOULD DO.

Several propositions for agreed compensation, as substitutes for the one contained in the bill have been suggested. The one contained in my amendment is submitted, not as the best but as a better and more defensible method of compensation than the one contained in the bill. The only completely defensible method of determining "just compensation" would be an agreement if it could be arranged, in each particular case, based on the conditions applicable to that particular case. In default of such agreement provision should be made for determining the amount by a proceeding in the courts. That has been the usual course adopted by the Government in the condemnation of private property for public use. It is claimed, and there is ground for the claim, that if such method were adopted at this time it would result in much uncertainty and delay. It is generally believed that it is best under existing circumstances to offer to the railroads such a fair proposition as will afford no reason or excuse for refusal. But it is easy to go too far in that regard. We would not be justified in offering greatly excessive compensation in order to induce the railroads to accept quickly.

The amendment which I submit offers to the railroads payment in full of the interest on their bonded indebtedness as it shall become due during the period of Federal control; it offers to pay the usual and customary dividends to the stockholders; it offers to carry out fully all the other guaranties contained in the bill, such as the payment of taxes, the cost of operation and maintenance, and to return the railroads in as good condition as when received. If there is any surplus it is to be equally divided between the railroads and the Government.

Such a plan if adopted could not be objected to as unfair. It would not base the principal item of compensation upon the returns of a past period. It would provide the railroads should share in whatever of prosperity or adversity the future has in store.

Mr. SNOOK. Will the gentleman yield?

Mr. TOWNER. I will.

Mr. SNOOK. Does the gentleman believe that under the amendment he proposes the railroads would enter into a voluntary agreement with the Government?

Mr. TOWNER. I should think so. Why not? It is a fair basis of agreement, even a generous basis. It would stabilize their securities by insuring the payment of interest. It would pay their customary dividends. It would secure them against loss or depreciation. It would divide the excess received and thus add to the surplus of the roads. If they would consult their own interests that ought to be enough to induce them to accept such an offer. If they are asking more they would be asking the unreasonable and the unjust.

Mr. SNOOK. Has the gentleman read the hearings, in which their representatives said before the committee they would not accept such an offer?

Mr. TOWNER. Yes; I have read the hearings, but I think no such proposition was presented to them as is contained in my amendment.

Mr. SNOOK. Is not the gentleman's amendment along the line of that offered by Mr. Thorne before the committee?

Mr. TOWNER. I hardly think so. As I understand Mr. Thorne's proposition, it was to limit the compensation to be paid by the Government to 5 per cent above the guaranties.

The proposition I submit does not provide for the payment of excessive compensation. Especially would it prevent the payment to certain roads of the extravagant amounts which they would receive under the provisions of the bill.

Mr. HAMILTON of Michigan. Will the gentleman yield?

Mr. TOWNER. Yes.

Mr. HAMILTON of Michigan. The gentleman proposes to pay the interest on the bonds of the railroads?

Mr. TOWNER. Yes.

Mr. HAMILTON of Michigan. Is the gentleman aware that there are quite a number of railroads that have not paid any interest on their bonds for a long time? Would the gentleman's amendment pay the interest on the bonds of such roads?

Mr. TOWNER. Yes; and the bill does the same. This is done to stabilize conditions and prevent litigation and loss.

Mr. BARKLEY. Does the gentleman think that any railroad which has been making more than interest on its bonds would enter into a contract which in all probability would take away a part of its earnings in order to make up the deficit of some unprosperous roads?

Mr. TOWNER. I can hardly imagine such a condition. But certainly if the road was so weak it could pay only a surplus over interest on its bonded debt, it would gladly enter into a contract which would insure it against loss, put it on its feet, and build it up for future usefulness.

Mr. WALSH. Will the gentleman yield?

Mr. TOWNER. Yes.

Mr. WALSH. Where would it leave the railroads that have paid no dividends during the last three years, which have given the stockholders no returns.

Mr. TOWNER. It would leave them in better condition than they were.

Mr. WALSH. How?

Mr. TOWNER. While it would not pay dividends in cases where no dividends had been paid during the three-year period, it would pay their interest, build them up, and probably put them on a paying basis. The bill as it is provides for payment on the net operating income basis.

Mr. BARKLEY. Is not the gentleman incorrect as to what the bill provides? It provides that where the road has a net operating income, that is the standard; and if they have none, the President is authorized to make a special contract with them.

Mr. WALSH. Would that be permitted under the gentleman's amendment, if adopted?

Mr. TOWNER. The provision for payment on the net operating income basis would not prevail if my amendment is adopted, but the provision for taking care of exceptional cases would remain.

Mr. CANNON. Will the gentleman yield?

Mr. TOWNER. Certainly.

Mr. CANNON. There are a number of railroads—very substantial ones—that have expended their earnings on betterments and have declared small or no dividends. I have in mind the Illinois Central, one of the greatest roads in the country; one year they skipped the dividend and the next year paid only 2 per cent. I think the Chicago & Eastern Illinois has been in the hands of a receiver for three years and has paid no dividends.

Mr. TOWNER. Provision is made for that.

Mr. CANNON. I understand that provision was not made in such cases.

Mr. TOWNER. A subsequent provision of the bill which we have not yet reached gives the President power to arrange to pay just compensation in cases where by reason of "nonoperation, receivership, or any undeveloped or abnormal conditions" the amount would be inadequate. My amendment does not change that provision of the bill.

Mr. CANNON. In such case where dividends have not been paid the President has the discretion to make a proper allowance?

Mr. TOWNER. Yes; that is true in any exceptional case where by the method contained in the bill the amount is insufficient to constitute just compensation.

Mr. TILSON. Is not the gentleman in error in that? It is net income and not dividends.

Mr. TOWNER. I will say to the gentleman that, whether the bill stands as it is or my amendment be adopted, in either case provision is made to take care of exceptional cases.

One of the features of the amendment that is especially advantageous as compared with the provision of the bill is that under the terms of the amendment there is an incentive to good service and efficiency. If the railroads are to secure a surplus over the guaranties they must work for it. It will require continual effort in order to secure the best results. Under the bill, as it is, the railroads will secure just as much under bad management as under good management. There is no incentive or reward for diligence or efficiency.

Mr. DEWALT. Mr. Chairman, will the gentleman yield?

Mr. TOWNER. Yes.

Mr. DEWALT. As I understand the gentleman's amendment, it would guarantee all the roads that are taken over a sufficient amount to pay interest on their bonds, to pay their maintenance and operating expenses, and so forth. Is that correct?

Mr. TOWNER. Yes; as far as it goes.

Mr. DEWALT. Let us take this instance: Railroad A has not made enough money to pay interest upon its bonds during the three-year period. Would the gentleman guarantee its payment of interest upon those bonds?

Mr. TOWNER. Yes; and so does the bill.

Mr. DEWALT. The gentleman, therefore, would pay interest and dividends and operating expenses and maintenance of any railroad, whether it made any money or not?

Mr. TOWNER. Yes; and that is what the bill does, except that instead of guaranteeing dividends, which amount to about \$300,000,000 yearly, the bill gives the railroads, besides the guaranties, about \$550,000,000 for dividends and surplus.

Mr. DEWALT. Then the gentleman would not discriminate between a railroad that is well managed and one that is badly managed?

Mr. TOWNER. Oh, yes.

Mr. DEWALT. Wait one moment, I am coming to the logical conclusion of the gentleman's proposition.

Mr. TOWNER. I beg the gentleman's pardon, but he is omitting one of the most important factors. My proposition guarantees the payment of interest on the bonded indebtedness, the other guarantees before mentioned, the customary dividends, and then, if there is any surplus, provides it shall be divided between the Government and the railroads. That is an incentive to good management and general efficiency. There is something to work for. Under the bill, as you present it, there is nothing to work for. You guarantee the railroads the largest returns ever received, no matter what they do. You thus pay a premium for negligence on the part of railroads for not doing their duty, for allowing them to run into bankruptcy. You, in effect, say to the roads, "No matter what you do, how you may run the road, or what you may do to the people who use it, we will guarantee you the profits you have made during the three most prosperous years of your history." That I believe to be not just, but unjust compensation.

Mr. Chairman, we all must realize that in this legislation we are without the benefit of past experience to guide us. Under ordinary circumstances we can correct mistakes made by repeal or modification. But this legislation is peculiar in this, it provides for the making of a contract between the Government and the several railroads, which, if made, is binding during the entire period of the contract. It can not be abrogated or changed except by agreement. If we now guarantee to pay an excessive and in some cases exorbitant compensation we will be bound by our agreement. To so bind the Government would be unfair to the people who in the last analysis must pay the compensation. It is our duty as their Representatives to protect their interests.

Mr. SIMS. Mr. Chairman, I hope that this amendment will not be adopted, but I have had my hopes blasted so often that I am afraid to take even a chance on it. This proposition will change the whole scheme of the bill from beginning to end and be equivalent to a new bill, which has not been passed on in the House or in the Senate or anywhere else, and will provide for the payment of interest and dividends as full and complete compensation for the use of railroads. The dividends paid by a railroad depend entirely upon the action and judgment of the directors of the road. They may pay no dividends, but may keep all of the returns for surplus.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. TOWNER. The gentleman says that it depends entirely upon the dividends. The gentleman has not read my amendment carefully.

Mr. SIMS. That may be true. I did not get it until a few minutes ago.

Mr. TOWNER. Because it provides that the railroads shall receive all of the guaranties that are contained in this bill and interest upon their bonded indebtedness, the customary dividends that have been declared, and then that they shall share one-half of the amount received above that.

Mr. SIMS. The dividends, of course, are what the several directors in the last three years have ordered paid. A conservative railroad that is receiving a large net operating income may have ordered dividends paid to the extent of 4 or 5 or 6 per cent and have retained 4 or 5 or 6 per cent as a surplus for railroad purposes. This amendment will provide that that railroad which has done what every good railroad ought to do, which has not skinned its resources in the way of dividends, shall receive during Federal control a dividend not in excess of that which it paid out, whereas a railroad that has skinned its resources and paid out a dividend out of proportion to its welfare shall receive from the Government a sum equal to the dividend paid out, which ought not to have been paid out—in other words, which were paid out for the purpose of kiting their stocks or giving them a market value. To do that they have paid out dividends that ought never to have been paid under good management. You are going to force the Government to take them over for war purposes and continue during the Federal control to pay a dividend according to the standard of the payment made before that ought not to have been paid, made by interested parties for the indirect purpose of advancing the credit of the railroad, for stock-jobbing purposes, rather than in preparing the railroad to discharge its duties to the public in the best and most efficient way. I do not deem that it is necessary to go into any further details about this amendment. The railroads are entitled to the surplus that they honestly earn and can make such disposition of it as they see proper. They can pay it out in dividends or may make any other use of it that may be necessary to enhance the operating efficiency of the road, and they are entitled to these net earnings, if they are entitled to any, and we should not, as I think,

provide a contract that none except the railroads which have not conducted their affairs in the best way will take advantage of and foreclose others and let them go to the courts and get what they can in that way rather than sign a contract.

Mr. CANNON. Mr. Chairman, I move to strike out the last word. I have been unavoidably absent for the last hour or two and have not kept up with these amendments. What I do not know about the bill probably might make a small volume. I do not know that I thoroughly understand the amendment of the gentleman from Iowa [Mr. TOWNER] wherein if adopted it changes the provisions of the bill; but I would like to know whether the bill or the amendment would cover, in justice, roads like several I have in mind. Let us take the Chicago & Eastern Illinois, for instance, running from Chicago to Evansville, from Chicago to St. Louis, with some feeders. It is one of the best roads of my knowledge, and yet owing to a combination of circumstances, having closed out to the Frisco, and having had to take the road back, the result has been that they have not paid interest upon their bonds, nor have they paid dividends upon their stock. Since it went into the hands of a receiver the road has been put in very good condition, stations have been constructed, and it is almost ready to go out of the hands of the receiver, and would under ordinary conditions. I speak of that as one kind of road. There are many other roads that went into the hands of receivers because they failed to pay their fixed charges. Now, I would be glad to know how this bill affects such roads or how the gentleman's amendment changes it so as to affect such roads.

Mr. SIMS. Mr. Chairman, I will answer in the time of the gentleman from Illinois—

Mr. CANNON. Yes.

Mr. SIMS. The bill provides for just such a case as the gentleman has referred to, that the President may authorize dividends to be paid where they have not been heretofore paid and that where the standard return of three years will be plainly unjust and inequitable to any railroad company, that then he will pay such just compensation as the facts and circumstances connected with the road warrant.

Mr. CANNON. Does the amendment change the bill?

Mr. SIMS. The amendment offered by the gentleman from Iowa, I understand, would not apply to such case as that, from the fact that no dividends having been paid his amendment does not apply, and it would have to go under section 3 for other compensation.

Mr. CANNON. Nor would they receive anything, I will say, under the terms of the bill in the case mentioned.

Mr. SIMS. They would receive just compensation for the use of the road during the time of such use.

Mr. TOWNER. My amendment would not affect the provision.

Mr. SIMS. I do not think so. Mr. Chairman, I ask for a vote.

Mr. GREEN of Iowa. Mr. Chairman, I am not entirely clear that the amendment offered by my colleague is so worded as not to include more than he desires, but I am entirely clear that the compensation provided for in this bill with reference to roads that have been highly successful and profitable is altogether too large and an amount that ought not to be allowed under any circumstances. I have been surprised during the course of this debate to hear repeated statements—in one instance from a member of the committee—to the effect that the three years, whose average was going to be taken as a basis for this allowance, were three lean years. It is true that 1915 was a lean year, but the three years that are taken as a basis for compensation in this case are, when averaged, the three most prosperous years that have occurred in succession—in fact, the three most prosperous years that they have had in the last 20 years.

Mr. HAMILTON of Michigan. Nobody is claiming that 1917 was a lean year, nor 1916.

Mr. DEWALT. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. DEWALT. Just to give proper information.

Mr. GREEN of Iowa. I have here the figures of the Interstate Commerce Commission.

Mr. DEWALT. So have I here.

Mr. GREEN of Iowa. Lying right on the desk before me, and I know what I am talking about.

Mr. DEWALT. Let us see. Class 1 railroads, which are railroads earning over a million dollars, 1917, net income \$1,020,800,000; 1916 it was \$948,872,959; 1915, which they call a lean year, \$683,104,833; so the gentleman certainly must be incorrect when he stated any member of this committee urged that we took three lean years as an average.

Mr. GREEN of Iowa. It has been stated here several times.

Mr. SIMS. Oh, no; the gentleman is mistaken; not by members of the committee.

Mr. DEWALT. Either the gentleman's hearing is defective or he was not here when members of the committee spoke.

Mr. GREEN of Iowa. I will say to the gentleman from Pennsylvania himself, if he will look over his remarks he will find that he will want to correct them.

Mr. RAMSEYER. Was not the statement made that the three years was the leanest years for 18 years back?

Mr. GREEN of Iowa. That was the statement to which the gentleman from Pennsylvania acceded, and I called attention to it at the time.

Mr. DEWALT. Of any three-year period during the last 18 years this is the lowest average period. That is correct.

Mr. GREEN of Iowa. These three years?

Mr. DEWALT. That these three years, taken together, the average is lower than any three-year period.

Mr. GREEN of Iowa. The gentleman is entirely wrong, and I will insert in connection with my remarks, if I may be permitted to extend them, a table prepared by the Interstate Commerce Commission, which will show that the gentleman is entirely incorrect. I hope he will read it.

Now, what are the facts in relation to those three years? They show a higher percentage of operating income to investment of any three years in succession for the last 20 years. I am going back further by two years so there can be no misunderstanding about it. The gentleman is merely repeating the mistake he made before, and to which I was endeavoring to call his attention. They also show the highest average revenue per mile of track that has ever been shown and the highest average operating income for the train-mile.

Mr. BURROUGHS. Net or gross?

Mr. GREEN of Iowa. The operating income after taking out all expenses for maintenance and everything of that kind, and they show, of course, by far the largest total income; in fact, the income for 1916 or 1917, as far as total income is concerned, is about three times what it was in 1890. Yet we are taking those three years which, even counting in the lean year of 1915, presents such an exceptional situation, and we propose to allow compensation in accordance with the average of those three years. I say that this will allow those successful railroads around \$150,000,000 to \$200,000,000 per annum in excess of what they ought to receive.

Mr. TILSON. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. TILSON. How does the gentleman determine what they ought to receive? Are they not entitled to receive what the property is worth, what the use of the property is worth, at the time of its taking, which was a very valuable time, 1917?

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent to proceed for five minutes more, and I will answer the gentleman and some other gentlemen who have spoken.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to proceed for five minutes more. Is there objection? There was no objection.

Mr. GREEN of Iowa. So many gentlemen have spoken comparing the railroad property with ordinary property that I am sure they spoke thoughtlessly with reference to it. In ordinary times a man can charge what he desires with reference to the products of the farm. A merchant may charge what he wishes for the goods he has in his store, but the corporation that is operating a public utility has no right to fix its charges at whatever it wishes. It can only charge a reasonable rate, and the Government has the right to limit it to reasonable rates and reasonable compensation.

Mr. DEMPSEY. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. DEMPSEY. Were not these returns for the three years to which the gentleman has referred to based upon the returns made under rates fixed by the Interstate Commerce Commission?

Mr. GREEN of Iowa. Yes.

Mr. DEMPSEY. So that so far as that was concerned they did not charge what they wanted, but they charged what the Interstate Commerce Commission permitted them to charge?

Mr. GREEN of Iowa. Yes; but what is the application?

Mr. DEMPSEY. Now, is it not also true, in reference to the gentleman's statement that the fixing of future charges should not be based on these excessive years, that we are still in war and we are liable to have excess business and are to have excess business during the period the Government is operating these roads?

Mr. GREEN of Iowa. I do not know that that will be the case or not. I do not see the application of it, but the gentleman is making an argument in my time instead of letting me make the argument.

It is true these rates were fixed by the Interstate Commerce Commission at what was supposed to be reasonable. They were so fixed, however, because it was necessary in order to make a rate under which roads not so well situated could operate and to put the rates on an equality all over the country where the railroads operated between the same places. Now, we have here an entirely unreasonable proposition when you consider that a corporation like the Burlington Railroad, that will receive 22 per cent on its invested capital, and other corporations will be allowed from 12 to 14 per cent. In the case of other railroads mentioned here the returns are very much larger than the figures last mentioned.

Mr. MADDEN. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. MADDEN. Now, the total operating returns which the President is authorized to pay out is the sum of the return for three years—about \$950,000,000. Is not that true?

Mr. GREEN of Iowa. The average for three years?

Mr. MADDEN. The total of the average would be \$950,000,000?

Mr. GREEN of Iowa. About that.

Mr. MADDEN. Per year?

Mr. GREEN of Iowa. Per year.

Mr. MADDEN. Under this bill he would be authorized to make contracts with the Burlington Road, earning 22 per cent, or some other road earning 50 per cent, for a 15 per cent payment if they were willing to make that contract, and he will be able then to make a contract with some other road that was not earning anything to pay it something as long as he kept within the bounds of the total amount he was authorized to pay? Is not that true under the terms of this bill?

Mr. GREEN of Iowa. Possibly so, but I do not see what my friend is coming to. I intended to yield only for an inquiry.

Mr. MADDEN. The point I wanted to ask the gentleman was if under these circumstances he was able to make such a contract would it not be possible for him to restrict the payment to the roads earning large dividends and make larger payments to the roads earning smaller dividends, and thus equalize it? The thing is that he has to do with \$950,000,000 only.

Mr. GREEN of Iowa. I do not think that is entirely correct, although it was in accordance with the statement of some of the gentlemen of the committee, and in this connection I want to call their attention to another matter. Some gentlemen have said, where the railroads have no operating income, that in such case the President could provide for the payment of the interest on the bonds and other necessary expenses. I do not so understand the bill. The bill provides that a different compensation may be agreed upon in exceptional cases, but I have not understood that an exceptional case meant a case where a road for years has no operating income and has not been able to pay interest on its bonds. If that is the construction placed on this bill, I do not think I shall vote for it.

Mr. BARKLEY. I do not think anybody in the committee has suggested that the bill authorized the President where there was no operating income in the three years to guarantee dividends or interest on indebtedness. But manifestly where there is no income for that period there is no basis for a standard return. Therefore, the President must enter into a contract based upon some other compensation. If they could not make the contract, of course the Government would not take over the nondividend and noninterest paying road and use it without compensation; and in that case they can go before the Court of Claims or before the boards of arbitrators referred to in the bill.

Mr. GREEN of Iowa. Does the gentleman mean to say that all the nondividend and noninterest paying roads are going to be taken over under this bill and the interest on their bonds is going to be paid?

Mr. BARKLEY. No; that is contrary to what I say. But if the amendment now pending is agreed to, that is what will happen. It will put an inflated value on the stock of every railroad that is not paying interest on its bonds.

Mr. GREEN of Iowa. I am not arguing with the gentleman on that point.

I append to my remarks the tables to which I referred. In column (e) of the first table will be found the per cent of income to investment for all the railroads of the United States from 1881 to 1917, inclusive. I should like to have some gentleman find three years in succession whose average equals 1915, 1916, and 1917. In column (a) will be found the operating income, which is used as a standard in this bill. Find, if you can, any three years in succession whose average approaches 1915, 1916, and 1917. In column (b) is found the income per mile of track, just as I stated. The other table supports my statements with reference to income per train-mile.

Analysis of operating income of railways in the United States, July 1, 1890, to June 30, 1917, inclusive, and comparison of such income per mile of road, etc., with book cost per mile of road, etc.
[From report of Interstate Commerce Commission, dated Dec. 1, 1917.]

| Year ended June 30. | Results of operation. | | Book cost of road and equipment. | Average book cost of road and equipment per mile of road. | Ratio of column (b) to column (d). |
|---------------------|------------------------|---|----------------------------------|---|------------------------------------|
| | Income from operation. | Average income per mile operated, adjusted to eliminate effect due to duplication on account of trackage. | | | |
| | (a) | (b) | (c) | (d) | (e) |
| 1891 | \$331,593,407 | \$2,106 | \$8,738,533,165 | | Per cent. |
| 1892 | 356,355,852 | 2,249 | 8,564,394,830 | \$59,675 | 3.77 |
| 1893 | 356,315,886 | 2,151 | 8,937,545,760 | 55,424 | 3.88 |
| 1894 | 303,822,201 | 1,771 | 9,073,470,532 | 55,323 | 3.20 |
| 1895 | 309,818,614 | 1,786 | 9,203,490,619 | 54,867 | 3.26 |
| Total | 1,637,905,960 | 2,005 | 35,778,901,741 | 56,210 | 3.57 |
| 1896 | 337,209,541 | 1,902 | 9,500,327,733 | 54,644 | 3.48 |
| 1897 | 326,427,165 | 1,830 | 9,709,329,228 | 55,586 | 3.29 |
| 1898 | 385,524,121 | 2,150 | 9,790,581,424 | 57,595 | 3.75 |
| 1899 | 410,303,487 | 2,252 | 9,961,840,805 | 56,079 | 4.02 |
| 1900 | 477,281,030 | 2,554 | 10,263,313,400 | 56,567 | 4.32 |
| Total | 1,936,748,344 | 2,143 | 49,195,392,590 | 56,052 | 3.82 |
| 1901 | 507,181,395 | 2,670 | 10,405,095,085 | 56,041 | 4.69 |
| 1902 | 555,666,083 | 2,853 | 10,658,321,376 | 56,862 | 5.02 |
| 1903 | 585,458,480 | 2,968 | 10,973,504,903 | 56,616 | 5.19 |
| 1904 | 574,581,484 | 2,784 | 11,511,537,131 | 57,893 | 4.83 |
| 1905 | 628,405,575 | 3,001 | 11,951,348,949 | 58,808 | 5.10 |
| Total | 2,851,296,023 | 2,854 | 55,499,807,444 | 57,449 | 4.97 |
| 1906 | 714,102,281 | 3,330 | 12,420,287,938 | 59,624 | 5.58 |
| 1907 | 700,277,389 | 3,470 | 13,030,344,328 | 61,816 | 5.61 |
| 1908 | 645,081,895 | 2,952 | 13,213,766,540 | 61,779 | 4.78 |
| 1909 | 732,642,083 | 3,276 | 13,669,183,515 | 61,591 | 5.34 |
| 1910 | 826,466,756 | 3,644 | 14,387,816,099 | 63,631 | 5.73 |
| Total | 3,679,170,404 | 3,337 | 66,661,398,420 | 61,679 | 5.41 |
| 1911 | 768,213,345 | 3,304 | 15,195,202,635 | 67,883 | 4.87 |
| 1912 | 751,266,896 | 3,190 | 15,874,579,626 | 69,049 | 4.02 |
| 1913 | 829,803,248 | 3,584 | 16,351,639,266 | 70,042 | 5.12 |
| 1914 | 704,685,079 | 3,006 | 16,936,097,840 | 71,770 | 4.19 |
| 1915 | 728,212,079 | 2,972 | 17,247,101,881 | 72,689 | 4.09 |
| Total | 3,782,240,557 | 3,208 | 81,605,281,248 | 70,321 | 4.56 |
| 1916 | 1,043,839,822 | 4,247 | 17,525,576,908 | 73,209 | 5.80 |
| 1917 | 1,069,739,514 | 4,851 | | 74,500 | 6.50 |

Tendency of revenues and expenses per train-mile, all operating railroads, American railways.

[From hearings on bill under consideration.]

| Year. | Revenue from operation. | Expense of operation. | Net revenue from operation. | Increase over year 1890. |
|---------|-------------------------|-----------------------|-----------------------------|--------------------------|
| 1890 | \$1.44231 | \$0.96006 | \$0.48225 | Per cent. |
| 1891 | 1.43345 | .95707 | .47638 | |
| Average | 1.45675 | .96544 | .49131 | 1.88 |
| 1892 | 1.41649 | .96580 | .45069 | |
| 1893 | 1.42229 | .97272 | .45957 | |
| 1894 | 1.36058 | .93478 | .42580 | |
| 1895 | 1.35947 | .91829 | .44118 | |
| 1896 | 1.39567 | .93838 | .45729 | |
| Average | 1.42228 | .95977 | .46301 | 13.99 |
| 1897 | 1.38194 | .92918 | .45276 | |
| 1898 | 1.45449 | .95635 | .49814 | |
| 1899 | 1.50436 | .98390 | .52046 | |
| 1900 | 1.65721 | 1.07288 | .58433 | |
| 1901 | 1.72698 | 1.12292 | .60406 | |
| Average | 1.59373 | 1.0421 | .55162 | 14.38 |
| 1902 | 1.82350 | 1.17960 | .64390 | |
| 1903 | 1.91380 | 1.26604 | .64776 | |
| 1904 | 1.93960 | 1.31375 | .62585 | |
| 1905 | 1.97906 | 1.32140 | .65766 | |
| 1906 | 2.07547 | 1.37060 | .70487 | |
| Average | 2.03815 | 1.35192 | .68623 | 42.30 |

1 Decrease.

Tendency of revenues and expenses per train-mile, etc.—Continued.

| Year. | Revenue from operation. | Expense of operation. | Net revenue from operation. | Increase over year 1890. |
|---------|-------------------------|-----------------------|-----------------------------|--------------------------|
| 1907 | \$2.17741 | \$1.46963 | \$.70778 | Per cent. |
| 1908 | 2.11269 | 1.47340 | .63929 | |
| 1909 | 2.16789 | 1.43370 | .73419 | |
| 1910 | 2.24618 | 1.48865 | .75753 | |
| 1911 | 2.24824 | 1.54338 | .70485 | |
| Average | 2.21600 | 1.49911 | .71889 | 48.66 |
| 1912 | 2.29259 | 1.59077 | .70182 | |
| 1913 | 2.45387 | 1.70375 | .75012 | |
| 1914 | 2.45024 | 1.76917 | .68107 | |
| 1915 | 2.51895 | 1.77641 | .74254 | |
| 1916 | 2.81146 | 1.84161 | .96985 | |
| Average | 2.54465 | 1.77457 | .77008 | 58.99 |

The question is on the amendment offered by the gentleman from Iowa [Mr. TOWNER].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The gentleman from Wisconsin [Mr. LENROOT] offers an amendment, which the Clerk will report. The Chair understood that the gentleman from Kentucky [Mr. BARKLEY] did not desire to press the point of order.

Mr. BARKLEY. No. I simply reserved it in order to look into it.

The CHAIRMAN. The record will show that the point of order was withdrawn. The Clerk will report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. LENROOT: Page 3, line 5, to page 4, line 2: Strike out the whole paragraph and insert: "Every such agreement shall provide that all taxes assessed for the period of Federal control— which but for such Federal control would, under the interstate commerce classification of accounts in force on December 27, 1917, be deducted from 'net income from railway operations' in determining 'railway operating income'—shall, except as hereinafter provided, be paid from operating revenue, or if that is insufficient for the purpose then from the revolving fund created by this act. That if Federal control begins or ends during the tax year for which any taxes may be assessed the taxes for such year shall be apportioned to the date of the beginning or ending of such Federal control, and the foregoing provisions shall apply only to that portion of such taxes which is due for the period of such tax year which falls within the period of Federal control; and that the owner shall pay from his own funds all other taxes, including the taxes under Titles I and II of the act entitled 'An act to provide revenue to defray war expenses, and for other purposes,' approved October 3, 1917, or any act in addition thereto or in amendment thereof."

Mr. LENROOT. Mr. Chairman, this proposed substitute of mine does not in any way change the intention, but it does change the procedure in some respects.

In the first place, it seems very clear that there ought to be a simple provision, so far as taxes are concerned, providing that as to taxes that if the roads were still under private control would be paid out of operating revenue, would continue to be paid out of operating revenue during Federal control, whatever such taxes might be, and that all other taxes should be paid by the owner. My amendment makes that very clear, and so expressly provides.

In addition, as the language now stands, it seems to me that it is going to make great confusion in accounts. The taxes are assessed—the Federal taxes are assessed in the various internal-revenue districts—and this provides that if the carrier does not pay them they shall be charged against or deducted from the standard return. Why should not all taxes that under the present system are paid out of operating revenues continue to be paid in the district where they are assessed under Federal authority and paid to the internal-revenue collector? My amendment will accomplish that.

Then, I would like to ask the chairman of the committee a question with reference to special assessments, which it is provided shall be paid for wholly by the carrier. I want to ask him, because I do not know and I do not happen to have the schedule before me, whether special assessments now paid by railroads or a portion of those accruals are deducted in order to secure the net railway operating returns under the Interstate Commerce Commission classification? It is my recollection that they are, and that they are charged against capital account.

Mr. SIMS. Your amendment proposes to strike out everything on page 3, beginning with line 5?

Mr. LENROOT. My amendment will do this, if I may restate it: My amendment will have as a charge against operating revenues exactly the same taxes, other than war taxes, that have heretofore been paid out of operating revenues.

Mr. SIMS. My understanding is that—I do not remember the language of the bill—there will be no net return that will

include taxes that have heretofore been paid before dividends or interest is paid.

Mr. LENROOT. Are taxes in the nature of special assessments now deducted in getting at the net railway operating income?

Mr. SIMS. I understand so.

Mr. LENROOT. This bill provides that they shall not be included. Now, I want to know where these municipalities are to be left that have levied special taxes against companies. In many cases we have a company where all tax provided is taken over by us. They have no cash resources in hand. They can not enforce the lien against the property. How are these municipalities going to get these special taxes under the bill as it now stands?

Mr. SIMS. The gentleman can see what the bill itself provides in that respect.

Mr. LENROOT. The bill provides that it shall not be paid by the Government.

Mr. SIMS. It says:

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 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.

Mr. LENROOT. But the municipality has no lien that it can enforce against the property.

Mr. SIMS. The Government can pay it.

Mr. LENROOT. No; it can not do it. It expressly excludes it. It does not say who shall pay it.

Mr. SIMS. It will go out of the funds constituting the standard return.

Mr. LENROOT. That does not include the portion of the taxes that the Government shall pay, assessments for public improvements, and so forth.

Mr. SIMS. The railroad company will not receive these taxes in addition to the standard return.

Mr. LENROOT. This language in the bill now provides that certain taxes shall be paid out of revenues derived from operation. The gentleman says—and I think he is correct—that at present those special taxes are paid out of revenues derived from operation, although afterwards charged to capital account; but with the language in the bill the Government will not be permitted to pay such special taxes out of revenues derived from operation. And will not that leave the municipality absolutely helpless?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. LENROOT. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. SIMS. I wish to read to the gentleman what is stated in the hearings as an interpretation of this provision of the bill as written. The gentleman will find it on page 883 of the hearings, by Mr. Anderson. He says:

I think we have now stated in a way that nobody can misunderstand that the ordinary taxes, Federal and State, and municipal and county, are to be paid by the Government and charged, as they now are, in operating expenses; that the war taxes are to come out of the standard return. And I may add that there is no reasonable possibility of there being any disturbance in the power of the State and subdivision thereof to proceed with taxation on the same general principles as hitherto. I put into this record, I think—I did in the Senate committee—the opinion of the chief counsel on that point. It was printed in your records, I believe.

Now, special assessments are just as much municipal and county taxes as are any other municipal and county taxes.

Mr. LENROOT. But the bill expressly provides that those taxes shall not be paid by the Government.

Mr. SIMS. That is, not paid at the loss and expense of the Government.

Mr. LENROOT. No, no—

Mr. SIMS. That is what it means.

Mr. LENROOT. Let me read the language of the bill.

On page 3, from line 5 to line 12, it is provided that the agreement shall provide that the railroads shall either pay the war taxes or the war taxes shall be deducted from the amount which the Government is to pay them.

Mr. SIMS. From their standard return.

Mr. LENROOT. From their standard return. That is all right. Then the bill goes on and says—

That other taxes assessed under Federal or any other governmental authority—

And, of course, that includes State and municipal—

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—

Now comes the language—

(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 revenues derived from railway operations while under Federal control—

That means that the Government will pay to these municipalities out of revenues all ordinary taxes—

Mr. SIMS. Will pay out of operating revenues.

Mr. LENROOT. Yes.

Mr. SIMS. But this other will be paid exclusively out of what would otherwise go to the railroad as standard return.

Mr. LENROOT. No; because you provide what taxes shall be deducted from the standard return, and those are only the war taxes.

Mr. SIMS. It seems to me that it is as clear as it can be made. Now, the gentleman's amendment in reference to taxation provides for striking out the paragraph and inserting a new and longer paragraph. It does not change the amount of the taxes to be paid by the Government or the carrier, but merely undertakes to deal with the subject in detail, and instead of clarifying it, it complicates it. The contracts which will be made under section 1 will take care of taxation in exact accordance with the principle fully and clearly stated in the bill. The amendment is most undesirable.

Mr. LENROOT. My amendment provides for the payment out of operating revenue of all taxes that have heretofore been chargeable to operating revenue. I did not know, and that is why I asked whether special taxes heretofore have been chargeable to operating revenue, and the gentleman said yes.

Mr. SIMS. I mean paid out of operating revenue.

Mr. LENROOT. Yes. All right. Now, if that is true, there is no method in the bill by which municipalities can collect special assessments.

Mr. SIMS. They can collect them. The Government will pay them, but it will not pay them and then still pay the full standard return to the railroads.

Mr. LENROOT. Will the gentleman point out where in this bill there is any provision or permission to the Government to pay these special taxes?

Mr. SIMS. That is the only purpose and object of the contract authorized, and will be taken care of in the contract, and should be taken care of by such terms as each contract may make necessary; and to undertake to set out in detail every possible condition that may arise is only to complicate the contracting authorization.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LENROOT. I ask unanimous consent for two minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. LENROOT. I want to call attention to this, that we are dealing with the character of the contract, and in this language we say to the President, "You shall not agree that these special taxes shall be paid out of operating revenues."

Now, I admit that the carrier will be liable; but supposing the office of the carrier is in the city of New York and a municipality in the gentleman's district levies special assessments against a railroad and all the property of the railroad that there is in the gentleman's district is the property that has been taken over by the Government, how is the municipality going to enforce the payment of these special assessments?

Mr. HAMLIN. Does the gentleman refer to special taxes levied during the time that the roads are under Government control?

Mr. LENROOT. Yes; certainly.

Mr. HAMLIN. Then I call attention to the last provision of the paragraph, following the parenthesis—

shall be paid out of revenues derived from railway operations while under Federal control; that all taxes assessed under Federal or any other governmental authority—

Which would include municipal authorities, of course.

Mr. LENROOT. Oh, yes.

Mr. HAMLIN. And then it says—

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.

Mr. LENROOT. That refers only to taxes assessed prior to the period of Federal control.

Mr. HAMLIN. Now I understand the question you raise is, What are you going to do with special taxes assessed during Federal control?

Mr. LENROOT. During Federal control. That is exactly the point.

Mr. HAMLIN. I think that parenthetical paragraph rather cuts it out.

Mr. RUCKER. Will the gentleman yield?

Mr. LENROOT. I yield to the gentleman from Missouri.

Mr. RUCKER. Suppose the language instead of reading—

Not including, however, assessments for public improvements—

Should read—

Including, however, assessments for public improvements?

Mr. LENROOT. I think they should be included, and then be a charge against the carrier as an addition to capital account.

Mr. RUCKER. If that language is amended by striking out the word "not" so that it will read—

Including, however, assessments for public improvements—

That would accomplish what the gentleman has in mind.

Mr. LENROOT. Yes. In fact, the words included in the parentheses ought to go out.

Mr. DEWALT. Will the gentleman yield?

Mr. LENROOT. Yes; if I have any time.

Mr. DEWALT. Will the gentleman yield?

Mr. LENROOT. Certainly.

Mr. DEWALT. If the gentleman from Wisconsin will return to page 2, lines 18 and 19, 20, 21, 22, and so forth, he will find this language:

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—

And so forth. Now we come down to the gentleman's question, and he will notice how the extensions, betterments, or improvements are to be ascertained by the Interstate Commerce report— (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)—

Now, the purpose of that phrase was to prevent an obligation being placed on the Government for assessment of taxes levied, if you please, by municipalities in the construction of the railroads during the time of Federal control. Evidently the purpose of that was to prevent municipalities exacting from the Government these excessive amounts—street paving and other things of similar character.

Now, you say, How shall it be collected? If it is a betterment or improvement of the railroad itself, then it is to be ascertained under the rules of the Interstate Commerce Commission under provisions of the foregoing section, and that is to be charged up against them in the standard return.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. DEWALT. I ask for one minute.

Mr. LENROOT. Is it not true that under the interstate-commerce classification special taxes are never included under the term of either betterments or improvements but are charged against capital direct? So it would not be covered by the language the gentleman states, because it being neither a betterment nor an improvement, it could not be taken into consideration by the Interstate Commerce Commission.

Mr. DEWALT. I do not agree with the gentleman at all; I do not think that is a reasonable construction. I think the foregoing part of section 1 clearly includes that.

Mr. LENROOT. May I ask the gentleman a further question?

Mr. DEWALT. Certainly; we are here for information.

Mr. LENROOT. If it is neither a betterment nor improvement under the interstate-commerce classification, and is charged against capital, how could it be included in the language the gentleman has just read?

Mr. DEWALT. The general provision as to betterments, extensions, and improvements—if the municipality by the construction of this road wanted to change the grade of a street, for instance, or if a municipality insisted on an underground passageway or an overhead passageway, they might assess a municipal tax against the railroad company while under Federal control. The Government, by the inclusion of the words

in parenthesis, avoided that as far as possible, and contemplated in this bill, by the words heretofore quoted, that it might be included under the word "extensions," and therefore be deducted fairly from the standard return and decrease their emoluments to that amount.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken, and the amendment was rejected.

Mr. LENROOT. Mr. Chairman, I ask unanimous consent to insert two other amendments to clarify the meaning of the bill and let them be disagreed to.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to insert two amendments in the Record, with the understanding that those amendments be disagreed to. Is there objection?

There was no objection.

The amendments are as follows:

Page 4, after line 23, insert a new paragraph, to read as follows:

"Every such agreement shall also provide that each owner shall receive during the period of Federal control an annual sum equivalent to a fair percentage upon the cost of additions and betterments, less retirements and road extensions, made on or in connection with such railroad or system during the period of Federal control by the owner, with the approval or by the order of the President, plus a fair percentage upon the amount expended by the owner, during the period of Federal control, for taxes chargeable under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, to investment in road and equipment, and for assessments for public improvements. Such fair percentage in the case of expenditures made out of borrowed money shall be equal to the rate at which such money is borrowed, and in other cases shall be fixed by the President at the time the expenditure is made. The cost of such additions, betterments, and road extensions, the amount of such retirements, and the amounts expended for such taxes and assessments shall be ascertained by the Interstate Commerce Commission and certified by it to the President. The amounts so certified shall, for the purpose of the agreement, be conclusive."

Page 4, after line 23 (and after the paragraph already inserted), insert a new paragraph, to read as follows:

"Every such agreement shall also provide that the United States will pay to the owner any loss accruing to such owner by reason of any additions, betterments, or road extensions, made during the period of Federal control by the President, or made during such period at the order of or with the approval of the President, by such owner, or by the person, corporation, partnership, or association, entitled to the possession, use, and control of the railroad or system of transportation at the time such additions, betterments, or road extensions are made. The amount of such loss shall be ascertained by the Interstate Commerce Commission and certified by it to the President. The amount so certified shall, for the purposes of the agreement, be conclusive."

Mr. CONNALLY of Texas. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, line 16, after the word "States," insert the following:

"Provided, That no installment of standard return shall be paid to any carrier until the cost of any additions, repairs, renewals, and all improvements to and extensions of such carrier as may have been theretofore made during Federal control, and all taxes and the cost of such terminals, equipment, motive power, and cars as may have theretofore been provided by the President for such carrier during Federal control and not justly chargeable to the United States shall have been paid out of the operating income of such carrier during Federal control or shall have been paid by such carrier."

Mr. CONNALLY of Texas. Mr. Chairman, I have no ambition to vie with the gentleman from Wisconsin in the number of amendments I offer, and this amendment may not seem, to some, to really be necessary in view of the language of the section, but, to my mind, something of this character ought to be provided. It is provided, in the first section of the bill, that the "standard return" shall be paid to the carrier in reasonable installments. My amendment would provide that the carrier should receive no installment of "standard return" so long as there is any amount due the Government from the carrier by reason of improvements, extensions, equipment, taxes, or other debts which the Government has incurred on behalf of the carrier.

In other words, when the time for releasing Government control arrives, the Government will not be in the position of having permitted the carrier to receive installments of "standard return," and yet at the time of final settlement be indebted to the Government in large sums for improvements, equipment, taxes, and other charges; and I do not believe that, so far as the Government has reinvested in the property of carriers the funds which it receives from income, that the shareholders ought to be allowed to receive any dividends in the way of installments from "standard return."

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. MADDEN. Does the gentleman include the \$500,000,000 revolving fund that this bill appropriates as a part of the fund that shall be expended out of the standard return, against which there shall be no payments to the railroads?

Mr. CONNALLY of Texas. Oh, no; not at all. It would not affect the \$500,000,000 fund at all, because that fund is simply

provided for the use of the Government in making these expenditures when it has not those funds already at hand from operating income; and when the funds have been expended from the \$500,000,000 fund, it merely says that we will not pay to the railway companies on whose behalf those funds have been expended any portion of the standard return until the Government has been reimbursed for the funds it has expended.

Mr. MADDEN. That is for the \$500,000,000?

Mr. CONNALLY of Texas. No; for any fund.

Mr. MADDEN. The gentleman would not allow any dividends to be paid to any railway company in the United States until the investment made by the Government for equipment has been paid back?

Mr. CONNALLY of Texas. By that particular railway.

Mr. MADDEN. That would include the \$500,000,000.

Mr. CONNALLY of Texas. There is a clause in the amendment which provides for any equipment or other charges not "justly chargeable to the Government"; and if out of that \$500,000,000 the Government should buy equipment on its own account, it would not be chargeable to the railroad companies.

Mr. MADDEN. It would be in the end when we made the final adjustment.

Mr. CONNALLY of Texas. In the final adjustment it would, but it would remain the property of the Government until the final settlement was had, and that would in no way affect the amendment I have offered.

Mr. SNOOK. How would the gentleman decide as to an investment made in terminals or equipment? Would it justly be chargeable to the railroads or to the Government?

Mr. CONNALLY of Texas. In using that language I am using the language adopted by the committee, and I adopted it because the committee had already standardized that term.

Mr. SNOOK. The gentleman understands that there will be a large amount of investment made by the Government in terminals in taking care of war materials.

Mr. CONNALLY of Texas. My amendment says "for such carriers." If the Government did not expend the funds on behalf of the property of the carrier, it would build on its own account new terminals, and it would not apply, as was suggested by the gentleman from Illinois; and when final settlement should come, if the railway took over those terminals which have been erected by the Government, the settlement would be made at that time, and it would not affect the payments of the standard returns before that time.

Mr. DEWALT. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. DEWALT. What does the gentleman do with the provision in the bill which states that the President may order and direct that betterments, improvements, extensions, and so forth, shall be made, and that motive power, if necessary, shall be bought, and that expense shall be deducted from the standard returns, first being paid by the President out of the operating expenses obtained and from the revolving fund? What is the solution of that problem?

Mr. CONNALLY of Texas. The solution of that problem is that it does not affect that at all, except that you provide no time when the deductions shall be made.

Mr. DEWALT. Does the gentleman reason this way, that the United States Government, the fiscal department thereof, is going to be foolish enough to pay any road any amount when the road is actually in debt to the Government?

Mr. CONNALLY of Texas. If that is true, there can be no objection to my amendment, because we merely say in so many words what shall be done, which the gentleman from Pennsylvania imagines some Government official is going to do.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. RAMSEYER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman has that permission.

The Clerk read as follows:

SEC. 6. That the sum of \$500,000,000 is hereby appropriated, out of any moneys in the Treasury 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 make or order any carrier to make any additions, betterments, or road extensions, and to provide terminals, motive power, cars, and other necessary equipment necessary or desirable for war purposes or in the public interest on or in connection with the property of any carrier. He may from said revolving fund advance to such carrier all or any part of the expense of such additions, betterments, or road extensions, and to provide terminals, motive power, cars, and other necessary equipment so ordered and constructed by such car-

rier 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 extensions, terminals, motive power, cars, and other necessary equipment 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 purchase, construction, or utilization and operation of canals, boats, barges, tugs, and other transportation facilities on the inland, canal, and coastwise waterways, and may in the acquisition, operation, and use of such facilities create or employ such agencies and enter into such contracts and agreements as he shall deem in the public interest.

Mr. MONTAGUE. Mr. Chairman, I desire to move a formal amendment. Page 8, line 19, I move to strike out the last word of that line, "necessary."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 8, line 19, strike out the word "necessary."

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

Mr. DILLON. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 9, line 15, strike out the words "purchase, construction, or"; strike out the word "Acquisition," in line 18, page 9; and, line 16, insert, after the word "canals," the following: "or for the purchase, construction, or utilization and operation of."

Mr. DILLON. Mr. Chairman, if the committee will observe the purport of this amendment, it will be noticed, in line 15, page 9, I strike out the words "purchase, construction, or," and in line 18 I strike out the word "acquisition," and after the word "canals," in line 16, I add the following: "or for the purchase, construction, or utilization and operation of." This amendment will make this bill correspond to the Senate bill. It will prevent the President from constructing canals or from purchasing canals. That is the purpose of the amendment. It seems to me that we have no time now to build canals or to buy canals. We ought not to buy canals, because we can take over the use of canals and use them during the war and until they are returned, and we ought to be content with the use rather than the purchase of expensive canals.

Mr. MONTAGUE. Will the gentleman yield?

Mr. DILLON. Yes.

Mr. MONTAGUE. For the purpose of information. Does the gentleman's amendment, if adopted, make this bill identical with the provision in the Senate bill?

Mr. DILLON. Yes.

Mr. MONTAGUE. Identical?

Mr. DILLON. Identical.

Mr. DEWALT. Will the gentleman yield? As I understand the amendment, it prevents the purchase and construction of canals?

Mr. DILLON. Exactly; certainly.

Mr. DEWALT. But it does not prevent the utilization and operation of canals?

Mr. DILLON. The gentleman is correct.

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. DILLON. I will.

Mr. PARKER of New Jersey. Would not the same effect be attained, but more simply, by striking out the word "canals," so that it would read:

The President may expend such an amount as he may deem necessary or desirable for the purchase, construction, or utilization and operation of—

And now strike out the word "canals"—

boats, barges, tugs, and other transportation facilities on the inland, canal, and coastwise waterways.

That was the way it was before, by mistake, the word "canals" was put in there. I understood Mr. ANDERSON to agree that the word "canal" should go in the next line, "on the inland, canal, and coastwise waterways." I think, by mistake, the word "canals" was also inserted at the beginning of line 16, and I think it would be much more simple to strike it out.

Mr. DILLON. The gentleman would reach the same result; but I seek to make it correspond to the Senate bill. We ought not to engage in the work of digging these canals at this time. We need 250,000 additional men in the shipping yards to help build ships. We need men on the farms. I had a letter to-day from one of my constituents—a farmer—saying that he had entered into an agreement to pay a laborer on his farm \$1.250 for a year's labor upon his farm. The farmers in my district can not get enough farm labor at any price. We have no time to dig canals; labor is too expensive and too scarce. We ought

not to buy canals when we can get the use of them by paying for that use. I ask for a vote on my amendment.

Mr. DECKER rose.

Mr. FORDNEY. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. Does the gentleman from Missouri desire recognition in opposition to the amendment?

Mr. DECKER. Mr. Chairman, I wanted to ask the gentleman from South Dakota [Mr. DILLON] a question if all his time has not expired.

Mr. DILLON. My time is not all gone, and I will yield.

Mr. DECKER. Under your amendment would it allow still the purchase or construction of boats, barges, and other means of transportation?

Mr. DILLON. Yes. It allows the purchase of all of those facilities. My amendment only eliminates the digging of canals and the purchasing of canals.

Mr. FORDNEY. Mr. Chairman, I want to offer an amendment to the amendment. My amendment is to strike out the whole paragraph.

Mr. DILLON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DILLON. My amendment goes to the perfection of the text and therefore should have the preference.

The CHAIRMAN. That would be disposed of first, and then the amendment of the gentleman from Michigan [Mr. FORDNEY] would be in order.

Mr. FORDNEY. I do not want to be heard on the amendment of the gentleman from South Dakota, but I want to be heard on my own.

The CHAIRMAN. Does the gentleman desire recognition at this time or after the vote is taken?

Mr. FORDNEY. After the vote is taken.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. DILLON].

The question was taken, and the Chair announced that the ayes appeared to have it.

Mr. BARKLEY. Division, Mr. Chairman.

The committee divided; and there were—ayes 56, noes 2.

So the amendment was agreed to.

Mr. FORDNEY. Mr. Chairman, I offer an amendment to strike out the entire paragraph.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. FORDNEY: Page 9, lines 13 to 20, inclusive, strike out the paragraph.

Mr. FORDNEY. I offer this amendment for the reason, gentlemen, that there is nothing in the proclamation of the President relating to inland canals. The appointment of the Director General, Mr. McAdoo, has no reference to the control of inland canals. I read from the proclamation itself:

It is hereby directed that the possession, control, operation, and utilization of such transportation systems hereby to be undertaken shall be exercised and undertaken through William McAdoo, who is hereby appointed and designated Director General of the Railroads.

He has not been appointed Director General of the inland canals. The President has not signified his desire to have the Government take over the canals in any respect; that is, the inland waterway canals. He has the power under existing law to take the coastwise boats; not those under inland waterways. He has the right to commandeer all ships on the Great Lakes or on salt water, but has expressed no desire whatever to control the boats on the inland canals.

Mr. ESCH. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. ESCH. I think it may be included under this:

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.

Mr. FORDNEY. Yes; I say that under existing law I believe the President has the right to take inland-waterway transportation, which does not mean canals. It means the boats on the Great Lakes and in the coastwise trade on the high seas. I believe the President has already commandeered such boats as he thought proper that were engaged in the coastwise trade. That order has been issued by the President, has been issued for some time past, if I am correct in my understanding of the matter. To leave this paragraph as modified by the amendment of the gentleman from South Dakota [Mr. DILLON] perhaps would remove the sting in this bill, but to leave that paragraph in the law as it is written now in the bill means that the Government of the United States is expected to purchase some of those canals. We have one canal here on the Potomac River that is now dry, with not even good fishing in it. But to authorize the President of the United States to take over all the

canal boats and the mules and equipment in connection with them is the greatest absurdity. The President makes no such request and should be given no such power, and I hope the amendment that I have just offered to strike out that paragraph will be adopted.

Mr. DEMPSEY and Mr. MOORE of Pennsylvania rose.

The CHAIRMAN. Does the gentleman from New York desire to oppose the amendment?

Mr. DEMPSEY. I desire to oppose the amendment; yes.

The CHAIRMAN. The gentleman is recognized.

Mr. DEMPSEY. Mr. Chairman, I do not think there is the difference which the gentleman from Michigan [Mr. FORDNEY] points out between inland means of communication by water. I think that it does cover canal transportation, and I think that it would not take in the kind of transportation to which the gentleman refers—small, worn-out canal boats drawn by mules. But I can point to an important line of transportation which it would take in and which would benefit the gentleman's State and all the Western States and help cure the transportation difficulties that we are now facing. The State of New York has constructed, at an expense of nearly \$200,000,000, a great inland transportation system reaching from Lake Erie down to the Hudson River. It has made that a barge canal. The work is just completed. It is ready for operation. We have this congestion throughout the United States; we have it at New York and we have it all the way across the continent—freight piled up and the railroads unable to transport it—and yet this great inland transportation system has not been utilized at all.

The State of New York, at its own expense, has created this great canal. Why should not the United States in this emergency place boats upon it and utilize it, so that grain and lumber and coal can come down from Michigan and other States to Buffalo and there be transported over the Erie Canal in boats, which we have not to-day, and which can be built in these various shipyards which we are to-day constructing? Why should we not provide boats for the Erie Canal as well as boats for crossing the ocean and boats for the various lakes? Why should we not utilize that means of transportation?

We are seeking to-day to solve the transportation problem. We have three trunk lines across the State of New York, and they are not able to handle anything like all the traffic. We would in a great measure be able to handle it and in great measure solve that problem if we had a fleet of boats plying to the capacity of the canal between New York and Buffalo. So I say this is a wise provision. This particular provision should stay in the bill. This is a case where the Government should step in and supplement the work which the great State of New York has done out of its own funds, as no other State in the Union has done, in contributing to the general weal. [Applause.]

Mr. SMITH of Michigan. Mr. Chairman, something was said about the President not taking over the water systems. I read from the proclamation just this sentence:

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.

Showing that by proclamation they have assumed possession.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Pennsylvania moves to strike out the last word.

Mr. MOORE of Pennsylvania. And I ask unanimous consent that I may proceed for 10 minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed for 10 minutes. Is there objection?

Mr. FORDNEY. Mr. Chairman, I have no objection to the gentleman proceeding for 10 minutes; but, if he does, I want five minutes in which to answer. I ask unanimous consent for five minutes.

Mr. PARKER of New Jersey. Mr. Chairman, I would like to have one minute. I wonder if the gentleman would allow me one minute?

The CHAIRMAN. If the gentleman from Pennsylvania will pardon the Chair for a moment, the Chair would state that the gentleman from New Jersey [Mr. PARKER] is a member of the committee, and under the rule is entitled to priority of recognition. The Chair will recognize the gentleman from New Jersey.

Mr. PARKER of New Jersey. Mr. Chairman, I have nothing to do except to give the House information. I know that a great many railroads own canals. Some use them and some do not, but they are a part of their systems. The Lehigh Valley

Railroad owns the Morris Canal and the Lehigh River Canal, which ought to bring coal down to New York. The Pennsylvania Railroad owns and uses quite fully the Delaware & Raritan Canal, which takes coal and other materials from Philadelphia to New York and relieves the strain upon the railroads. This is also true in connection with the canal that the gentleman from Pennsylvania [Mr. Moore] speaks of so much, which used to run a line of steam packet boats to New York through the Chesapeake & Delaware Canal and through the Delaware & Raritan Canal, because on the Delaware & Raritan Canal we have locks, but no bridges that are not drawbridges.

The operation of those canals and their use are just as important in running the railroads to which they belong and for the help of those railroads as is the actual operation of the railroads themselves, and I hope, therefore, that this paragraph will not be stricken out.

Mr. DEMPSEY. Will the gentleman yield for one question?

Mr. PARKER of New Jersey. Yes.

Mr. DEMPSEY. Is it not a fact that up to the time the railroads became congested, up to the time that they reached the point where they could not handle the traffic of the country, for a series of years they lowered their rates wherever they paralleled a canal to such a degree that they drove the boats on the canal out of business and left the waterways bereft of any means of transportation?

Mr. PARKER of New Jersey. I do not know that. What I do know is that on some of the waterways they did not supply enough boats. They needed special boats. I also know that the Chesapeake & Ohio Canal, which comes down from Cumberland to this city, might be used to bring coal down here if they had enough boats and appliances. I do not know whether the canal belongs to a railroad company or not.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. Moore] is recognized, and asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. MOORE of Pennsylvania. Mr. Chairman, the gentleman from Michigan [Mr. Fordney], whom I esteem highly in all other things, has taken up the cudgels for the railroads in this instance, I fear, and is against having any competitive means of transportation. If he succeeds in striking out this paragraph, there can be no other interpretation of his attitude.

The President of the United States has indicated that he proposes to take over the needful waterways of this country along with the railroads. They are a part of our transportation system. Unless, as the gentleman from Michigan proposes, all transportation hereafter shall be carried over the railroads and the railroads only, then this paragraph must remain in the bill. If the gentleman would continue the congestion there has been in the country and would stay the progress of the war, he will strike out this paragraph, and you will do so who vote with him. He states that the President has not indicated his intention to take over the waterways. We gave the President full authority to take over any transportation system when we passed the act of August, 1916, and the President in his proclamation taking over the railroads indicated that he proposed to take over the waterways, too. I will read a paragraph of the President's proclamation, which the gentleman from Michigan evidently has not read, in which the President stated that—

By subsequent order and proclamation, possession, control, and operation in whole or in part may also be relinquished to the owners thereof, or any part of the railroad systems, or rail and water systems, possession and control of which are hereby assumed.

I am for the taking over of the waterway systems along with the railroads in the time of war, and yet I am in favor of giving the railroads every possible opportunity to rehabilitate themselves under the presidential control. I am for the taking over of the railroads and the retention of this paragraph, because I want a decent competition in order to relieve the transportation congestion of this country, both in war times and in normal times. The gentleman from Michigan [Mr. Fordney], with some littleunction, indicates that this is not the correct thing to put in a bill of this kind. He indicates that the purchase of canals may not be the correct thing to advocate. Why, the gentleman from Michigan comes from a State in which they have a Government-owned and a Government-controlled canal upon which this Government has spent, together with its other waterways in Michigan, upward of \$60,000,000 down to the present time. It takes nerve on the part of any gentleman from Michigan to come in here and attempt to stop the wheels of progress or of war by checking the waterways in other sections of the country just because his State has got what it wants. [Applause.]

The trouble with the average gentleman who opposes waterway development is that he has got what he wants out of the Treasury of the United States and wants to prevent anybody

else from getting what he wants. We are not going to fight the battles of this country, my dear friend from Michigan, up along the Great Lakes. The marvel to me is that we have not already been engaged in battle along the Atlantic coast. When that sea battle comes, it will not be on the Great Lakes. You are too friendly with Canada, just across the way. It will come along the Atlantic seaboard, and then when we want to proceed from the Boston Navy Yard to the navy yard at Brooklyn, when we want to get our smaller ships through the inside waterways, they will be blocked, because you have got your canal up in Michigan and we have not got ours along the Atlantic seaboard. [Applause.] When we want to put vessels from the Brooklyn Navy Yard down to the Philadelphia Navy Yard, where an inadequate canal marks the course to-day, you will be all right in Michigan, but we will be blocked down along the Atlantic coast. And so it will be when we want to pass vessels of the Navy and merchant ships, those carrying supplies and troops from the Philadelphia Navy Yard to the Norfolk Navy Yard; you have your canal in Michigan, paid for by the Government, but we have not got ours. And the sad point about it is that it is going to involve an expenditure of two and a half million dollars primarily against \$60,000,000 in the Soo territory.

Mr. SCOTT of Michigan. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes; I will yield; the gentleman is from Michigan.

Mr. SCOTT of Michigan. I am inclined to agree with the gentleman's purpose, but I would like to know where the canal is that the gentleman has spoken about.

Mr. MOORE of Pennsylvania. The Soo Canal.

Mr. SCOTT of Michigan. It is not a Michigan canal; it lies between Michigan and Canada; but it is not a mule canal, similar to those which the gentleman is discussing.

Mr. MOORE of Pennsylvania. It is in the United States, and we took the money out of the Treasury of the United States to improve it. If the gentleman from Michigan and his colleagues would continue improvements along the Atlantic seaboard, it would have a greater war value than the Soo Canal. I want to say to you gentlemen on that side (the Democratic side) and some of you on this side (the Republican side), who have looked with some little interest upon this waterway project in times past, that the people on the other side of the water have been looking up the canal business a little more than they did before. I find that England, which is bisected, cut up, and gridironed with canals, which it permitted to waste to promote the railroads, just as we did here, has begun to take over and improve the canals, because it sees the wisdom of having a double means of getting troops and supplies and war materials back and forth. It now needs its canals to relieve the railroads.

Strike out this paragraph, and you strike out one of the real war features of this bill, one of the essential war features of this bill. Why, all your transportation trouble has been due to congestion at the port of New York. It has been the inability of the railroads to carry freight and troops, and yet now the amendment of the gentleman from Michigan proposes to prevent the President of the United States from utilizing waterways if he sees fit to do so, if the railroads are incompetent to carry the business of the country and accommodate the business of war.

I can not conceive of the mental attitude of the patriotic American citizen who is willing to spend \$500,000,000 of the public money to bolster up the railroads of the country, already overburdened as they are, who refuses to the Director General of Railroads the right to take over a canal connected with a railroad or helpful thereto if he deems it necessary for the purposes of war. I would like to call your attention to the fact that some vessels have been going down on the Atlantic coast recently, and some barges have been going down, carrying coal because they could not get through the incompetent and inadequate inside passages. If they had been put to use, this coal shortage might not have happened.

Mr. MONTAGUE. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I will.

Mr. MONTAGUE. This provision is not mandatory, but simply permissive.

Mr. MOORE of Pennsylvania. That is all. The Director General, out of the revolving fund of \$500,000,000 which is to be plus such sums as may be provided in the War Finance Corporation act, is to assist the railroads and such waterways and canals as may be of service in time of war.

Gentlemen may smile when I talk about the Chesapeake & Ohio Canal, which leads from Cumberland to the city of Washington, and would be capable of serving States beyond. Would there have been a coal shortage in Washington if that canal had been open or if it had been utilized in fair weather? Some smart gentleman says he passed it the other day and

saw no water in it. That gentleman typifies the ignorance of those who discuss the canal question. They do not know that canals were once our principal means of transportation. They are filled with water and work when the water is in, but the water is let out during the winter months. Gentlemen who believe in thrift would utilize these useful burden bearers during the 9 or 10 months of the year when they are workable and store up their supplies of coal. They would not depend upon them during the winter months when navigation is closed; that is the foolish policy.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Is it not possible that all of the coal necessary for the people of Washington and those in the environment of Washington—using this merely for illustrative purposes—might have been carried if during the summer months, during the working months, this old canal of yours had been opened up so that coal might be brought to Washington? I yield to the gentleman from Massachusetts.

Mr. WALSH. Can the gentleman give us any information as to how far the investigation has proceeded with reference to the purchase of the two canals, which investigation was authorized in the last river and harbor appropriation bill?

Mr. MOORE of Pennsylvania. Yes; an authorization was made in the last river and harbor appropriation bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MOORE of Pennsylvania. Authorization was made in the last river and harbor appropriation bill for a survey of the Cape Cod Canal, which bisects Cape Cod and saves about 70 miles of outside sailing from the port of Boston to the port of New York, and provision was also made for the condemnation of the Chesapeake and Delaware Canal, which links up Delaware Bay and Chesapeake Bay. Oh, if I could only take the Members of this House through that 13 miles of country which connects up the Chesapeake Bay and the Delaware Bay, and could induce them to look at the statistics and at the geographical conditions they would better understand the relation of that inadequate waterway to-day to the welfare of the Nation. How different the conditions would be when we came to discuss this question in the House. Yes; the river and harbor appropriation bill provides for a survey of the Cape Cod Canal. It provides for a condemnation of the Chesapeake and Delaware Canal. Gentlemen talk about these canals as if they represented millions and billions of dollars, as if they were a graft on the Government. The Cape Cod Canal is only 8 miles long, but about Cape Cod in a period of 25 years, according to the statistics of the Government itself, there have been no less than 1,000 disasters involving thousands of human lives. Around the canal connecting up the Chesapeake and the Delaware Bay there is a tonnage to-day of upward of 50,000,000, ten times more, if this canal were opened and made adequate to accommodate it, than passes through the Panama Canal in a year. And yet you spend \$400,000,000 on the Panama Canal and open it up for the benefit of the world, make the United States go through it on terms equal with any other nation, and then when we say to you, "Build your Kiel Canal down here at the Chesapeake and Delaware, put yourselves in position to have your fleet inside or outside, give yourselves an opportunity to go to a navy yard above or below or reserve to your ships ability to fight at either end," gentlemen rise and say it is going to cost too much; that it would actually be wasteful.

Some day, and I venture to say that some of us will live to see that day, men who oppose the opening of these natural arteries for protection, for defense, and for commerce, will regret having insisted upon their opposition to measures of this kind.

Mr. SWITZER. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. I yield to the gentleman.

Mr. SWITZER. Will the gentleman please state the tonnage of the Delaware & Chesapeake Canal now?

Mr. MOORE of Pennsylvania. It is over 1,000,000 tons, on a depth of 10 feet, and it is nearly all war business; cotton from the South to go into the munition factories for purposes of war; lumber from the South to go into the construction of shipyards for the purposes of war—busy as can be, with unlimited tonnage asking passage, and all done on a 10-foot depth in small barges. The railroads need this help.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. HARDY. Is it not a fact that Germany has utilized her canals to great advantage in moving her troops and supplies?

Mr. MOORE of Pennsylvania. Germany has utilized her canals and at all times with great advantage and profit to the Government, and Germany's canals have done as much to assist Germany in her success up to date in prosecuting her war as any other one agency. And yet we spurn the idea of putting our house in order as Germany has put her house in order. It is one of our national weaknesses.

Mr. MONTAGUE. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. MONTAGUE. Did not France do likewise, has she not also utilized her canals?

Mr. MOORE of Pennsylvania. Yes; France has used her canals and is building new ones, and England, another of those countries which like our own was indifferent to her own protection, has recently, through her Board of Trade, which is equivalent to a Department of Commerce, undertaken the development of her canals; she has taken them over for Government use and has coordinated them with the railroads and intends to use them to the full. Gentlemen, I urge you to retain this waterways paragraph in the bill. It is intended to give the President or the Director General discretion to take over any canal for war service if he needs it. It is not intended to purchase all of the canals of the country; that is preposterous, nor is there money enough, but it is the intention to enable the President or the Director General of Railroads to relieve congestion and facilitate transportation by taking over or improving for war purposes such workable canals and waterways as may serve the ends of the Government. [Applause.]

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent for 10 minutes, and I think I will not use more than half of that time.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan. [After a pause.] The Chair hears none.

Mr. FORDNEY. Mr. Chairman and gentlemen of the committee, I never have, as the gentleman from Pennsylvania [Mr. MOORE] has just now done, imputed dishonest motives to any man who disagreed with me on any subject presented in this House. The gentleman from Pennsylvania stated that if I insisted on my motion in reference to the inland canals, that I must put myself in the attitude of a defender of the railroads. He intended that in an offensive manner, in my opinion. I have always regarded—

Mr. MOORE of Pennsylvania. I did not intend to be offensive to the gentleman, but I said that if he struck out the right to use the waterways he left no alternative but the railroads.

Mr. FORDNEY. You meant exactly what you said, did you not?

Mr. MOORE of Pennsylvania. I did not mean to be offensive to the gentleman, but I said what I have stated.

Mr. FORDNEY. You were offensive, as I took it, and I would not take that attitude toward you. I have a high regard for you and your fairness in dealing with the average man. I am opposed to Government ownership of railroads or canals, or any other great public utilities; and if I am correct in my statement the gentleman from Pennsylvania appeared before the committee and induced it to write that language in the bill which has been presented to the House. This provision was not in the original bill as introduced in the House. I take that from his own statement to me. The President of the United States did not ask authority to take over the inland canals of the country, I repeat; but when he does ask for such authority I will vote to give him such power if he can show me he needs them to carry to success this war; I will vote to give him all the power he wants and asks for, if it is necessary to aid in carrying on this war. I am just as patriotic as the gentleman from Pennsylvania dare be, or any other man.

I defy any man to show more patriotism in aiding the carrying on of this war and assisting the Government of the United States than I myself am showing. [Applause.] I am ready to give my money to the fullest extent of my ability, and I have aided the Government in giving two out of three sons [applause] to help in this great war. I feel hurt to think the gentleman would attempt to lead the Members of the House to believe that I am helping the railroads and am using my influence, whatever it may be here, in the interests of the corporations of the country, to the detriment of the administration in the carrying on this war. He compares the canals that he has been talking about with the Sault Ste. Marie Canal, the great canal connecting the Great Lakes—Lake Superior and the lower lakes—through which more tonnage goes each year twice over than through any canal in the world. Why, this inland waterway—

Mr. MADDEN. Over 80,000,000 tons; is not that so?

Mr. FORDNEY. Yes, sir.

Mr. MOORE of Pennsylvania. You want to put a value upon that tonnage—

Mr. FORDNEY. Your little inland-waterway canal is not a flyspeck on the map of the world, compared with this great canal.

Mr. MOORE of Pennsylvania. I know; but there is more value to it—

Mr. FORDNEY. What are you talking about? Nobody knows anything about your inland canal except the gentleman from Pennsylvania.

Mr. MOORE of Pennsylvania. Your tonnage is ore, ours is merchandise.

Mr. FORDNEY. I did not mean to be unkind to the gentleman; he is a very good friend of mine. [Laughter.] But, sir, the tonnage passing through the Soo Canal is not only iron ore, but consists of all kinds of merchandise. The State of Michigan has no canals to sell to the Government, as the State of Pennsylvania had railroads to sell to the Pennsylvania Railroad at one time, and statistics show that the State of Pennsylvania sold to the great railway system of Pennsylvania a railroad for seven and a half million dollars—twice its value but only 25 per cent of what it cost the State of Pennsylvania. Which one of the canals do you now want to sell the Government? Let me be just as sarcastic as you have been to me, but I do not wish to be—

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. MOORE of Pennsylvania. The Government owns the Michigan canal, does it not, and paid for it?

Mr. FORDNEY. Oh, but—

Mr. MOORE of Pennsylvania. That is all. The Government paid for it.

Mr. FORDNEY. Yes; and the Government paid for the Panama Canal, also. You have voted for every appropriation asked of the Congress to build that canal, have you not?

Mr. MOORE of Pennsylvania. That is true. I believe in it, and I believe in some other canals besides that one.

Mr. FORDNEY. The gentleman believes in some dinkey canal he wishes the Government to purchase. When the people of this country are contributing money in larger sums than ever before, and our Government is calling upon the people for money to carry on this great war in such stupendous amounts, he wants to sell some bankrupt canal to Uncle Sam—

Mr. SCOTT of Michigan. We have not a mule canal.

Mr. FORDNEY. We have not any canals in the State of Michigan operated by mules. The canals in the State of Michigan are canals, not imitations. At the time we are taking over the railroads, there is but little competition between the inland canals (that are frozen up) and the railroads. My greatest objection to the paragraph has been cured by the amendment of the gentleman from South Dakota [Mr. DILLON]. It takes the sting out of it, namely, the purchase of the canals.

And I say to my bosom friend from Pennsylvania [Mr. MOORE], who doubtless has some Irish blood—

Mr. MOORE of Pennsylvania. That is true.

Mr. FORDNEY. And whatever blood there may be in me, I have lived with an Irish woman more than 44 years and maybe you think I can not fight. [Laughter.]

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. FORDNEY. Certainly.

Mr. MOORE of Pennsylvania. The gentleman knows he can fight, but he always compromises as his wife desires. Therein lies the virtue—

Mr. FORDNEY. I never tried to make my wife love me by beating her. I have tried it with kindness every time, and I have succeeded every time, and every time I take her advice, I do the right thing. [Applause.]

Mr. ROMJUE. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. ROMJUE. Did you ask her views on this canal question?

Mr. FORDNEY. You ask her that question, and you will get an intelligent answer; but my good friend must not get excited and fly off the handle about canals in the State of Michigan. I do not want this Government to be put in a position where the President of the United States, through political influence, can purchase the mule canals, and then claim that he purchased them for the purpose of advancing the interests of this great Nation in carrying on this war with Germany 3,000 miles across the sea. That is what I do not want. I do not want any money lavishly spent by the Government of the United States, taken from the people at this time, when we are calling upon them for so much money, and used for any other purpose than is absolutely necessary.

The CHAIRMAN. The time of the gentleman has expired.

The question is on agreeing to the amendment.

Mr. LUNN. Mr. Chairman, I move to strike out the last word. The CHAIRMAN. All debate on this is exhausted.

Mr. LUNN. Mr. Chairman, I ask unanimous consent for five minutes, then.

The CHAIRMAN. The gentleman from New York asks unanimous consent for five minutes. Is there objection?

There was no objection.

Mr. CANNON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CANNON. I understand that a pro forma amendment is in order.

The CHAIRMAN. That has been made and debated.

Mr. CANNON. Well, after all, another pro forma amendment can be offered, as I understand it.

The CHAIRMAN. Beyond the second pro forma amendment, as the Chair remembers the rule, we can not go. The Chair will look into the matter, however.

Mr. CANNON. Then let us vote on the pro forma amendment, if that is necessary.

The CHAIRMAN. The Chair will look at the rule, and if in error the gentleman may offer it. The gentleman from New York [Mr. LUNN] has unanimous consent, and if the gentleman will permit him to proceed the Chair will look at the rule.

Mr. CANNON. I have no objection to the gentleman proceeding.

Mr. LUNN. Mr. Chairman, the controversy is not between the gentleman from Pennsylvania [Mr. MOORE] and the gentleman from Michigan [Mr. FORDNEY]. If, as the gentleman from Michigan has said, this particular paragraph was inserted by the gentleman from Pennsylvania [Mr. MOORE], I congratulate him on his wisdom.

New York State, with its important barge canal, should be able to carry millions of the tonnage that comes through the Great Lakes. I was going to ask the gentleman from Michigan whether he would not think that it was wise to aid in extending that tonnage on through the barge canal of New York State. The paragraph must be retained if the barge canal is to receive any assistance from this legislation. Barges for New York State are absolutely essential. At the present time, with the congestion on the railroads and elsewhere, we must do everything possible to aid transportation. I do not know of anything for the mileage involved between Buffalo and the Hudson River where greater increase of tonnage could be achieved than by assisting the barge canal of New York State. And I certainly hope for this reason that the particular paragraph will not be stricken from the bill. It is important. Its wisdom is shown from the fact that we are up against a transportation problem, and that every possible avenue for increase of tonnage ought to be utilized.

Mr. BAER. Is it not true that the State of New York has spent over \$44,000,000 on the canal, and that they have not a barge running there yet? Is not the canal frozen up?

Mr. LUNN. Of course at the present time it is frozen up.

Mr. BAER. What is the tonnage on that canal now?

Mr. LUNN. They can carry 1,000-ton barges. The canal has just been completed at an expense of nearly \$200,000,000. Some think that it is a greater engineering problem than the construction of the Panama Canal. It has been opposed resolutely and has been opposed continuously by the railroads. We have not, as the gentleman has suggested, the barges now that we need and which we should have, which would aid greatly the transportation of grain from the Northwest.

Mr. BAER. Do you believe that the railroads have tried to paralyze the transportation on that canal by not letting them build these modern barges?

Mr. LUNN. I believe they have done everything in their power to kill the whole canal project. They do not want the barge canal to be a successful competitor with the New York Central Railroad.

Mr. FORDNEY. Mr. Chairman, will the gentleman yield?

Mr. LUNN. Yes.

Mr. FORDNEY. I wish to say to the gentleman from New York and to the House that, as I before stated, the amendment offered by the gentleman from South Dakota [Mr. DILLON] really takes the sting out of the paragraph, and so long as the paragraph only permits the President to lease or control, I intend to ask unanimous consent to withdraw my amendment. [Applause.]

Mr. LUNN. I am very glad to hear that, and I am sorry the gentleman from Pennsylvania [Mr. MOORE] was not here to help us keep the other portion in the paragraph, providing that the President could purchase or do anything necessary to increase the transportation, because, contrary to the gentleman from Michigan, I do believe in Government ownership of transportation facilities. That explains our difference of viewpoint.

Mr. MOORE of Pennsylvania. I believe the President and the Director General of the Railroads will seriously take into consideration the use of these waterways, so necessary to competition.

Mr. LUNN. Yes; and I believe that will inure to the benefit of the whole country.

Mr. MOORE of Pennsylvania. Is it not true that at one time the Erie Canal brought most of the grain from the Northwest?

Mr. LUNN. Yes; and, as I understand, at one time coal was transported from the Pennsylvania mines to the Hudson River, until the railroads, always at war with water transportation which they could not control, succeeded in having the particular canal abandoned.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent to withdraw the amendment that I offered.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to withdraw his amendment. Is there objection? There was no objection.

The CHAIRMAN. If the committee will pardon the Chair for a moment, the Chair would like to make a brief statement. Paragraph 5 of Rule XXIII is as follows:

When general debate is closed by order of the House, any Member shall be allowed five minutes to explain any amendment he may offer, after which the Member who shall first obtain the floor shall be allowed to speak five minutes in opposition to it, and there shall be no further debate thereon, but the same privilege of debate shall be allowed in favor of and against any amendment that may be offered to an amendment.

At the end of that time the debate is exhausted. Now, the situation before the committee a few moments ago, when the Chair directed the attention of the gentleman from New York [Mr. LUNN] to the fact that the debate was closed, was this, as the Chair then thought and as he now thinks: The gentleman from Michigan [Mr. FORDNEY] had offered an amendment. That had been debated for 10 minutes. The motion to strike out the last word or the last two words—the Chair does not remember which—of the former amendment had been debated for 10 minutes, and the mover of that did not withdraw or ask to withdraw his amendment. Therefore debate was exhausted under the rules of the House upon the amendment and the amendments thereto. The usual practice of the Chair is, after debate has been concluded upon a pro forma amendment, if the mover of that amendment does not himself ask to withdraw it, for the Chair to state "Without objection the pro forma amendment is withdrawn." That would have been done in this case. The debate was exhausted under the rule of the House.

Mr. CANNON. It was subject to an amendment that was in order, namely, a substitute, which, however, was not offered, as that question is not before the Chair.

Mr. LENROOT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LENROOT. In the case the Chair put, the question that would be put, then, would be on the pro forma amendment, and if that was voted down, another pro forma amendment would be in order, and that would be open to debate?

The CHAIRMAN. That is correct.

Mr. STAFFORD. Mr. Chairman, a parliamentary inquiry connected with the ruling of the Chair, if the Chair will indulge me. The motion made by the gentleman from Michigan [Mr. FORDNEY] was a motion to strike out. I take it that the pro forma amendment, the motion to strike out the last word, was in the nature of a perfecting amendment. That would take precedence of a motion to strike out; and an amendment to that amendment to strike out two words, as made by the gentleman from New York [Mr. LUNN], would be in order, notwithstanding the motion to strike out the paragraph was pending?

The CHAIRMAN. The Chair did not make a ruling. The Chair simply made a statement. The Chair prefers not to answer the question of the gentleman from Wisconsin at this time, inasmuch as the amendment of the gentleman from Michigan has been withdrawn and the exact situation to which he refers is not now before the committee.

Mr. DILLON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. DILLON: Page 8, line 5, strike out "\$500,000,000" and insert in lieu thereof "\$200,000,000"; and in line 16, after the period, add "\$300,000,000 is hereby authorized for expenditures as Congress may hereafter provide to carry into effect the provisions of this act."

Mr. DILLON. Mr. Chairman and members of the committee, my amendment seeks to strike out the \$500,000,000 and make an absolute appropriation of \$200,000,000, and authorize \$300,000,000 to carry into effect the provisions of the bill.

Under the terms of this bill, as I understand it, the President may expend this money in four ways: First, he may expend it

for expenses of the Federal control. Second, he may expend it, so far as necessary, for the compensation for the use of the carrier's property. Third, he may expend it for the purpose of providing terminals, motive power, cars, and equipment. Fourth, he may purchase any of the railroad securities issued during the Federal control. I take it that he can use this money for no other purpose. If you will examine the language in lines 17 and 18, on page 8, you will find that the President may order and direct the carriers to purchase motive power, cars, and other necessary equipment. Further along in the same paragraph, in lines 2 and 3, on page 9, he may advance the money to the carrier and charge it against the carrier for this same purpose. That being true, I see no necessity of appropriating this vast sum of money. I think the Congress should keep its hands upon the money strings. It is an easy matter for the Executive to come back here if there is necessity for further appropriations. We commit Congress to it by the authorization, and that ought to be sufficient. This body of men has stood almost solidly against this revolving-fund theory. I think we ought to eliminate that theory as far as possible, and require them to come back to Congress whenever the funds may be necessary. In this way we will keep control of our own money. We ought not to appropriate these vast sums of money at this time, because the war may be over in 60 or 90 days. Then, why carry such a large appropriation at this time, when the department can come in here at any time and ask for further money under the terms of the authorization?

Mr. GORDON. Mr. Chairman, will the gentleman yield?

Mr. DILLON. Yes.

Mr. GORDON. Do you not think that the addition of these 800 short-line bankrupt railroads that we voted in here last Saturday will increase the demand on this revolving fund?

Mr. DILLON. I think it will, in large sums.

Mr. GORDON. Yes.

Mr. DILLON. You will also remember that there are provisions in this bill giving the President the power, prior to July 1, 1918, to turn back any railroad or system of railroads that are not needed. Therefore, you do not need this large sum of money at this time. Why make an appropriation of \$5 for every man, woman, and child in this country and put it into the hands of the President at this time? Can you not wait a little while, until the necessity comes, when Congress may make further appropriations as they may be needed?

Mr. LENROOT. Mr. Chairman—

The CHAIRMAN. Does the gentleman from Wisconsin desire to speak in opposition to the amendment?

Mr. LENROOT. No; I desire to speak in favor of the amendment.

The CHAIRMAN. Does anyone desire recognition in opposition to the amendment? If no one desires to be heard in opposition to the amendment, the Chair will recognize the gentleman from Wisconsin.

Mr. LENROOT. Mr. Chairman, I am in favor of the amendment proposed by the gentleman from South Dakota, and it presents a very serious and important question to the House, as it seems to me. We ought to give to the President, by way of direct appropriation, all that is needed for the present emergency. Two hundred million dollars will be sufficient for that. But what is provided in the bill? He is permitted not any longer to purchase canals, but boats and barges. He is permitted to make extensions of railroads. He is permitted to purchase securities of railroads without any control whatever by Congress over what he shall purchase.

Now, at any other time and in other circumstances the House would not think of delegating any such power or giving any such large appropriations to the President. Why, what do we require of the Secretary of War in appropriating for the purpose of directly carrying on the war? Do we grant to the Secretary of War so many billion dollars to do with as he sees fit? No; for the purpose of carrying on the war, supplying the men and the guns and the munitions of the war we require him to come to the Military Affairs Committee and make detailed estimates of desired appropriations, and to come to the Appropriations Committee with detailed estimates in case of a deficiency. They have to show Congress what they want the money for and Congress passes upon it.

Mr. BARKLEY. Does the gentleman realize that that could not be done in the case of the railroads because Congress could not specifically instruct the President how each dollar of the money should be spent? That is the reason for the revolving fund.

Mr. LENROOT. Why not?

Mr. BARKLEY. If the gentleman is putting this on the same basis as in the War Department we would have to cover all of the money into the Treasury.

Mr. LENROOT. Not at all. I want to say that unless there is some provision in the bill, if this is Government money, and the report says that it is, every dollar of the revenue of the railroads under the law to-day belongs in the Treasury of the United States. That ought to be corrected in this bill before it goes out of the House.

Mr. BARKLEY. Will the gentleman yield further?

Mr. LENROOT. Yes.

Mr. BARKLEY. Does the gentleman believe that Congress could attempt to appropriate money for the use of the railroads in the specific detail that is adopted in the preparation of war appropriation bills?

Mr. LENROOT. Absolutely; there is no reason in the world why, if the Director General wants \$50,000,000 for the betterment of roads, or extensions, he should not come to the Committee on Appropriations and ask for it, and the committee pass upon it. If he desires to buy \$50,000,000 worth of railroad securities, tell me why he should be given a broad blanket power to purchase stocks and bonds of railroads. We ought to authorize this appropriation, and then they ought to come before the Committee on Appropriations and show what they want it for, and the Committee on Appropriations should pass upon it, because it ought to have some relation to the other needs of the Government, and Congress ought to have something to say about it.

Mr. STAFFORD. Will the gentleman yield?

Mr. LENROOT. Yes.

Mr. STAFFORD. Is not there a strong example in the case of the Shipping Board where we are without ships, and yet the board has successively come to Congress and asked for additional appropriations?

Mr. LENROOT. Absolutely; and there is no reason in the world, outside of the present immediate emergency, why Congress should not have some control. Do we want to grant to any man the power to purchase \$500,000,000 worth of securities of railroads without Congress making any further appropriation therefor? Is that necessary to the running of the railroad, is it necessary to have that in a revolving fund for their operation? We require the Secretary of the Navy, we require the Secretary of War, to come before the committee with specific estimates, and why should not we require the same in the Director General running the railroads—that whenever he wants this money for such a purpose as the purchase of boats, utilizing canals, purchasing securities of railroads, that he should come before the Committee on Appropriations. There is no reason in the world why we should in one sweep give him this tremendous power. You may say that we did that in the Panama Canal, but I want to remind you that Congress decided on the construction of the Panama Canal and then we appropriated the money. Here we give power to the President to do or not to do as he sees fit. We have no control either over the thing itself or the money with which to pay for it.

Mr. SIMS. Mr. Chairman, I do hope that before we rise the amendment of the gentleman [Mr. DILLON] will be voted down emphatically. What is the use of taking over the railroads and putting them in the hands of the President and then saying that he can not be trusted to spend a dollar without a specific direct appropriation out of the funds arising from the operation of the railroads. If you can not trust him with \$500,000,000 you can not trust him with \$200,000,000. It is a clear refusal to trust the President in his undertaking to successfully prosecute the war and operate the railroads temporarily for that purpose. It is not money that is coming out of the taxpayers of the country, unless the railroads fail to produce sufficient revenue or their credit fails. Gentlemen on that side know that there are a number of railroads that have notes maturing in a short time, notes in the banks, notes at a high rate of interest, and if there is no provision to enable these notes to be taken care of by the Director General it will cause a panic, and a number of banks in the country will fail without any fault of theirs. There is not a dollar to be lost; it is merely advancing it for the efficient operation of the railroads and at the same time taking care of the credit of the country and not bringing a panic on a large number of innocent banks and trust companies that took these notes. I am surprised that a gentleman of the intelligence and patriotism of the gentleman from Wisconsin will make such a speech as we have just heard from him.

Mr. ESCH. Is it not estimated that maturities for the current year alone will be \$200,000,000?

Mr. SIMS. Yes; over \$200,000,000 for the present year.

Mr. LENROOT. Is it estimated that the Government is to pay all of those, or what is this compensation for?

Mr. SIMS. It may become necessary to buy securities of railroads in order to keep them from being offered in competition with liberty bonds. If you are going to vote for this amendment, I do not know what you will not vote for in view of the existing circumstances and threatening possibilities. Suppose it is necessary to build a spur track to some camp or port, must the President come to Congress and get a specific appropriation before he can do so? If this is not intended to make Government operation of these railroads during the war an absolute failure, I would not know how to frame an amendment that would bring about such a result, and I hope that every patriotic man in the House, and I think that every Member is patriotic, will vote against this amendment.

Mr. FORDNEY. Mr. Chairman, will the gentleman yield?

Mr. SIMS. Yes.

Mr. FORDNEY. I would say to the gentleman that this is a very important matter. There are only a few Members here, and I suggest that the committee arise and take a vote when we have a fuller attendance.

Mr. SIMS. Oh, there are over a hundred Members here now. To defeat this amendment does not need a full attendance.

Mr. HAYES. Mr. Chairman, I think the gentleman from Michigan is right, and I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from California makes the point of order that there is no quorum present. The Chair will count. [After counting.] Eighty-four Members present, not a quorum.

Mr. SIMS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 9685 and had come to no resolution thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. HOWARD, for two days, on account of illness in the family; and

To Mr. DALLINGER, for one week, on account of illness.

HOURLY MEETING TO-MORROW.

Mr. SIMS. Mr. Chairman, I ask unanimous consent that when the House adjourn to-day it adjourn to meet at 11 o'clock to-morrow.

Mr. LONGWORTH. Mr. Chairman, reserving the right to object, I am not disposed to delay the passage of this bill at all, but there are a number of important committee meetings going on with which an 11 o'clock session interferes. The Ways and Means Committee is now considering a bill of vast importance, which it is necessary to consider as quickly as possible. We have a meeting to-morrow, and we could not possibly get through, as we hope to do, with that bill if the House meets at 11 o'clock. Therefore I object.

ADJOURNMENT.

Mr. SIMS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 52 minutes p. m.) the House adjourned until to-morrow, Tuesday, February 26, 1918, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, a letter from the Commissioner of Patents, transmitting report of the business of the Patent Office for the year ended December 31, 1917 (H. Doc. No. 958), was taken from the Speaker's table, referred to the Committee on Patents, and ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. TILSON, from the Committee on Military Affairs, to which was referred the bill (H. R. 1954) for the relief of Charles Lynch, reported the same without amendment, accompanied by a report (No. 340), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ALEXANDER: A bill (H. R. 10236) to prohibit the importation, bringing into, or landing in the United States, etc., of lobsters taken in waters outside territorial waters of Canada and opposite thereto during closed seasons in such waters; to the Committee on the Merchant Marine and Fisheries.

By Mr. NORTON: A bill (H. R. 10237) to organize and establish a Federal personal rural-credit system for the purpose of enabling those engaged in the agricultural industry to procure loans of money for short periods at reasonable rates of interest for purchasing seed, feed, farm implements, and live stock and for paying the cost of farming operations so as to more largely develop the agricultural industry of the Nation and increase the Nation's production of farm products; to the Committee on Banking and Currency.

By Mr. BROWNING: A bill (H. R. 10238) to build houses on industrial farm, and to aid the Government by the production of foodstuff, and to give employment to the unemployed, and to encourage women and children to produce foodstuff to aid the Government; to the Committee on Appropriations.

By Mr. JOHNSON of Kentucky: A bill (H. R. 10239) authorizing the Post Office Department to acquire and extend the telephone system of the District of Columbia; to insure the Government complete control of such means of communication in safeguarding its military and executive affairs within the seat of Government; and promote the service to the public; to the Committee on the District of Columbia.

By Mr. HELVERING: A bill (H. R. 10240) to incorporate the Recreation Association of America; to the Committee on the Judiciary.

By Mr. McKEOWN: A bill (H. R. 10241) granting passenger rate of 1 cent per mile to all persons in the military service of the United States during the period of this war over lines of railroad in control of the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. LOBECK: A bill (H. R. 10242) to provide identification tickets and to compel their issuance to street railway passengers within the District of Columbia under certain conditions; to the Committee on the District of Columbia.

By Mr. LINTHICUM: A bill (H. R. 10243) to supplement existing legislation relative to the United States court for China and to increase the serviceability thereof; to the Committee on Foreign Affairs.

By Mr. WATKINS: Resolution (H. Res. 259) authorizing the Clerk of the House to pay to Annie Bailey a sum equivalent to six months' salary and an additional sum not exceeding \$250 for funeral expenses; to the Committee on Accounts.

By Mr. KALANIANA'OLE: Joint resolution (H. J. Res. 252) extending to the Territory of Hawaii the same right that is given to the States of the Union to participate in the Federal funds for good-road development; to the Committee on Roads.

By the SPEAKER: Memorial of the Legislative Assembly of the State of Montana, favoring the passage of Senate bill 3439, for the relief of homesteaders and desert-land entrymen in the United States; to the Committee on the Public Lands.

Also, memorial of the Legislative Assembly of the State of Montana, favoring an adequate appropriation for the completion of the Flathead Indian Reservation irrigation project in Montana; to the Committee on Indian Affairs.

Also, memorial of the General Court of the Commonwealth of Massachusetts, favoring the creation of a league of nations to safeguard permanent peace at the conclusion of the present war; to the Committee on Foreign Affairs.

By Mr. TAGUE: Memorial of the General Court of the Commonwealth of Massachusetts, favoring the ratification of regulations establishing a closed season on waterfowl; to the Committee on Agriculture.

Also, memorial of the General Court of the Commonwealth of Massachusetts, favoring the creation of a league of nations to safeguard permanent peace upon the termination of the present war; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BESH LIN: A bill (H. R. 10244) granting an increase of pension to Wesley Koonce; to the Committee on Invalid Pensions.

By Mr. BRUMBAUGH: A bill (H. R. 10245) granting an increase of pension to Simeon Chapman; to the Committee on Invalid Pensions.

By Mr. DOOLITTLE: A bill (H. R. 10246) granting a pension to Susan P. Whipple; to the Committee on Pensions.

By Mr. DYER: A bill (H. R. 10247) granting an increase of pension to Columbus N. Street; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10248) granting an increase of pension to Robert Harper; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10249) granting an increase of pension to George Claxton; to the Committee on Invalid Pensions.

By Mr. HAWLEY: A bill (H. R. 10250) granting an increase of pension to William J. K. Beach; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10251) granting a pension to Ione Stroud; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H. R. 10252) granting a pension to Newton Sigsby; to the Committee on Invalid Pensions.

By Mr. KREIDER: A bill (H. R. 10253) granting an increase of pension to Charles McCarroll; to the Committee on Invalid Pensions.

By Mr. LUFKIN: A bill (H. R. 10254) for the relief of Edith P. Friend; to the Committee on Claims.

Also, a bill (H. R. 10255) for the relief of Mrs. Herbert W. Bean; to the Committee on Claims.

By Mr. LUNN: A bill (H. R. 10256) granting an increase of pension to Eli Smith; to the Committee on Invalid Pensions.

By Mr. McFADDEN: A bill (H. R. 10257) granting an increase of pension to Nelson J. Phinney; to the Committee on Invalid Pensions.

By Mr. ROMJUE: A bill (H. R. 10258) granting a pension to Mary Underwood; to the Committee on Pensions.

By Mr. RUSSELL: A bill (H. R. 10259) granting a pension to George Clark; to the Committee on Invalid Pensions.

By Mr. SNOOK: A bill (H. R. 10260) granting a pension to Rachel A. Woggerman; to the Committee on Invalid Pensions.

By Mr. WELTY: A bill (H. R. 10261) granting a pension to Blanche Bunker; to the Committee on Invalid Pensions.

By Mr. WILLIAMS: A bill (H. R. 10262) granting a pension to Mary Phillips; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10263) granting a pension to Isabell M. Pritchett; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

By the SPEAKER (by request): Resolutions of the Newton Federation of Women's Clubs, Newtonville, Mass.; the West Pullman's Woman's Club, Chicago, Ill.; the Browning Circle, Athens, Tenn.; the Woman's Club, Granby, Mass.; Abingdon (Ill.) Woman's Club; the Woman's Club, Marion, Ohio; and the Woman's Shakespeare Club, Fort Worth, Tex., asking for the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

Also (by request), memorial of the Central Labor Union of Kansas City, Mo., protesting against the Borland eight-hour amendment to the Agricultural appropriation bill; to the Committee on Agriculture.

Also (by request), resolution of the Irish Progressive League, New York City, demanding that the independence of the Irish be among the provisions of the treaty of peace ending the war; to the Committee on Foreign Affairs.

Also (by request), resolution of the council of the city of Pittsburgh, Pa., asking Congress immediately to appropriate sufficient money for the early completion of the work of improving the Ohio River, also asking for the passage of the bill for the immediate construction of the Lake Erie and Ohio River Canal; to the Committee on Rivers and Harbors.

Also (by request), memorial of sundry citizens of New York, favoring Army chaplain for every 1,200 men; to the Committee on Military Affairs.

Also (by request), petition of Missouri Council of Defense and Merchants' Exchange of St. Louis, Mo., against increase in price of wheat; to the Committee on Agriculture.

Also (by request), petition of Kansas City Branch of the Seventh Division Railway Mail Association, favoring passage of House bill 9414; to the Committee on the Post Office and Post Roads.

Also (by request), petition of National Live-Stock Shippers' Protective League, favoring jurisdiction of Interstate Commerce Commission over rates and charges on interstate traffic; to the Committee on Interstate and Foreign Commerce.

By Mr. BACHARACH: Resolutions of the New Jersey Press Association concerning the postal service afforded to newspapers; to the Committee on the Post Office and Post Roads.

By Mr. CAREW: Memorial of the United Mine Workers of America, favoring Senate bill 2854, providing an amendment to the naturalization laws; to the Committee on Immigration and Naturalization.

By Mr. DALE of New York: Memorial of Andersonville Survivors' Society, praying for the passage of House bill 7924; to the Committee on Invalid Pensions.

Also, petition of Mrs. L. C. Parsons and other employees of the Government Printing Office, urging support of House bill 8702; to the Committee on Appropriations.

Also, memorial of the National Live Stock Shippers' Protective League, asking that the jurisdiction of the Interstate Commerce Commission over rates and charges on interstate traffic be retained; to the Committee on Interstate and Foreign Commerce.

Also, resolutions of the Woman's Federation Club of Long Pine, Nebr.; the Saturday Club, Plymouth, Ind.; the Woman's Literary Club, Evansville, Wis.; and the New Mexico Federation of Women's Clubs, asking for the repeal of the provisions of the war-revenue act relating to second-class postage; to the Committee on Ways and Means.

By Mr. DOOLITTLE: Petition of sundry church organizations and clubs, favoring national prohibition; to the Committee on the Judiciary.

By Mr. DYER: Memorial of the Merchants' Exchange of St. Louis, protesting against any advance in the guaranteed price of wheat and favoring the keeping of all food products on a reasonable price level; to the Committee on Agriculture.

By Mr. FULLER of Illinois: Petition of the National Live Stock Shippers' Protective League, urging that the jurisdiction over rates and charges in interstate traffic be left with the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. GOULD: Resolution of the Auburn Common Council, Auburn, N. Y., favoring legislation to provide free transportation by the Government for soldiers and sailors when on furlough; to the Committee on Interstate and Foreign Commerce.

By Mr. HILLIARD: Letter from Ralph E. C. Kerwin, assistant attorney general of Colorado, indorsing Senate bill 18; to the Committee on Education.

Also, petitions of T. M. Shepard, of Denver, Colo., and J. L. Montague, of Grand Junction, Colo., praying for the repeal of that section of the war-revenue act providing for increased postage rates on periodicals; to the Committee on Ways and Means.

By Mr. LINTHICUM: Petitions of C. D. Parker, Albert A. Brager, Thomas H. Gaither, jr., H. E. Karr, and Arthur W. Machen, jr., protesting against the passage of House bill 9248; to the Committee on the District of Columbia.

Also, petition of Louis L. Winterode and United Spanish War Veterans of Baltimore, Md., favoring passage of the Key bill, House bill 1736; to the Committee on Pensions.

Also, petition of General Henry W. Lawton Camp, No. 5, Department of Maryland, United Spanish War Veterans, favoring passage of the Key bill, House bill 1736; to the Committee on Pensions.

By Mr. LUNN: Resolution by C. Bunnell and members of Socialist Party, Glenville, N. Y., protesting against any further delay in the passage of the suffrage resolution; to the Committee on Woman Suffrage.

By Mr. LUFKIN: Petition of Joseph O. Proctor and other residents of Gloucester, urging the appointment of podiatrists in the United States Army; to the Committee on Military Affairs.

By Mr. MOORE of Pennsylvania: Resolution of the Philadelphia Chamber of Commerce, urging the passage of the shipyard workers' housing bill; to the Committee on the Merchant Marine and Fisheries.

Also, petition of Philadelphia Chamber of Commerce, approving the action of the Atlantic Deeper Waterways Association in support of Delaware River improvement; to the Committee on Rivers and Harbors.

By Mr. SANDERS of New York: Petition of sundry citizens of Warsaw, N. Y., urging that because of the shortage of farm labor no young men on the farms of the country be removed by draft, as it would result in the curtailment of the amount of farm products this country will be able to produce; to the Committee on Military Affairs.

By Mr. TILSON: Petition of Connecticut Nurserymen's Association, against the bill prohibiting importation of nursery stock; to the Committee on Agriculture.

By Mr. VARE: Petition of War Shipping Committee, Philadelphia Chamber of Commerce, urging immediate passage of the Shipping Board's housing bill; to the Committee on the Merchant Marine and Fisheries.

SENATE.

TUESDAY, February 26, 1918.

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

Almighty God, the sources of Thy power are hidden from our view. We can not measure the infinite depth of Thy power, but Thou hast revealed unto us Thy love. Thou hast given Thyself to us to love. We know its length and height and depth and breadth. Thou hast spoken the last word of love to the universe. Thou hast performed the highest act of love for men. Thou dost call us to Thyself through the revelations of Thy love in Thy Son. Incline our hearts, O God, to seek Thee, to love Thee, and to serve Thee, and our duties then will be well performed. We ask, Thy blessing. For Christ's sake. Amen.

The Vice President being absent, the President pro tempore (Mr. SAULSBURY) assumed the chair.

The Journal of yesterday's proceedings was read and approved.

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

The PRESIDENT pro tempore. The absence of a quorum is suggested, and the Secretary will call the roll.

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

| | | | |
|---------------|------------------|--------------|--------------|
| Ashurst | Hollis | Page | Smith, S. C. |
| Calder | Johnson, S. Dak. | Penrose | Smoot |
| Colt | Jones, Wash. | Phelan | Sterling |
| Culberson | Kellogg | Pittman | Stone |
| Curtis | Kendrick | Poinderexter | Sutherland |
| Dillingham | Kirby | Pomerene | Swanson |
| Fernald | McCumber | Ransdell | Thomas |
| Frelinghuysen | McLean | Saulsbury | Tillman |
| Gallinger | McNary | Shafroth | Townsend |
| Gerry | Martin | Sheppard | Trammell |
| Gronna | Nelson | Sherman | Underwood |
| Hale | New | Shields | Wadsworth |
| Harding | Norris | Simmons | Williams |
| Hardwick | Nugent | Smith, Ga. | |
| Henderson | Overman | Smith, Mich. | |

Mr. GRONNA. I desire to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent, due to illness in his family.

Mr. ASHURST. I wish to announce that the senior Senator from Arizona [Mr. SMITH] is detained from the Senate by reason of illness.

Mr. McNARY. I desire to announce that my colleague [Mr. CHAMBERLAIN] is absent on account of illness.

Mr. CURTIS. I wish to announce the absence of the junior Senator from California [Mr. JOHNSON] on official business. I will let this announcement stand for the day.

Mr. FERNALD. I desire to announce the unavoidable absence of the junior Senator from Maryland [Mr. FRANCE].

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

Mr. RANSDALL. I desire to announce that the Senator from Florida [Mr. FLETCHER] is necessarily detained from the Senate.

Mr. PHELAN. I wish to announce that the Senator from Missouri [Mr. REED], the Senator from Mississippi [Mr. VARDAMAN], the Senator from New Mexico [Mr. JONES], the Senator from Massachusetts [Mr. LODGE], and the Senator from Iowa [Mr. KENYON] are detained from the Senate on official business.

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

ESTIMATES OF APPROPRIATIONS.

The PRESIDENT pro tempore laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of State submitting supplemental estimates of appropriation in the sum of \$147,856.72 required by the State Department in connection with the Diplomatic and Consular Service (S. Doc. No. 189), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Postmaster General submitting an estimate of appropriation in the sum of \$140,000 required by the Post Office Department in the enforcement of certain provisions of the espionage and trading-with-the-enemy acts (S. Doc. No. 186), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting an urgent estimate of deficiency in the appropriation for purchase of land, military post, Schofield Bar-