

By Mr. SELLS: A bill (H. R. 10545) granting an increase of pension to William A. Campbell; to the Committee on Invalid Pensions.

By Mr. WALDOW: A bill (H. R. 10546) granting a pension to George Plewacki; to the Committee on Pensions.

By Mr. WELTY: A bill (H. R. 10547) granting a pension to Henry M. Agenbroad; to the Committee on Pensions.

PETITIONS, ETC.

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

By Mr. CAREW: Memorial of New York Zoological Society, favoring migratory bird treaty act; to the Committee on Foreign Affairs.

By Mr. DALE of New York: Memorial of the American Defense Society (Inc.), urging that the charter of the German-American Alliance be taken away; to the Committee on the Judiciary.

Also, memorial of Public Service Commission, second district, State of New York, urging the protection of the State commissions in their right to regulate intrastate rates; to the Committee on Interstate and Foreign Commerce.

Also, a memorial of the Boise Commercial Club, favoring House bill 9928; to the Committee on Interstate and Foreign Commerce.

Also, resolution of Yavapai County Chamber of Commerce, opposing the Foster bill placing the mining industry under Federal control; to the Committee on Mines and Mining.

Also, memorial of Trumbull County tax map department, Warren, Ohio, favoring the bill granting pensions to members of the Life-Saving Service; to the Committee on Interstate and Foreign Commerce.

Also, memorial of Springfield Chamber of Commerce, opposing any increase in second-class postage at present and opposing a zone system at any time; to the Committee on Ways and Means.

By Mr. DOOLING: Petition of the Merchants' Association of New York, favoring Overman bill (S. 3771) for creation of a board of war control and a director of munitions; to the Committee on Military Affairs.

By Mr. FOSTER: Petition of Grand Army of the Republic post, Noble, Ill., asking for increase of pension to Civil War veterans; to the Committee on Invalid Pensions.

By Mr. FULLER of Illinois: Petition of the National Live Stock Association, the Chamber of Commerce of Kansas City, the Western Oil Jobbers' Association, the Western Petroleum Refiners' Association, and the National Petroleum Association, opposing taking the rate making from the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

Also, petition of Henry Ream, Otto Lauer, Jr., Herman Kuester, Andrew Hebel, and Joseph J. Lennig, of Peru, Ill., favoring universal military training; to the Committee on Military Affairs.

By Mr. GRAHAM of Pennsylvania: Resolution of the war shipping committee of the chamber of commerce, urging prompt action looking to the early construction of much-needed dry-dock facilities; to the Committee on the Merchant Marine and Fisheries.

By Mr. McARTHUR: Petition of U. S. Grant Post, No. 17, Department of Oregon, Grand Army of the Republic, favoring increase in pensions of G. A. R. veterans; to the Committee on Invalid Pensions.

By Mr. SABATH: Memorial of the board of governors of the Investment Bankers' Association of America, favoring the principles of the war finance corporation bill and suggesting certain changes to be made in it; to the Committee on Ways and Means.

Also, petition of the Woman's Association of Commerce of Chicago, protesting against any scale of pay which does not give equal pay for the same work, against an insufficient wage scale, against a longer working-day than eight hours, and pledging support to all efforts to secure better conditions for working women; to the Committee on Labor.

Also, resolution of the New York Zoological Society, favoring the migratory-bird treaty law; to the Committee on Foreign Affairs.

Also, resolution of the Chicago Typographical Union, No. 16, favoring the Sherwood pension bill for the benefit of all American workers; to the Committee on Pensions.

By Mr. SNOOK: Papers to accompany H. R. 9245, relative to military record of William L. Wiles; to the Committee on Military Affairs.

By Mr. STINESS: Petition of Dorothy French and numerous other citizens of Rhode Island, praying that better parcel-post rates be provided for packages sent to the American Expedi-

tory Forces in France; to the Committee on the Post Office and Post Roads.

Also, petition of Typographical Union, No. 33, of Providence, R. I., favoring the passage of the so-called Keating bill, granting increased compensation to Federal employees; to the Committee on Appropriations.

By Mr. TEMPLE: Papers to accompany H. R. 10355, granting an increase of pension to Robert T. Parkinson; to the Committee on Invalid Pensions.

By Mr. TILSON: Petition of Meriden (Conn.) Branch, No. 154, United National Association Post Office Clerks, in behalf of H. R. 9414; to the Committee on the Post Office and Post Roads.

SENATE.

THURSDAY, March 7, 1918.

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

Almighty God, Thy kingdom is an everlasting kingdom. Thy mercies extend to all generations. Thou art not a respecter of persons. Thou dost embrace all mankind in Thy loving-kindness and in Thy favor. We are saddened by the sinfulness of men. We are perplexed by evil influences that are constantly about us. Many are impelled by selfish motives and pride. We pray that Thy Holy Spirit may sanctify the hearts of the people to respond more fully to the Divine will, that we may walk in Thy way and accomplish all of Thy Divine purpose in us as a Nation. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of the proceedings of the legislative day of Tuesday, March 5, 1918, when, on request of Mr. FRELINGHUYSEN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

SENATOR FROM NEW JERSEY.

Mr. FRELINGHUYSEN. Mr. President, I have received from the governor of my State credentials appointing Mr. DAVID BAIRD a Senator to fill the vacancy in the Senate occasioned by the death of my late colleague, Senator HUGHES. I send the credentials to the desk and ask that they be read and placed on the files of the Senate.

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

The credentials were read and ordered to be filed, as follows:

STATE OF NEW JERSEY, EXECUTIVE DEPARTMENT.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that, pursuant to the power vested in me by the Constitution of the United States and the laws of the State of New Jersey, I, Walter E. Edge, the governor of said State, do hereby appoint DAVID BAIRD a Senator from said State to represent said State in the Senate of the United States until the vacancy therein caused by the death of WILLIAM HUGHES is filled by election, as provided by law.

Witness: His excellency our governor, Walter E. Edge, and our seal hereunto affixed at Trenton, this 23d day of February, A. D. 1918.

WALTER E. EDGE,
Governor.

By the governor:

THOMAS F. MARTIN,
Secretary of State.

Mr. FRELINGHUYSEN. Mr. President, Mr. BAIRD is present in the Chamber, and I ask that the oath be now administered to him.

The PRESIDENT pro tempore. The Senator appointed will come forward and the oath will be administered to him.

Mr. BAIRD was escorted to the Vice President's desk by Mr. FRELINGHUYSEN; and the oath prescribed by law having been administered to him, he took his seat in the Senate.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the bill (S. 383) to punish the destruction or injuring of war material and war transportation facilities by fire, explosives, or other violent means, and to forbid hostile use of property during time of war, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS.

Mr. KNOX presented a petition of the Woman Suffrage Party of the twenty-third legislative district of Philadelphia County, Pa., and a petition of Local Union No. 541, International Association of Machinists, of New Kensington, Pa., praying for the submission of a Federal suffrage amendment to the legislatures of the several States, which were ordered to lie on the table.

He also presented a petition of the Chamber of Commerce of Pittsburgh, Pa., praying for an appropriation for the early

completion of the improvement of the Ohio River and also for the enactment of legislation providing for the immediate construction by the Government of the Lake Erie and Ohio River Canal, which was referred to the Committee on Commerce.

He also presented a memorial of the Game and Fish Protective Association, of Shamokin, Pa., remonstrating against the enactment of legislation providing for the annulment of the present game laws, which was referred to the Committee on Forest Reservations and the Protection of Game.

Mr. NELSON presented a petition of sundry citizens of Duluth, Minn., 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 a petition of Minnesota congressional district No. 10, praying for the adoption of an amendment to the revenue law to provide for lower rate of postage on second-class mail matter, which was referred to the Committee on Finance.

Mr. MCLEAN presented a petition of the American Defense Societies of the Counties of Hartford, New Haven, Fairfield, Litchfield, Tolland, Middlesex, Windham, and New London, all in the State of Connecticut, praying for an amendment to the espionage act, which was referred to the Committee on the Judiciary.

He also presented a petition of Local Branch No. 32, National Association of Letter Carriers, of Bridgeport, Conn., and a petition of Local Branch No. 154, United National Association of Post Office Clerks, of Meriden, Conn., praying for an increase in the salaries of postal employees, which were referred to the Committee on Post Offices and Post Roads.

Mr. PHELAN presented a petition of the California State Board of Health, praying for the creation of a sanitary reserve corps for the United States Public Health Service, which was referred to the Committee on Military Affairs.

Mr. THOMPSON presented a petition of R. B. Hayes Post, No. 176, Grand Army of the Republic, Department of Kansas, of Pratt, Kans., praying for the enactment of legislation to provide increased pensions to veterans of the Civil War, which was referred to the Committee on Pensions.

He also presented a petition of sundry citizens of Rice and Reno Counties, in the State of Kansas, praying for the enactment of legislation to provide the same rank for physicians in the Army as those received in the Navy, which was referred to the Committee on Military Affairs.

Mr. HALE. I present resolutions adopted by the Maine Branch of the National Woman's Party, which I ask to have printed in the RECORD.

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

NATIONAL WOMAN'S PARTY,
Portland, Me., February 8, 1918.

Senator FREDERICK HALE,
Washington, D. C.

MY DEAR SIR: At a meeting held at Mrs. W. M. Leonard's, Carroll Street, Portland, Wednesday, February 6, the following resolution was unanimously adopted:

Resolved, That this meeting call upon the President and the Democratic administration to give their effective support to the Federal suffrage amendment, now before the Senate, by making it an administration measure and securing its passage in this session of Congress at this time, when the Nation is calling upon the women of America for every kind of service in the prosecution of the war; be it also

Resolved, That this resolution be sent to the President, the Vice President, Senator THOMAS S. MARTIN, Senator JACOB GALLINGER, Senator A. A. JONES, Speaker CHAMPE CLARK, Hon. CLAUDE KITCHIN, Representative JAMES R. MANN, Representative E. Y. WEBB, and the Maine Senators and Representatives.

Respectfully,

ELLA A. CLARKE,
Secretary Woman's Party, Maine Branch.

REPORT FROM COMMITTEE ON NAVAL AFFAIRS.

Mr. TILLMAN, from the Committee on Naval Affairs, to which was referred the bill (S. 3405) to amend an act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, reported it with amendments and submitted a report (No. 301) thereon.

FOX RIVER BRIDGE.

Mr. SHEPPARD. From the Committee on Commerce, I report back favorably without amendment the bill (H. R. 7998) granting the consent of Congress to the village of East Dundee and the village of West Dundee to construct a bridge across the Fox River, and I submit a report (No. 302) thereon. I ask for the immediate consideration of the bill.

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

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

BILLS AND JOINT RESOLUTION INTRODUCED.

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

By Mr. MYERS:

A bill (S. 4024) for the relief of the Indians on Fort Peck Reservation in Montana; to the Committee on Indian Affairs.

A bill (S. 4025) granting an increase of pension to Webster A. Whiting; and

A bill (S. 4026) granting a pension to George A. Atkinson; to the Committee on Pensions.

By Mr. TILLMAN:

A bill (S. 4027) granting a pension to Edwin C. Gasque; to the Committee on Pensions.

By Mr. WALSH:

A bill (S. 4028) to correct the military record of William McCormick (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 4029) granting a pension to Charles F. Lufkin; to the Committee on Pensions.

By Mr. CALDER:

A bill (S. 4030) granting a pension to Fanny Wood Arnold; to the Committee on Pensions.

By Mr. HALE:

A bill (S. 4031) granting an increase of pension to Mary Miller (with accompanying papers); to the Committee on Pensions.

By Mr. MYERS:

A joint resolution (S. J. Res. 137) proposing an amendment to the Constitution of the United States by amending section 1 of Article III thereof; to the Committee on the Judiciary.

FORT PECK INDIAN RESERVATION.

Mr. MYERS submitted an amendment providing that Indians of the Fort Peck Reservation in Montana entitled to allotments under existing laws may select lands classified as coal and receive patents therefor in accordance with the act of May 30, 1908, intended to be proposed by him to the Indian appropriation bill, which was ordered to lie on the table and be printed.

REQUISITION OF TIMBER.

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 3428) to empower the President to requisition timber and timber products for war purposes, which was ordered to lie on the table and be printed.

WAR FINANCE CORPORATION.

The PRESIDENT pro tempore. If there be no further morning business, the morning business is closed.

Mr. SIMMONS. I ask unanimous consent that the Senate proceed to the consideration of the unfinished business, the so-called war finance corporation bill.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of 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.

The PRESIDENT pro tempore. The pending amendment is an amendment offered by the Senator from Oklahoma [Mr. OWEN] on page 11 of the bill.

Mr. SIMMONS. Mr. President, I see that the Senator from Oklahoma [Mr. OWEN] is not in the Chamber, and there is a very small attendance of Senators. I think, on account of the absence of the Senator from Oklahoma and the small attendance, it would be well to have a roll call. I therefore make the point of no quorum.

The PRESIDENT pro tempore. The absence of a quorum having been suggested, the Secretary will call the roll.

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

Ashurst	Henderson	New	Smith, Mich.
Baird	Hollis	Norris	Smith, S. C.
Beckham	Johnson, Cal.	Nugent	Smoot
Borah	Johnson, S. Dak.	Owen	Sterling
Brandegee	Jones, N. Mex.	Page	Stone
Calder	Jones, Wash.	Pittman	Sutherland
Culberson	Kellogg	Poindexter	Swanson
Curtis	Kenyon	Pomerene	Thomas
Dillingham	King	Randsell	Tillman
Fernald	Kirby	Reed	Townsend
Fletcher	Knox	Robinson	Trammell
France	Lodge	Saulsbury	Underwood
Frelinghuysen	McCumber	Shafroth	Vardaman
Gallinger	McKellar	Sheppard	Wadsworth
Gerry	McLean	Sherman	Walsh
Gronna	McNary	Shields	Watson
Hale	Martin	Simmons	
Harding	Myers	Smith, Ariz.	
Hardwick	Nelson	Smith, Md.	

Mr. GRONNA. I desire to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent due to illness in his family. I ask that this announcement may stand for the day.

Mr. BECKHAM. I wish to announce that my colleague [Mr. JAMES] is detained by illness. I will let this announcement stand for the day.

Mr. MCNARY. I desire to announce that my colleague [Mr. CHAMBERLAIN] is absent on account of illness.

Mr. SUTHERLAND. My colleague, the senior Senator from West Virginia [Mr. GOFF], is absent owing to illness. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Seventy-three Senators have answered to their names. There is a quorum present. The pending amendment will be stated.

The SECRETARY. On page 11, beginning with line 5, it is proposed to strike out the following words:

Such bonds may be dealt in by Federal reserve banks in the same manner and to the same extent as bonds or notes of the United States not bearing the circulation privilege, and.

Mr. OWEN. Mr. President, the Federal reserve act—

Mr. SIMMONS. As I indicated on yesterday, I am perfectly willing to accept the amendment proposed by the Senator from Oklahoma.

Mr. OWEN. If it is accepted, I do not care to submit anything in explanation of the amendment.

Mr. GALLINGER. I should like to have an explanation of it before the Senate accepts it.

Mr. OWEN. I shall be very glad to give it.

Mr. SIMMONS. If the Senator will pardon me, I will say that I think the Senator from Oklahoma gave an explanation of it yesterday.

Mr. OWEN. Mr. President, the Federal reserve act provided that the reserves of the member banks, which comprises all the national banks of the United States and all the large State banks and State trust companies, should have their gold reserves cared for and protected by the Federal reserve banks. These banks hold all the gold practically which the various member banks have for their reserves against the demands of the depositors of the banks of the United States. Those deposits amount to enormous sums, very many billions of dollars, and those depositors ought not to have their confidence shaken in the security of the reserves which are held against the payment of those deposits.

Moreover, the gold which is held in the reserve banks is held there as a basis upon which to issue Federal reserve notes on a basis of 40 per cent of gold against each dollar of Federal reserve notes. That expensive policy of the Federal reserve banks is based upon the quantity of gold which they have.

This provision permits the bonds of this corporation to be substituted for the gold which is held as the reserve of the banks of the country against their deposits, and anything which would weaken the confidence of the depositors of the country in the Federal Reserve System might lead to the most unhappy results.

Mr. GALLINGER. And the purpose of the amendment is to give added protection to the depositors?

Mr. OWEN. The purpose of the amendment is to protect the depositors, and by protecting the depositors and protecting the Federal Reserve System to protect the credit system of the United States, without which this war can not be successfully waged. I think that is perfectly obvious.

Mr. GALLINGER. The latter part of it I do not know anything about.

Mr. OWEN. I think the Senator will agree with me when he considers it, because if the credit system is disturbed in the United States it would be the most serious injury to the conduct of the war.

Mr. GALLINGER. There is no question about that. What particularly attracted my attention was that this is in the interest of the depositors in banks.

Mr. OWEN. Oh, yes.

Mr. GALLINGER. Of course, for that reason it ought to be agreed to, beyond a doubt.

Mr. McCUMBER. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. McCUMBER. Does the Senator claim that the words he desires to have stricken out authorize those banks to issue currency without having 40 per cent of gold back of it?

Mr. OWEN. No; not at all. The part I am asking to have stricken out permits the banks to buy these bonds and take their gold to buy them with.

Mr. McCUMBER. There is nothing mentioned about gold in that particular provision.

Mr. OWEN. No; nothing is mentioned of gold, but that is what they have to buy the bonds with. They have to buy them with the gold they have if they buy them at all.

Such bonds may be dealt in by Federal reserve banks in the same manner and to the same extent as bonds or notes of the United States not bearing the circulation privilege.

Mr. McCUMBER. I understand the Senator.

Mr. SIMMONS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from North Carolina?

Mr. OWEN. I do.

Mr. SIMMONS. My understanding is—and I wish to ask the Senator if I am correct—that under the Federal reserve act the reserve banks are permitted to use the deposits of the member banks for the purchase of Government bonds. Am I correct in that understanding?

Mr. OWEN. Yes; the Senator is correct in that.

Mr. SIMMONS. This amendment would not permit them to use the gold of member banks to purchase the bonds of the corporation to be created?

Mr. OWEN. Yes; that is right.

Mr. SIMMONS. But they would still have the right to use that fund for the purchase of liberty bonds?

Mr. OWEN. Yes; that is right.

Mr. SIMMONS. And the Senator, I understand, differentiates between liberty bonds and the bonds of this corporation?

Mr. OWEN. Very widely; and I wish to explain why I so differentiate.

Mr. TOWNSEND. Mr. President, will the Senator from Oklahoma tell us where the amendment which he is discussing comes in the bill?

Mr. OWEN. It is on page 11, line 5.

Mr. WADSWORTH. May we have order, Mr. President?

The PRESIDENT pro tempore. The Chair must appeal to the Senate to assist in preserving sufficient order so that Senators addressing the Senate may be heard.

Mr. SIMMONS. Mr. President, I wish to add, if the Senator from Oklahoma will permit me, that I heard his statement of the differentiation which he made on yesterday in this matter, and I am inclined to think that it is well founded.

Mr. OWEN. There is a very important differentiation between the bonds of the United States and the bonds of this corporation. The bonds of the United States are very widely scattered in private hands; they are not very active in the market; and there would be no urgent demand on the Federal reserve banks to take the bonds of the United States in exchange for their gold; but in this bill we are providing for \$4,000,000,000 of these corporation bonds to assist corporations that have difficulty in renewing their maturing obligations. Those bonds will go into the financial centers in very large amounts; those who are interested in those financial centers will bring pressure to bear upon the directors of the Federal reserve banks to accommodate them by taking over those bonds and it would be a hazard to the Federal Reserve System to have the directors subjected to a pressure of that kind.

Mr. SMITH of Georgia. Mr. President, I wish to give my very cordial support to the amendment of the Senator from Oklahoma. The actual quantity of free gold now in the Federal reserve banks is only about \$600,000,000. I not only believe it would be unwise to use any portion of that fund for investment in these bonds, but I very much doubt the wisdom of using it to buy any bonds. I certainly am pleased, therefore, to join in excluding these bonds from purchase by the Federal reserve banks.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. OWEN].

Mr. REED. Mr. President, let the amendment be stated. Some of us have come in from committees since the amendment was read.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. On page 11, beginning in line 5, it is proposed to strike out the following words:

Such bonds may be dealt in by Federal reserve banks in the same manner and to the same extent as bonds or notes of the United States not bearing the circulation privilege, and.

Mr. REED. Mr. President, I have been working in committee and have not therefore had the benefit of the discussion which has taken place in reference to this amendment. I am very fearful that if adopted the amendment will seriously cripple the usefulness of the organization which we are about to create. This corporation, in fact, is to be a great bank, in the sense that it is to procure funds to take care of the maturing obligations of many great concerns and small concerns which

can not get money because the Government has applied so powerful a suction to the financial market in order to get money for its bonds that it is necessary to come to the relief of the financial market. The money which this corporation is to obtain is to be largely obtained from the sale of its bonds. Now, the very first thing it is proposed to do is to limit the use to which those bonds may be put. When that is done you impair their sale in the market and you almost certainly advance the interest charge.

While I generally agree with my friend from Oklahoma [Mr. OWEN] on matters concerning banking legislation, I believe it is unwise to undertake to float four thousand million dollars of securities and to discredit them to a certain extent in advance by refusing them the privilege of being handled through the Federal reserve banks and having all the privileges of the Federal reserve banks.

Mr. OWEN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Oklahoma?

Mr. REED. I do.

Mr. OWEN. The Senator from Missouri evidently misunderstands the purpose of the amendment. It does not provide that these bonds may not be used as collateral for notes coming through member banks to the Federal reserve banks for discount. They may come in that way. The only purpose of the amendment is to require that the gold held by the reserve banks shall not be directly used in buying these bonds and substituting these bonds for that gold.

Mr. REED. But this amendment, in my judgment, goes much further than that. It strikes the language out of the bill which gives to these bonds certain privileges, and to that extent discredits the bonds.

Mr. OWEN. If the Senator will read the words remaining in the bill immediately following the words proposed to be stricken out, on page 11, he will find that these bonds, although an investment security, are given a very extraordinary status of being used as a basis for the issuance of Federal reserve notes when they are indorsed by a member bank.

Mr. REED. Well—

Mr. OWEN. The Senator will observe that following the words which I have moved to strike out there appears this language:

Federal reserve banks shall be authorized, subject to the regulations of the Federal Reserve Board, to rediscount and purchase paper and make advances secured by such bonds in the same manner and to the same extent and at the same rates or at such higher rates as the Federal Reserve Board may approve, as they may purchase or rediscount paper or make advances secured by such bonds or notes of the United States under authority of the Federal reserve act.

That really accomplishes, I think, what the Senator has in mind. I think that he rather misunderstood the scope of the proposed amendment.

Mr. REED. As I stated, I am under the disadvantage of coming in after the discussion has taken place in part. The proposition, however, is to strike out—

Such bonds may be dealt in by Federal reserve banks in the same manner and to the same extent as bonds or notes of the United States not bearing the circulation privilege, and.

Mr. OWEN. Mr. President, I now remind the Senator that we provided in the Federal reserve act that these banks might buy the bonds of the United States directly and use their gold for that purpose, which they have done to a limited degree.

Mr. SIMMONS. That is, Mr. President, the gold of the member banks, as I understand.

Mr. SMITH of Georgia. Oh, no.

Mr. OWEN. The gold held by the Federal reserve banks against the reserves of the member banks.

Mr. SIMMONS. That is right.

Mr. SMITH of Georgia. It does not make any difference whether it is gold held against the member banks or gold held against anything else; it is their gold.

Mr. OWEN. Yes; it is their gold.

Mr. SMITH of Georgia. And they can invest it in Government bonds.

Mr. OWEN. It is their gold; yes.

Mr. SMITH of Georgia. The object of this amendment is to provide that they shall not invest their surplus gold in the bonds of the proposed corporation.

Mr. OWEN. Yes; and they ought not to be allowed to do it.

Mr. SMITH of Georgia. I think to-day it would be very unwise for them to invest their surplus gold in any bonds.

Mr. OWEN. I agree with the Senator.

Mr. SMITH of Georgia. They need it for the broader purposes of the Federal Reserve System.

Mr. OWEN. That is right.

Mr. SMITH of Georgia. And those provisions were put in the bill originally that they might be used in case of a surplus of money and a lack of demand.

Mr. OWEN. That is correct.

Mr. SMITH of Georgia. To-day we have an extreme demand and a limited surplus.

Mr. OWEN. Yes.

Mr. SMITH of Georgia. And this is no time for them to be investing their gold in bonds.

Mr. OWEN. And it is not necessary.

Mr. SMITH of Georgia. Therefore I gladly join in not providing this additional opportunity to invest their gold in bonds.

Mr. REED. Mr. President, I should like to ask the chairman of the committee if it would be possible to let this amendment lie over and take up another matter and return to it in the course of half an hour?

Mr. SIMMONS. I have no objection, if the Senator from Oklahoma does not object.

Mr. OWEN. I have no objection.

Mr. REED. I should like to have an opportunity to compare it with the Federal reserve act.

Mr. OWEN. I have no objection.

Mr. REED. Then let the amendment be passed over temporarily.

Mr. OWEN. I temporarily withdraw the amendment, Mr. President.

The PRESIDENT pro tempore. The amendment is withdrawn. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. HOLLIS. I send to the desk an amendment which was printed last night.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. It is proposed to insert as a new section in the bill the following:

Sec. 2. That any applicant for a loan or advance under this act who shall knowingly make any false statement in his application for such loan or advance, and any member of a loan committee who shall willfully overvalue any security for loans or advances under this act, shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding one year, or both.

Any person who shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting any bond, coupon, or paper in imitation of, or purporting to be in imitation of, the bonds or coupons issued by the Corporation; or any person who shall pass, utter, or publish, or attempt to pass, utter, or publish any false, forged, or counterfeited bond, coupon, or paper purporting to be issued by the Corporation, knowing the same to be falsely made, forged, or counterfeited; or who shall falsely alter, or cause or procure to be falsely altered, or shall willingly aid or assist in falsely altering any such bond, coupon, or paper, or shall pass, utter, or publish as true any falsely altered or spurious bond, coupon, or paper issued, or purporting to have been issued, by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding five years, or both.

Any person connected in any capacity with the Corporation who embezzles, abstracts, or willfully misappropriates any moneys, funds, or credits thereof, or who without authority from the directors draws any order, assigns any note, bond, draft, mortgage, judgment, or decree thereof, or who makes any false entry in any book, report, or statement of the Corporation with intent in either case to defraud the Corporation, or any other company, body politic or corporate, or any individual, or to deceive any officer of the Corporation, and any person who with like intent aids or abets any officer, clerk, or agent in any violation of this section, shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding five years, or both.

The Secretary of the Treasury is hereby authorized to direct and use the Secret Service Division of the Treasury Department to detect, arrest, and deliver into custody of the United States marshal having jurisdiction any person or persons violating any of the provisions of this section.

Mr. HOLLIS obtained the floor.

Mr. THOMAS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New Hampshire yield to the Senator from Colorado?

Mr. HOLLIS. I yield.

Mr. THOMAS. I want to suggest the manifest conflict between some of the provisions of the proposed amendment and section 8 as we adopted it yesterday, particularly with regard to the amount and extent of the penalty.

Mr. HOLLIS. Mr. President, under this bill we are about to organize a corporation which will have public funds of the United States in effect, although not in name. The corporation will perform a banking business; it will receive a capital from the Government of \$500,000,000. That \$500,000,000 is supplied to the corporation as capital, and it will be absolutely the property of the corporation. Under the laws as they now exist anyone could steal the entire \$500,000,000 of capital and not be punished under any statute or by any court or officer of the United States. It might be possible, if the corporation had a branch in some State and its money were stolen or embezzled, that the culprit might be convicted under some State statute,

but the courts of the United States and officers of the United States could not prosecute such a person.

The national banks have been created under a special statute and in that statute there is a provision for punishing embezzlement or misapplication of funds. The same is true of the farm loan banks. I prepared this amendment yesterday after looking over the other statutes, and I think it will answer the purpose.

The penalties are made much more severe than in the case cited by the distinguished Senator from Colorado, because it is a much more serious offense to steal large sums than it is to disobey regulations of the noncriminal provisions of a statute.

Mr. THOMAS. Mr. President—

Mr. HOLLIS. I yield to the Senator.

Mr. THOMAS. I am not objecting to the Senator's proposed amendment, but section 8 was written so as to apply to every violation of the provisions of the act, and, if we adopt both the section proposed by the Senator from New Hampshire and the one we adopted yesterday, there certainly will be a manifest conflict with regard to the penalty. I think, therefore, section 8 should be stricken from the bill.

Mr. HOLLIS. I thank the Senator for his suggestion. I understand that the amendment to section 8 will again be considered when the bill gets into the Senate, and at that time we can doubtless make the two sections compatible. I will look at section 8 with that in view.

Mr. THOMAS. I want also to suggest to the Senator before he takes his seat what seems to me to be largely an immateriality in that part of his proposed amendment which requires the Secretary of the Treasury to use the Secret Service of the Government in the detection of offenses that may be committed under the law. Would he not have that right, anyhow? Is not that one of the duties of the Secret Service as now organized?

Mr. HOLLIS. My attention was called to that provision by a member of the Treasury Department, and I was informed that the Secretary of the Treasury would not have that authority unless it were expressly conferred for this purpose.

Mr. SIMMONS. Mr. President, I have examined very carefully the amendment offered by the Senator from New Hampshire. Until the Senator stated upon the floor on yesterday that the Federal laws would not be sufficient to authorize a prosecution for forgery of the bonds of this corporation or embezzlement of its funds, I was under the impression that the law was otherwise. Whether this be a corporation organized under the laws of the United States for private or public purposes, I was under the impression that there was authority of law for the prosecution of forgery and embezzlement of the character described in the amendment of the Senator from New Hampshire. Until his statement was made, I did not have any doubt that in the creation of a corporation of this kind, in which the Federal Government would be the sole stockholder—and it therefore would own the corporation, and the bonds of the corporation would be its property—there was ample authority to punish offenses of the character described in the amendment against the property of that corporation. The Senator from New Hampshire assured the Senate that he had investigated the matter and that there was no such authority. I have not had time myself to investigate it. Assuming that the Senator is right, of course this legislation is necessary, and for that reason I shall accept the amendment.

I can not see the force of the suggestion made by the Senator from Colorado [Mr. THOMAS]. Section 8 of the bill simply punishes violations of the provisions of the act. There is no provision in this act with reference to embezzlement of any kind. That is not one of the provisions of the act.

Mr. THOMAS. No; but, Mr. President—

Mr. SIMMONS. That is a substantive thing growing out of the wrongdoing of some officer with reference to the funds of the bank or with reference to the bonds of the bank.

Mr. THOMAS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Colorado?

Mr. SIMMONS. If the Senator will pardon me, I shall be through in just a moment. I think this merely provides that offenses of this character shall be punished by a heavy penalty, while violations of the ordinary provisions of the act shall be punished by a lighter penalty.

I hope, Mr. President, that the amendment will be adopted.

Mr. THOMAS. Mr. President, if a general law or a law in general terms provides specific penalties for the violation of certain portions of it, and is then followed by a section which provides a penalty to be inflicted upon any person who violates any of the provisions of the act, and the penalty in the general clause differs from the penalty in the specific one, and especially if the penalty in the general clause is milder, less severe, than

the specific one, that will be the penalty inflicted by the courts upon a violation of any of the provisions of the act. I think that is a proposition which every lawyer will accept without a question. In the construction of criminal laws, where any doubt exists, the doubt will be construed in favor of the milder penalty, or the milder construction will be given if the words of the statute are susceptible of it.

The Senator from North Carolina would be correct in his criticism of my objection if section 8 were specifically limited to all other violations than those mentioned in this proposed section 2. If not, then in the event of a violation of the act, followed by a conviction, the maximum penalty will be \$1,000 and one year's imprisonment. Consequently, I think one or the other should be eliminated.

The Senator from New Hampshire [Mr. HOLLIS] has given specific attention to the need of the amendment which he has offered, and which he says is essential in the event we propose to punish the specific class of offenses to which it refers. I am perfectly willing to take his statement upon that subject. He has given it his personal attention. He is an excellent lawyer, and he has come to that conclusion; but I certainly must protest against incorporating that amendment in this bill and at the same time leaving section 8 as it is now framed.

Mr. HOLLIS. Mr. President, yesterday, when the amendment to section 8 was under consideration, no Senator was able to tell of any offense that might be punishable under it. I have tried to think of one myself, and I can not. I therefore suggest to the Senate that each Member try to think of something that might be covered by it; and if none is suggested when we are considering section 8 in the Senate—as it will be considered—we can strike out section 8, and leave this section in place of it. I make that suggestion.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from New Hampshire [Mr. HOLLIS].

The amendment was agreed to.

Mr. OWEN. Mr. President, I should like to renew now the proposed amendment on page 11, to strike out, in lines 5 to 8, the words:

Such bonds may be dealt in by Federal reserve banks in the same manner and to the same extent as bonds or notes of the United States not bearing the circulating privilege, and—

Mr. SIMMONS. Mr. President—

Mr. OWEN. I will state that the Senator from Missouri [Mr. REED] has already agreed to that amendment, and has withdrawn his objection.

Mr. SIMMONS. Very well. I was simply going to suggest the absence of the Senator from Missouri.

Mr. OWEN. I spoke to the Senator from Missouri about it, and he withdraws his objection.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

Mr. HOLLIS. Mr. President, I move to strike out the balance of section 6 immediately following the part that has just been stricken out; that is, on page 11, I move to strike out all after line 8, and, on page 12, I move to strike out the first 12 lines.

I will read the part that it is proposed to strike out, beginning with line 9, on page 11:

Federal reserve banks shall be authorized, subject to the regulations of the Federal Reserve Board, to rediscount and purchase paper and make advances secured by such bonds in the same manner and to the same extent and at the same rates or at such higher rates as the Federal Reserve Board may approve, as they may purchase or rediscount paper or make advances secured by such bonds or notes of the United States under authority of the Federal reserve act. Any Federal reserve bank acquiring by purchase or rediscount such paper secured by the bonds of the Corporation may, with the approval of the Federal Reserve Board, use such paper so acquired for any purpose for which it is authorized to use paper secured by such bonds or notes of the United States: *Provided, however*, That whenever Federal reserve notes are issued against the security of such paper the Federal Reserve Board may make a special interest charge on such notes, which, in the discretion of the Federal Reserve Board, need not be applicable to other Federal reserve notes which may from time to time be issued and outstanding. All provisions of law not inconsistent herewith in respect to the purchase or rediscount by any Federal reserve bank of paper secured by such bonds or notes of the United States and in respect to Federal reserve notes issued against the security of such paper shall extend, in so far as applicable, to the purchase or rediscount of paper secured by the bonds of the Corporation and to the Federal reserve notes issued against the security of such paper.

This is a very important amendment to the Federal reserve act, and in order that the Senate may know just how it affects the act I will explain briefly the reasons for enacting the Federal reserve act.

We had been for a century acting under banking laws which did not provide for the mobilization of banking reserves. Each bank kept its own reserves, in part in its own vaults and in part with reserve banks in other cities. There was no mobilization. In case of a panic, when there were sudden calls on

any bank to meet its liabilities, its reserves were insufficient for the purpose. We provided, therefore, that there should be 12 reserve banks; that the major part of the reserves of the national banks or State banks becoming members of the system should be kept in the Federal reserve banks; and the Federal reserve banks now have about a billion and a half of reserves belonging to member banks of the system. Those reserves are not reserves unless they are kept in liquid form; that is, when pressure comes on the banks, through panic or otherwise, these reserves must be in shape to respond immediately and effectively to the call for funds. If they are locked up in securities, however safe, but not liquid, they can not meet the call for reserves.

The resources of the Federal reserve banks are very limited anyway. They have only about \$73,000,000 of capital; and that is a very insignificant item compared with the financial transactions of this country. Then, they have the billion and a half of reserves. That is all that the Federal reserve banks have to buy anything with. Their earnings are inconsiderable. They can not receive deposits from anyone, and all the money they have with which to buy bonds or other securities is comprised in these two items—their capital of \$73,000,000 and their reserves.

There was long consideration given to the subject of what reserves should be invested in. Some thought they should be invested in some things; some thought they should be invested in other things; and the Federal reserve act was finally predicated upon the proposition that the reserves should be invested only in commercial paper of short maturity. Later an excess was permitted on that law to the effect that they might invest a certain amount of the reserves in Government bonds, and the reason advanced for that was that Government bonds, as a rule, have a quasi-liquid character; that is, they are quickly salable on the market.

The advantage of notes based on commercial transactions is that if the commercial transaction is short, when it is completed the security will pay itself out. That is, it is self-liquidating. If a merchant buys a bill of goods, in 90 days he will probably have turned them over, so that out of the proceeds of sale he can pay his note, and it works in this way:

A member bank discounts for a merchant his note at 90 days or less. The member bank is then allowed to rediscount that note with the Federal reserve bank, and the Federal reserve bank is allowed to advance to the member bank part of the reserves of the system. When that note becomes due, if the maker of the note is able to meet it, the obligation is canceled, the member bank gets its money, the Federal reserve bank gets its money, and the reserves remain intact.

Under the bill as it stands, if a member bank desires to obtain money from a Federal reserve bank, it may give its own obligation, not necessarily secured by a commercial note, but secured by Government bonds, and the bank may rediscount that obligation. After the Federal reserve bank has discounted paper in this way for a member bank, it may make that paper the basis for the issue of Federal reserve notes or currency, and the great merit of the Federal reserve note as currency rests upon the fact that it is based on self-liquidated short-time paper.

I appreciated the beauties of linking a new banking system to the Federal Reserve System and obtaining access to the quick commercial capital of the country, and I had inserted in the farm-loan act when it passed the Senate exactly this same provision. I thought that was the best way for the farmer to turn his long-term investment security into a quick capital asset. The matter was particularly called to the attention of the Senate; but when it got over to the House, the House Committee on Banking and Currency refused to agree to it. The House followed their suggestion, and when the matter went into conference I was met with the most earnest resistance on the part of the House Banking and Currency Committee. I yielded that proposition, the last one that I yielded, and I only yielded it because I was convinced that it was essentially unsound.

We enact a law for a Federal Reserve System in times of peace, when we can view things quietly, and rig the ship so that it will go through a storm. You can not get your ship rigged for a storm when the storm is on. Your judgment is not good. The time to prepare a safe ship is in times of calm. We prepared the Federal Reserve System so that it should be safe. We made it safe, and we did not suppose that after the country had been in war less than one year, when the banks were full of money, and when the credit of the United States is good, some one would want to tinker with the Federal reserve act and make some drain upon it that we did not approve when we were looking at the matter calmly.

This is an inroad on the Federal Reserve System. I became satisfied of that when the farm-loan act was under consideration. I did not believe the privilege of rediscounting securities based

on farm-loan bonds would be carried out enough to imperil the system. I did not think it would be dangerous. In practice, I was not afraid of it; but I did think it would be a most dangerous precedent, and because it is now being urged in this case to a very serious extent, perhaps to the extent of four billions, I urge the Senate to consider the matter thoroughly before it adopts this provision.

The powers given under this bill, as everyone admits, are very, very great. They contain elements of the greatest danger to the financial system of the country. This corporation is given authority to issue \$5,000,000,000 of these bonds. Currency may be issued on the strength of those bonds to the extent of \$2,000,000,000 in excess of the billion and a quarter which is now outstanding. The Federal Reserve System was not established for the purpose of converting long-term securities, even Government securities, into quick capital for capital purposes. The Federal Reserve System was established to make our commercial banks safe and valuable to the country. This has no tendency to make them safe. It has every tendency to endanger their solvency.

I hope the matter will be thoroughly debated and that we shall have the views of Senators on the floor who are familiar with the Federal reserve act. I do not want to make a long fight on it. I want to put it squarely before the Senate, and I shall hope for an intelligent vote upon it.

Mr. SIMMONS. Mr. President, I hope the amendment offered by the Senator from New Hampshire will not be adopted. The section of the bill that he proposes to strike out, at least a part of the section that he proposes to strike out, is vital to this measure. It is so regarded, I think, by every member of the committee. It is so regarded, I am sure, by the Secretary of the Treasury.

It is true, as the Senator says, that the Federal reserve act only permits Federal reserve banks to discount commercial paper and Government bonds, and only permits those two classes of securities to be used as a basis of Federal note issue.

In order to make these bonds salable, in order to make them perform the purpose and office contemplated in the act, it is proposed that the bonds of this corporation so far as the right of the Federal reserve banks to discount them, so far as their being the basis of note issue, shall be placed upon a parity in these banks with commercial paper and Government bonds.

If this section of the bill is stricken out the bill will be undermined, its purpose will be largely defeated, the liquidity of its bonds will be in a measure affected, and it will be fatal, in my judgment, to the legislation proposed.

Mr. President, the Senator is entirely right in saying that the principle of the Federal reserve act is to require these banks to deal only in liquid securities, commercial paper. Ninety-day commercial paper is liquid security. The Federal reserve act recognizes Government bonds as liquid security, not because they will be due in 90 days but because there is a ready market for them. It is anticipated that there will be a ready market for these bonds also, and that they will be of as liquid a character substantially as Government bonds, and that in no way will the general principle of the Federal reserve act, which requires the banks to confine their operations to liquid securities be impaired or undermined.

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

Mr. SIMMONS. Yes.

Mr. NORRIS. I have been a good deal impressed by the fear that there might possibly be some danger to the Federal Reserve System if we legislate in such a way that it would have a tendency to disturb the liquidity. Of course, the Senator realizes that that would be a very dangerous thing to do.

Mr. SIMMONS. Of course, that is exactly what we are trying to avoid. The Senator suggested the other day, if he will pardon me, that we might amend the Federal reserve act and permit securities of these industrial corporations and war factories to be discounted by the Federal reserve bank. If we had done that we would have undoubtedly destroyed the liquidity of their securities. But we do not do that. We require that before those can be utilized at all they must be converted into the bonds of this corporation. If the bonds of this corporation will not be liquid, then they will not be of any value at all.

Mr. NORRIS. I understand that. I wish to ask the Senator further, does he think that the change of the securities of the private corporation that is getting assistance through the instrumentality of this corporation that we have organized into the long-time bonds of this corporation—

Mr. SIMMONS. They are not long-time bonds. They are not less than one year nor more than five years; they are short-term bonds.

Mr. NORRIS. Say, for a year, that would not be considered liquid in the ordinary commercial sense.

Mr. SIMMONS. If a Government bond—

Mr. NORRIS. I will say to the Senator I can see a reason why this should be done. Of course, I think it would make these bonds more valuable, and I would not like to do anything that would destroy their value; but at the same time I do not believe that these bonds are ever going to be as liquid as Government bonds. If they are liquid, it is because they will sell on the market, and not because of their maturity. That is the reason why a Government bond is liquid, if it is liquid. It is because it has a ready sale. You can convert it into money. Commercial paper is liquid because it matures and the theory is that it will be paid when due, not exceeding four years. That attribute of liquidity to these bonds certainly can not be applied, because they will probably run four or five years before they are due; at least, they will have to run one year.

Mr. SIMMONS. Mr. President, the Senator will pardon me, unless he is through.

Mr. NORRIS. I am asking the Senator for information.

Mr. SIMMONS. It is expected that these bonds will stand in the markets of the country very largely upon a parity with Government bonds.

The Senator from Oklahoma [Mr. OWEN] the other day in discussing this matter indicated his opinion that the interests upon these bonds should not be materially different, if at all different, from that of the liberty bonds. I suppose that was based upon the theory that they would be a very attractive class of securities. The bonds themselves have back of them two things which give them strength. First, they have behind them, in a moral sense at least, the responsibility of the United States Government; and, secondly, they have behind them, as a rule, when they have been exchanged for other securities, the obligation of the corporation and the securities which the corporation puts up in order to secure an exchange of their securities into these bonds.

Now, they do not run as long as liberty bonds. They do not run as long as the average Government bond. They are of a shorter period. This is the theory of the bill, the theory of its sponsors, and the theory of the committee, and the legislation is largely based upon that theory, and if that theory is wrong, then the legislation will not be effective in accomplishing its purpose. The theory is that these bonds will command a ready sale in the market, just as United States bonds do; and as United States bonds are treated in the Federal Reserve System as liquid assets for the purpose of discount by these banks and note issues, that same quality is given to these bonds.

Mr. SMITH of Georgia. Mr. President—

The PRESIDENT pro tempore. Will the Senator from North Carolina yield to the Senator from Georgia?

Mr. SIMMONS. I yield the floor. I am through.

Mr. OWEN. Before the Senator yields the floor I want to remind him and the Senate that when I said that the bonds proposed under this bill should bear 4 per cent, I coupled with it that these bonds should have the legal obligation of the Government behind them and not an implied moral obligation. I understand that there is a very substantial difference of opinion as to whether there is any moral obligation behind these bonds. I agree with the Senator from North Carolina that the Government's moral obligation will be behind these bonds for reasons which are obvious.

Mr. SIMMONS. Mr. President, if the Government can under any conceivable circumstances become morally obligated to pay an indebtedness the Government will be obligated to pay these bonds. It is the sole property of the corporation. It is to be the beneficiary of these bonds; it alone is interested in them, and to assume for a minute that the Government would repudiate that sort of an obligation seems to me to be very far-fetched.

Mr. SMITH of Georgia. Mr. President, I agree thoroughly with the Senator from North Carolina. I regard the Government as absolutely behind these bonds. The only reason why they are not issued formally as Government bonds is because it would be unwise to issue Government bonds for so short a period, and it would be unwise for the Government through the Treasury to conduct this business, or, at any rate, it is deemed much wiser to conduct the business through a corporation all the stock of which is owned by the Government.

This corporation begins with \$500,000,000 capital. It is required to take the best of securities for all its advances. Instead of losing money the interest that it makes on its discounts and its loans should accumulate a handsome profit. It should at least earn interest upon the \$500,000,000 that the Government places with the corporation. It could only lose by reckless improvident management. As the Government makes its directors Government officers the Government is behind these bonds. I should feel as a legislator that I had undue

regard for the character of my Government if I for one moment questioned the fact that the Government would see these bonds paid.

Now, Mr. President, let us come to the amendment of the Senator from New Hampshire [Mr. HOLLIS]. I yield to no one—

Mr. NORRIS. I wish to ask the Senator a question before he leaves that point.

Mr. SMITH of Georgia. I wish to get through, but if the Senator wishes to ask a question, I would be glad to answer it.

Mr. NORRIS. I intended to ask the Senator a question.

Mr. SMITH of Georgia. All right.

Mr. NORRIS. The only point about which I have doubt in regard to the amendment is whether the bonds of this corporation will sell in the open market as readily as Government bonds.

Mr. SMITH of Georgia. I think they will sell as well as Government bonds and fill a place unoccupied by Government bonds. We could not properly make our Government bonds so short as from one to five years. These bonds are prepared upon a plan of furnishing an opportunity for investment in funds that the parties desire to have mature in a shorter period than the maturity of Government bonds.

Now, Mr. President, I desire to come to the Federal reserve banks and the effect of this action upon them. I yield to no one interest in these banks. I yield to no one in the desire that these banks should be absolutely above question. Mr. President, I may be pardoned for saying that I contributed toward making them sound in the Senate as much as perhaps any other Senator. It was upon my motion that the reserve for Federal reserve notes was required to be 40 per cent instead of 25, and that the reserve as to deposits was increased from 20 to 35 per cent.

Mr. HOLLIS. Will the Senator make that clear? What does he mean by reserve?

Mr. SMITH of Georgia. Back of the Federal reserve notes there must be 40 per cent of actual gold kept in the Federal reserve banks. Back of the deposits by member banks there must be 35 per cent of gold or lawful money kept in the Federal reserve banks. These are the reserves of the Federal reserve banks, the one against the notes issued, the other against their deposits. It is true these amounts were fixed in the Democratic caucus, and upon the floor of the Senate they were reported as the action of the committee, but no one among Democrats was more zealous than myself in insisting that the notes issued should be limited to 2½ per cent of the gold kept in the vaults of the banks, and that 35 per cent in gold or lawful money for all deposits should always be retained in the Federal reserve banks. These two reserves are the great bulwarks of the reserve banks that preserve perpetually their strength under any reasonable management. Back of their loans, back of their deposits, back of their notes, at all times we have 35 per cent gold or lawful money reserve against deposits and 40 per cent gold reserve against reserve notes.

Now, let us come to the character of paper that they may discount. There are two kinds of paper that they may discount. The one is 90 days' paper and the other is 15 days' paper, all the paper of a member bank. No paper of a member bank can be discounted in a Federal reserve bank running for a longer maturity than 15 days, based simply upon security. The 90 days' paper is a commercial paper supposed to be in itself self-liquidating, taken by the customer of a member bank, a paper given for an actual commercial transaction or else additionally secured and rediscounted by the member bank in the Federal reserve banks for a period running not more than 90 days.

Mr. HOLLIS. If that is so, then what is the necessity of having any bonds back of it as security?

Mr. SMITH of Georgia. The commercial paper has no bonds back of it as security. You need not put a bond back of that paper to make it good. The paper of the member banks back of which the bonds may be placed as security can run for only 15 days.

Mr. HOLLIS. I think the Senator is a little confused there. A 90-day note in the hands of a member bank which is not based on a commercial transaction may be rediscounted, and the reserve bank has for it a Government bond as security.

Mr. SMITH of Georgia. But I stated that the note of the member bank itself could only be a 15-day note, no matter if these bonds were given as security.

Now, Mr. President, these bonds are perfectly good. They are as good as Government bonds. We all so recognize them. They are as liquid as Government bonds, and they will be taken as security at their market and salable value. There is no requirement that the Federal reserve bank shall accept them as security at par. The Federal reserve bank will have

the note of the member bank and the security in the shape of bonds only when the note is for 15 days; that is to say, if a member bank gives only its note with a bond as security the note can run only 15 days, and if the member bank gives a note from a customer indorsed by itself, that note not being what is termed a "commercial note," it must also give additional security, and these bonds may be the additional security. In that case the Federal reserve bank would have the note of the customer of the member bank which the member bank took, it would have the indorsement of the member bank on this note, and it would have the bond as security in addition.

Mr. President, that in no way will involve the strength of the Federal reserve bank. It can not possibly lessen the fluidity of their issue. I feel that it is wise and eminently proper if a member bank has some of these bonds and wishes at some time to put some security back of its notes, if merely its notes for 15 days, these bonds will be good. If it is the note of a customer indorsed by a member bank to which additional collateral must be added, then certainly these bonds would be good.

Mr. President, we must always keep in mind the fact that the Federal reserve banks reserve 40 per cent in gold for every dollar of Federal reserve notes that pass out from them, and that can not be loaned; it can not be borrowed by member banks. Again, they keep 35 per cent in gold or lawful money against their deposits. That is not to be loaned; that can not be borrowed by member banks.

I voted for the amendment of the Senator from Oklahoma to strike out the provision that would allow the Federal reserve banks to invest in these bonds any of their funds available for business. Of course, at no time could they invest in these bonds their 40 per cent gold reserve, which is held against the Federal reserve notes, nor could they invest in Government bonds or these bonds any of their 35 per cent gold and lawful money which must be held as a reserve against deposits. I am opposed to their investing in these bonds any of their surplus funds which are available for loan purposes, available for Federal reserve bank business proper, just as I am opposed to their investing any of such funds now in Government bonds. I do not think it wise that any of the funds upon which business is to be done by the Federal reserve banks shall be invested in bonds at this time. I think those funds ought to be maintained for the conduct of the commercial business or general business of the Federal reserve banks.

The provision in the original bill allowing the investment in Government bonds was placed there upon the theory that business might be dull; that the Federal reserve banks might have an accumulation of reserves, of their own money, not called for and needing some mode of investment, and Government bonds were designated as the class of investment which they could make. I think it would be very unwise for the Federal reserve banks to-day so to invest and thereby lessen their \$600,000,000 of available gold and lawful money not covered by their reserves and Federal reserve notes and their reserve for their deposits or to use it where it would cease to be fluid and ready for general business.

Mr. SIMMONS. Mr. President, I understand the Senator's position is that he only wants the Federal reserve banks to deal through commercial transactions for the purpose of relieving the market.

Mr. SMITH of Georgia. Yes; and I see no objection whatever to classing these bonds as Government bonds, as a security for a transaction in the Federal reserve banks. I think that advisable. I think they are as good a security as could be had. I think a bank which offers these bonds at their market value back of a discounted note of one of its customers for 90 days is giving a very liquid security; and if the note is only for 15 days—the note of the bank itself—then they certainly are a good security. I feel no fear of in any way adversely affecting the Federal reserve banks by such a transaction.

Mr. SMOOT. Mr. President, if the amendment offered by the Senator from New Hampshire [Mr. HOLLIS] is adopted we might as well defeat the bill and not pass it at all. I agree with the position taken by the Senator from Georgia [Mr. SMITH]. The Government of the United States is not only morally bound to protect the bonds which are to be issued by this corporation, but, in my opinion, if any administration undertook to repudiate such bonds in anyway the American people would never stand for it. The bonds to be issued by this corporation will be just as good as any bonds that have ever been issued by the Government of the United States, with the single exception of some of the bonds that have been issued with special privileges—circulating privileges, for instance—but the bonds themselves are in reality obligations of the Government of the United States.

Mr. OWEN. I think that is true.

Mr. SMOOT. And so far as the Federal reserve banks are concerned, Mr. President, they are not going to fail so long as the Government of the United States has one dollar of credit in the world.

Mr. OWEN. I think that is also true.

Mr. SMOOT. I do not care whether or not those banks have the 40 per cent reserve gold required by the law to-day, they are going to do business just as long as business is done by the citizens of this Republic.

Mr. OWEN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. SMOOT. Yes.

Mr. OWEN. I desire to cordially acquiesce in the doctrine that the Federal reserve banks never will be permitted to fail by the Government of the United States so long as it has the taxing power and there is any property inside our limits.

Mr. SMOOT. So long, Mr. President, as the Government of the United States has a dollar of credit anywhere in the world I am not fearful that this legislation is going to interfere with the stability of the Federal reserve banks. I am not afraid to say now that if this war continues a year or two longer we shall not have 40 per cent gold reserve for the Federal reserve notes that may be issued. I expect the Federal reserve act to be amended in that respect; I expect that act to be so amended that there may be a greater issue than \$2,500,000,000 at one time if we are in the war another year.

I am not afraid of the word "inflation" under conditions existing to-day. So far as I am concerned, I like the word inflation better than expansion, as seems to be agreed upon by the officials of the Treasury Department.

Mr. SIMMONS. Mr. President, I should like to ask the Senator from Utah, Does he not believe that in the conditions we have now surrounding us, whether it is called expansion or inflation, it is really necessary to expand our credits to some extent—to expand or to inflate our currency?

Mr. SMOOT. It is absolutely necessary, Mr. President, as I have said so many times during the discussion of this bill. We have got to do it whether we like it or not.

This question arose before the committee when Mr. Warburg was testifying, and I desire to read a part of the testimony, as follows:

Senator SMOOT. Let me cite a case to you of what I think is going to happen, after the organization of this corporation with a capital of \$500,000,000. There is authorized an issue not to exceed eight times the amount of capital stock of that corporation, which is \$4,000,000,000. Then you issue a billion dollars of notes and obligations of this corporation. Now, they go onto the market, and we will say that half of those go into the hands of the investing public and the other half goes into the banks.

Mr. WARBURG. Yes, sir.

Senator SMOOT. Now, when the banks take \$500,000,000 of those bonds they no doubt will go to the Federal bank and get currency on that \$500,000,000.

Mr. WARBURG. They might not get currency. They might want credit.

Senator SMOOT. Suppose they do get it.

Mr. WARBURG. Yes.

Senator SMOOT. Suppose they do get it; then, when issued, there is that much inflation of the currency.

Mr. WARBURG. Expansion.

Senator SMOOT. Well, what is the difference? It is inflation. Now, I do not see why the Secretary of the Treasury wants to shy at the word "inflation." Everybody knows that we are going to have it. Why not say so?

Mr. President, those are the facts of the case as they really exist to-day. There is not a bank or a business man in the United States but knows that it is coming. I am aware that our currency is not inflated to-day. We have only issued on the gold reserve. We have one and a quarter billion dollars of currency. I am now speaking of the Federal reserve banks. Under the law they have the privilege of issuing another billion and a quarter of dollars and with the gold reserve that we have we could issue another \$500,000,000; or, in other words, to-day with the gold reserve that we have, even under the provisions of the present law, we could issue additional currency to the amount of \$2,000,000,000. Mr. President, we all know that \$2,000,000,000 is not going to be sufficient to meet the financial needs, taking into consideration all that we may collect by direct taxation. We have got to have more money.

Mr. HOLLIS. Mr. President, I am interested in what the Senator says. Does the Senator think that the amount of the Government's expenditures bears any relation to the amount of currency in circulation?

Mr. SMOOT. It will bear a relation, Mr. President, just as soon as we reach the limit of the issue of currency.

Mr. HOLLIS. Mr. President, this year we are going to spend three times all the currency there is in the United States.

Mr. SMOOT. Certainly, Mr. President, and as we increase our expenditures next year and expand credits more and more

we will have to increase the currency issue. We will have to get it somewhere; we only have \$3,000,000,000 of gold in the United States—not in the banks but in all the United States. There are only \$12,000,000,000 of gold in all the world, and we have control of one-fourth of it. That amount will not be sufficient to carry on the business of this country with our Government monopolizing the money market. It is true that the business of the country to the extent of 90 or 95 per cent is done upon credit, but the credit and business of this country has expanded so that there must be additional credits, and that only can be done in the manner I have already suggested.

Now, if we adopt the amendment offered by the Senator from New Hampshire, that will prevent the Federal reserve banks rediscounting the paper of business institutions that may have these bonds back of it as security. There is nothing to be gained by that, Mr. President, but everything to be lost.

The Senator from New Hampshire the other day thought that the corporation about to be created ought only to have \$500,000,000 of capital, and that there should be no authorization for the issuance of \$4,000,000 of bonds, and he thought that if they needed more than the \$500,000,000 Congress then could increase the amount, but that the corporation should use it all as capital. Why, Mr. President, if we undertook to pass a bill at this time giving the war finance corporation only \$500,000,000 the business interests of the Nation would simply say, "This will not relieve the situation; this will be used up before the year is over." Everyone knows that this corporation will have to make advances, as provided in paragraphs (b) and (c) and (d) of section 6, to the extent of more than \$500,000,000. If we leave out of consideration all of the business concerns of this country that require money daily for carrying on of their business, bar the question of the expansion of trade that is absolutely necessary, and only consider the one question of the bonded indebtedness and obligations of corporations that fall due this coming year the \$500,000,000 would not be enough to cover them.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Dakota?

Mr. SMOOT. I yield to the Senator.

Mr. GRONNA. I am very much interested in the argument of the Senator from Utah, and I am very glad that he has made his valuable contribution to the discussion, because I know that it will be read with a great deal of interest by the business people of the country. The other day I suggested that it made but very little difference whether the Government issued its bonds or whether the Federal reserve banks issued notes the same as currency. I can not distinguish any difference between the two. In either case the obligation is an obligation of the Government, is it not?

Mr. SMOOT. Morally it is an obligation of the Government, and I will say further that there will be no time in the history of the country when the Government of the United States will not meet the obligation.

Mr. GRONNA. And in the final analysis will it not result in this: The only capital of this corporation will be the amount of money deposited with it by the Government of the United States, namely, \$500,000,000, will it not?

Mr. SMOOT. That is the only capital; yes.

Mr. GRONNA. We will say now that this corporation uses every dollar of the \$500,000,000, and it will only get in securities \$625,000,000, which will then be all the assets the corporation will have. Now, in order to get more the corporation will be authorized to issue eight times the amount of its capital stock; in other words, it will have to have a reserve of 12½ per cent; but whether that is issued in bonds of the United States—and I think it is confusing to use the word "notes"—we ought to use the word "bonds," because that is exactly what they will be; they will be bonds.

Mr. SMITH of Georgia. That is what we have done.

Mr. SMOOT. I will say to the Senator that is exactly what the committee has already done. As it was originally written it read "notes or obligations."

Mr. GRONNA. Yes.

Mr. SMOOT. We have stricken out the words "notes" and "obligations" and inserted "bonds."

Mr. GRONNA. I think that is what it ought to be.

Mr. President, if the Senator will permit me further, what I want to call attention to is this: I have listened to many Senators here who have used the argument that it would weaken the Federal reserve banks to take this function over. Now, what is the difference whether we allow the corporation to issue these bonds, which morally the Government of the United States must pay in any event, or whether we au-

thorize the Federal reserve banks of the country, by the circumlocution of taking the Government bonds and upon the securities given by this corporation allow the Federal reserve bank to issue its notes? In my judgment there is no difference.

Mr. SMOOT. I am very glad, Mr. President, that the Senator has made the statement he has.

Mr. GRONNA. I want to know if the Senator from Utah agrees with me in that argument.

Mr. SMOOT. I have already stated my position, Mr. President.

Mr. GRONNA. Very well.

Mr. SMOOT. Mr. President, I do not know that it is necessary to take any more of the time of the Senate in discussing the pending amendment; but I do want to impress upon the Senate—

Mr. SIMMONS. Mr. President, I did not understand the Senator from Utah to say that he agreed that it would accomplish the same purpose if the Federal reserve bank were authorized to issue enough notes to take the place of these four billions of bonds.

Mr. SMOOT. Oh, no.

Mr. SIMMONS. That is the argument of the Senator from North Dakota.

Mr. SMOOT. No; this is what the Senator from Utah said and what I understood the Senator from North Dakota to mean: That as far as the security of the bonds issued by the corporation is concerned, they are as good as Government bonds, because the Government is morally obligated in either case.

Mr. SIMMONS. So far as it affects the obligation of the Government.

Mr. SMOOT. So far as the obligation of the Government is concerned.

Mr. President, I simply want to impress upon the Senate that if the pending amendment is adopted we might just as well, in my opinion, defeat the bill, as this is the very heart of the measure, and I sincerely trust that it will not be agreed to.

Mr. OWEN. Mr. President, in its relation to the need for credits in financing the Government needs and of maturing bonds and of war industries, the relief of which is contemplated by the bill before the Senate—War Finance Corporation—I merely wish to call attention to the banking power of the banks of the United States, which will be found on page 109 of the report of the Comptroller of the Currency. He says:

As illustrating the marvelous growth in banking subsequent to the organization of the Federal reserve banks, it will be of interest to note that since June, 1914, the estimated banking power of the United States has increased from \$24,340,000,000 to \$34,473,100,000 in June, 1917—a gain of \$10,133,100,000, or over 41 per cent, in three years.

Now, I favor giving the power sought for in this bill where needed to assist our war industries and business people. I favor these bonds, either as Government bonds or as the corporation's bonds. I would prefer to have them Government bonds, because I agree with the Senator from North Carolina, chairman of the Finance Committee, that these bonds are a moral obligation of the United States; and since there may be 1 per cent market difference between a moral obligation and a legal obligation of the Government, and that 1 per cent as compared to 4 per cent is a 25 per cent increase, I would prefer to have them Government bonds simply and plainly, because I do not discriminate between a moral responsibility and a legal responsibility. That is the reason why I contemplated offering a proposal of 4 per cent, which would be a fair rate upon the legal obligation of the Government; but I do not favor imposing a limitation of 4 per cent upon these proposed bonds as the corporation's bonds, because they will not go at 4 per cent; and there ought to be no limitation upon it if it is going to be merely a corporation bond. That bond will have to seek the market price, whatever it is, and pay 4½ or 5 per cent or whatever may be found necessary, even if it may disturb deposits in the savings banks, which I should exceedingly deprecate and which I had hoped to avoid.

Mr. SMOOT. Our liberty bonds did not have to pay that much.

Mr. OWEN. Our liberty bond, though, has behind it the patriotism and the taxing power of the Government of the United States; and everybody knows that if these gentlemen who have the great property of the country do not take the liberty bond they will find the alternative of a tax receipt in place of a Government bond; they are obliged to support these bond issues of the Government of the United States to carry on this war or pay the money over without a bond in the form of taxes to carry on this war. The Government is compelled to offer them a bond or a tax receipt, and they will prefer the bond unless their brains have ceased to function.

I wish to put into the Record this observation:

When the Government of the United States raises a thousand million dollars by taxes, or raises a thousand million dollars by floating a loan, these checks come in from the Atlantic to the Pacific in payment of the bond or in payment of the tax, and flow into the Treasury of the United States. Immediately the money flows right out of the Treasury again, just as fast as the transactions of the Government make it possible; and these credits from a million people flow out of the Treasury back and are distributed among many other million people, and the credits of the country, as far as their volume is concerned, are not impaired at all.

Mr. SMOOT. But the distribution is not uniform as to localities.

Mr. OWEN. There is some difference in the matter of localities; for where these taxes are drawn from the Pacific coast and from the Rocky Mountain States and from the Western States, and are then poured out in contracts in the part of the country which has the great factories, and where these contracts necessarily are very largely placed and must be largely placed, it does abstract credits from one part of the country and expands the credits in another, where these war activities are being carried on. It takes credits from the South and West and places them in the North and East. I have thought that the administration was bound by sound policy to see to it that these contracts for war industries should be distributed with some degree of equity in those parts of the country from which these large credits are withdrawn. I will say that there is not any contract whatever in Texas; there are no contracts in Kansas or Nebraska; none of them in the Rocky Mountain States; none of them in my own State of Oklahoma. I make no complaint of it. I only call the attention of the country to an existing condition, which I had hoped and still hope the administration may adjust as far as possible.

Mr. President, when these bonds are issued they are, of course an investment security. Whether or not it is an investment which is quickly exchanged into cash must depend upon the market. A Government bond certainly has a quick and stable market; and therefore we did permit the Federal reserve banks to buy Government bonds and to receive Government bonds as security against notes which are discounted by the Federal reserve banks. This bond, if it has a quick, good market, might possibly be classed with a Government bond. If it has not the same market, if it appears to be a fluctuating bond, going from 100 to start on down to 95, and then to 92, and then to 88, or some such figures, it would not have a stable, reliable market. I do not think it is liable to go down very far, probably not very much below the Government bonds, if it is understood that the moral obligation of the Government is behind it.

I would prefer to make it a legal obligation, because in that case it would certainly make a quick market, and if that were done the bonds would have the status of a quick stable security on the notes which will be offered to the Federal reserve banks just as any other Government bond. It could be bought by the Federal reserve banks, if it were a Government bond, just as any other Government bond; and that is within the terms of the amendment which I offered for the Record last evening as a substitute for the pending bill.

I agree with the Senator from Utah that the Government of the United States is so fully and completely behind the Federal reserve act that if anything should miscarry with the Federal reserve act the Government of the United States would stand behind it to its last credit. But what I think is really the case is that these resources of the banks of \$34,000,000,000 are abundant to take care of all investment securities that have a right to be offered. The only reason for the passage of this act is that the Government, in making a sweeping demand for large loans, is exhausting the readily available credit which is required by companies to carry on these war industries, required by companies that have maturing bonds falling due and which they find difficulty in getting capital with which to renew. I keenly sympathize with that situation, and I desire to give them relief; and when we put the credit of the United States behind the relief sought, when we take five hundred millions of cash out of the Treasury to start on, we are giving a gigantic aid, whether administered by a central bank called "the War Finance Corporation" or administered by the reserve banks, as I propose and which I should greatly prefer.

I remind the Senate of what is I think perfectly well known—that when Mr. Warburg drew this bill last September it only provided for fifty millions of capital and four hundred millions, or eight times the capital, for this purpose. He thought, and those who were in sympathy with this idea of giving assistance thought, that four hundred and fifty millions would be enough. Well, now, we are giving five hundred millions in primary capital

out of the Treasury in this bill. It has been expanded ten times since it was born. It has been growing rapidly. I think more rapidly than necessary, because all of the maturities of these bonds will not amount to over eight or nine hundred millions this year. Many of them can be financed out of their own funds. The Government is advancing 30 per cent on contracts ahead of deliveries. The member banks can handle nearly all others easily in my opinion, but the other needs I wish to cordially help.

Mr. SMITH of Georgia. Mr. President, if I may make a suggestion, it is not contemplated to issue any large amount of bonds at once. Even this capital is only to be drawn from the Treasury by a vote of two-thirds of the directors.

Mr. OWEN. Yes; but that means nothing, as men authorized to draw \$500,000,000 to help others will promptly draw it.

Mr. SMITH of Georgia. It is the power for strengthening confidence that is important. The chances are that there will not be a large amount issued at once.

Mr. OWEN. I think there is a psychology in that proposal; that by offering to do this matter in a very big way it will establish confidence; and I think that confidence being established, the only thing in the world which is necessary to safeguard this matter fully is merely to give time for the digestion of these changing credits as they pass into the Treasury and pass out again. When they pass out again, these credits are immediately available for new credits.

That being true, it only requires a little element of time; and what the Senator says has force, that it is not intended to use it very largely. I do not think it would really require to be used very largely, and therefore that if these funds were placed with the reserve banks as a war finance fund it would suffice and give confidence and not require a new gigantic central bank in Washington, with its obvious disadvantages. The point which was made by the Senator from New Hampshire was that when we depart from our system of using any other than a Government bond for the purpose of withdrawing gold from these banks it is really in conflict with the fundamental idea of the Federal Reserve System that these reserves in gold of the member banks should be understood to be sacred and not to be used for anything less than a positive Government obligation or for commercial bills of quick maturities where the payment will be assured, so that these reserves will always be available to protect the twenty-four thousand million dollars of deposits in these banks.

I merely make this comment for what it may be worth, in order to express my own judgment as to the conditions.

Mr. HOLLIS. Mr. President, this is a most valuable discussion that we are having in the Senate to-day. We can not, as Senators, discharge our duties to the country in war times without discussing the finances of the country. I am sounding the alarm here to-day against this assault on the Federal reserve system and against the further assaults that the Senator from Utah says are coming.

I had no apprehension before this discussion started that there would be a reduction of the gold reserve behind the Federal reserve notes in this country. The Senator from Utah says that he expects that there will be a proposition shortly to reduce the gold reserves that are behind the Federal reserve notes to 35 per cent and even lower. Now, that will surely come. I have already called the attention of the Senate to the fact that we established a sound Federal reserve system, based on sound banking principles, after years of study, after months of consideration in the Senate. We built it strong, and we intended it to be permanent. We did not assume that at the first flurry that came under war conditions we would hurry to amend it and make it less sound.

Mr. OWEN. Mr. President—

Mr. HOLLIS. I yield.

Mr. OWEN. I want to say that so far is it true of the resources of the Federal reserve banks to lend money that those banks now, with their gold reserves, by lowering the reserve of the Federal reserve banks to the legal limit, as permitted by the terms of the Federal reserve act, could make further loans of about forty hundred million dollars.

Mr. HOLLIS. That is, the banks themselves?

Mr. OWEN. The Federal reserve banks could to the member banks, and therefore the member banks themselves could by rediscounting.

Mr. SMOOT. Oh! The Senator is speaking now of the Federal reserve banks?

Mr. OWEN. The Federal reserve banks, by lowering the amount of reserve against their loans, could expand loans to nearly \$4,000,000,000—to be more exact, about \$3,899,000,000—without asking the banks for additional gold, and they have \$1,502,502,076, a substantial part of which could be used. (Rept. Comp. Cur. 1917, pp. 109, 120, 136, etc.)

Mr. SMOOT. I think, Mr. President, that may be true.

Mr. OWEN. The reserve banks have \$1,777,000,000 in gold and about \$54,000,000 in lawful money, total \$1,837,000,000, against which stands a gold charge at 35 per cent on deposits of \$1,710,000,000, equal to a gold charge of \$598,000,000, leaving \$1,239,000,000 of gold, or its equivalent, which at the minimum rate allowed by law of 25 per cent would permit an issue of reserve notes of four times as much, or \$4,956,000,000. Deducting reserve notes already issued—\$1,057,000,000—would leave a net amount of \$3,899,000,000 of reserve notes possible.

Mr. HOLLIS. Mr. President, I hope that no such inflation as that will occur, either under the present law or under amendments to the law.

This matter of finance is not as difficult as Senators would have us think. The Government has gone into the market to borrow vast sums. It has swept the investment market bare, because it needed the money for war purposes. Now, we find the conditions of the money market disturbed because the Government has practically commandeered the funds that are available. We are disturbed at that, and well we may be, because banking conditions are out of gear; so the proposition is to have the Government come to the rescue. We would not ask the Government to come to the rescue of financiers unless we thought that necessary, and the first contribution we make is \$500,000,000 of the money that has been borrowed from capitalists for the use of the Government. We contribute that to this great United States bank, and we are afraid that is not enough, and we are giving the bank authority to issue its bonds to eight times the amount of its capital, or \$4,000,000,000. Then we are afraid that these bonds will not sell on the market. If they would sell on the market there would be no reason to give them any discount facilities with the Federal reserve banks, and it is for the sole purpose of giving the bonds a market that we attach this discounting privilege to them. Then Senators say that it will not do any harm to allow currency to be issued on these bonds, because they will meet with a ready sale; and yet it is for the very reason that they will not meet with a ready sale that we find it necessary to give them these discounting privileges with the Federal reserve banks.

I am not afraid of the soundness of the Federal reserve banks under the present conditions. The Government, we are told in a grandiloquent way, will not permit the Federal reserve banks to fail. Why, the credit of the Federal reserve banks to-day is away above the credit of the Government. Every obligation of the Federal reserve banks is at 100 cents on the dollar; it is at par, while the Government obligations, the liberty bonds, are at 96 or 97. Instead of the person leaning on the staff, the proposition is to have the staff lean on the person. The banks are sound to-day. I want to keep them so, and it is because I fear that this inroad, if once started, will undermine the credit of the Federal reserve banks that I offer this amendment.

The amount of money or currency that is circulating in a country bears no relation whatever to the needs of the Government. We have an enormous supply of currency now, quite as much currency as we had in 1896. There is no stringency so far as currency is concerned. Now, what happens when the Government wants to borrow more money? We do not get gold as the proceeds of the liberty bonds; we do not get greenbacks; we do not get paper money; we do not get any cash; we get checks. Now, assume a man wants to purchase \$100,000 of liberty bonds to help the Government. He goes to his bank; he puts up his note for \$100,000; the bank gives him credit on the books for \$100,000 as a transfer and puts his note on the other side of the ledger. They have then a liability in the shape of a deposit of \$100,000 on one part of the ledger, and they have the man's note in the shape of a resource on the other side of the ledger, and there is no more money in the country; the bank has merely given its credit to the man, and the man has turned that credit over to the Government. The Government, for instance, has no relation whatever to the amount of currency that is available; but the amount of currency that is launched by the Federal reserve bank bears a very distinct and vital relation to the assets of the Federal reserve bank and to the amount of gold it has as a reserve. The proposition made here deliberately on the floor of the Senate to begin to lower the gold reserve back of our Federal reserve notes merely points to the path of danger we are pursuing by making a start under this bill.

Mr. SMOOT. Mr. President, just one word. I will say that what the Senator from New Hampshire [Mr. HOLLIS] has already said, if it were peace times I would most heartily approve of. I want nothing to come to interfere with the stability of every note issue of the Federal banks. I recognize the interest that the Senator has in them, and I have the same interest he has.

But, Mr. President, we are passing legislation every day that no Senator would ever think of voting for or no one ever would dare to request in ordinary peace times. We are in war, Mr. President, and it is this kind of legislation that requires a war to secure its passage.

It is for that reason that I made the suggestion I did, and the Senator will remember that I qualified it by saying if we are in war for another year or two then what I stated would happen.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from New Hampshire [Mr. HOLLIS].

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

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

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

Mr. LODGE (when Mr. PENROSE's name was called). The Senator from Pennsylvania [Mr. PENROSE] is unavoidably absent. He has a general pair with the Senator from Mississippi [Mr. WILLIAMS]. If the Senator from Pennsylvania were present, he would vote "nay."

Mr. TILLMAN (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. GOFF] to the Senator from Louisiana [Mr. BROUSSARD] and vote "nay."

Mr. WEEKS (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. JAMES]. He is absent, and I withhold my vote.

The roll call was concluded.

Mr. OVERMAN. I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. I transfer that pair to the senior Senator from Maryland [Mr. SMITH] and vote "nay."

Mr. WILLIAMS. I have a general pair with the Senator from Pennsylvania [Mr. PENROSE]. It having been announced that if he were present he would vote "nay," as I desire to vote that way, too, I feel at liberty vote. I vote "nay."

Mr. DILLINGHAM. I have a general pair with the senior Senator from Maryland [Mr. SMITH]. I am informed that if he were present he would vote "nay." I therefore feel at liberty to vote and do vote "nay."

Mr. KNOX. I transfer my pair with the Senator from Oregon [Mr. CHAMBERLAIN] to my colleague [Mr. PENROSE] and vote "nay."

Mr. STERLING. May I ask if the Senator from South Carolina [Mr. SMITH] has voted?

The PRESIDENT pro tempore. He has not.

Mr. STERLING. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Rhode Island [Mr. COX] and will vote. I vote "nay."

The result was announced—yeas 5, nays 61, as follows:

YEAS—5.			
Hollis Johnson, Cal.	King	McNary	Sherman

NAYS—61.

Ashurst	Hardwick	Overman	Sutherland
Baird	Henderson	Page	Swanson
Bankhead	Johnson, S. Dak.	Phelan	Thomas
Beckham	Jones, Wash.	Pittman	Thompson
Borah	Kellogg	Polk	Tillman
Calder	Kenyon	Ransdell	Townsend
Culberson	Knox	Salsbury	Trammell
Curtis	Lewis	Shafroth	Vardaman
Dillingham	Lodge	Sheppard	Wadsworth
Fernald	McCumber	Shields	Walsh
Fletcher	McKellar	Simmons	Watson
France	McLean	Smith, Ariz.	Williams
Frelinghuysen	Martin	Smith, Ga.	Wolcott
Gallinger	New	Smith, Mich.	
Gerry	Norris	Smoot	
Hale	Nugent	Sterling	

NOT VOTING—29.

Brandegee	Gronna	Myers	Smith, S. C.
Broussard	Harding	Nelson	Stone
Chamberlain	Hitchcock	Owen	Underwood
Coit	James	Penrose	Warren
Cummins	Jones, N. Mex.	Pomerene	Weeks
Fall	Kendrick	Reed	
Goff	Kirby	Robinson	
Gore	La Follette	Smith, Md.	

So the amendment of Mr. HOLLIS was rejected.

Mr. OWEN. Mr. President, I did not vote on the last item. If I had voted, I should have voted "yea." The reason why I did not vote was because I knew that the vote would be overwhelmingly in favor of the committee report, because when this matter was being debated in the Senate there were only a very few Senators on the floor. Senators are called away by their committee meetings and other obligations and in reality the discussion is not heard on the floor. These matters are very largely controlled in committee, so that in reality the

discussion on the floor is very difficult indeed, and, in nearly all cases, quite futile. I knew, therefore, what was going to happen and I simply withheld my vote in order to make this comment.

Now, Mr. President, I have an amendment which I offer which will take but two or three moments. On page 11, line 5, after the words "Secretary of the Treasury," I move to insert as a new sentence the following words:

Such bonds shall be issued in terms of foreign money and sold to American importers at par to the extent necessary to cover their importations from and credit transfers to countries whose currency is at a premium.

I understand the Secretary of the Treasury intends in selling liberty bonds to have some of these bonds issued in the terms of foreign money. In that way these corporation bonds can be taken and transferred to a foreign country as a basis of credit there, and in that way our importers and those concerned in transacting business can avoid the present high premium on foreign money.

Mr. SIMMONS. Will the Senator please read the first part of his amendment again?

Mr. SMOOT. I should like to have the Senator read the amendment again.

Mr. OWEN (reading)—

Such bonds shall be issued in terms of foreign money and sold to American importers at par to the extent necessary to cover their importations from and credit transfers to countries whose currency is at a premium.

Mr. SIMMONS. Why does the Senator use the word "shall"?

Mr. OWEN. It is "shall" to the extent that they can be used by importers to avoid the present high premium.

Mr. SIMMONS. I am in entire sympathy with the purpose of the Senator. I think it is a very good purpose. I wish to look more closely at the amendment, however.

Mr. OWEN. The Senator will have abundant opportunity. I prefer that he should look at it because it is very simple and very easily understood.

Mr. SIMMONS. That, of course, gives the discretion to the Treasury Department when these applications are made. I suggest to the Senator that he change the word "shall" to "may."

Mr. OWEN. I will change it to read "may be issued in terms of foreign money."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. OWEN. On page 11, lines 13 and 14, after the words "the Federal Reserve Board may approve," I move to insert the words—

at not less than 1 per cent in excess of the interest rate fixed upon commercial paper by the Federal Reserve Board in this district.

That would give the Government a margin of 1 per cent in making these advances so that the fund would have what might be called an insurance fund in protecting it against the possibility of some of these securities proving to be unsound in any way.

Mr. SMITH of Georgia. We have left that matter in the discretion of the Federal Reserve Board, and I for one think it would be better to leave it there now.

Mr. SMOOT. The Senator from Oklahoma will notice in the paragraph referring to the savings banks we there provide for one-half of 1 per cent. As originally drawn it was not less than 1 per cent. The committee changed it to one-half.

Mr. OWEN. That was done because of the character of the savings banks.

Mr. SIMMONS. This does not apply to savings banks.

Mr. OWEN. It does not apply to savings banks.

Mr. SMOOT. I was going to state to the Senator the reason why it was not put in. We thought there ought to be an expression in relation to the amount charged, but that the discretion ought to be left entirely with the Federal Reserve Board as to the amount of interest and general business. There may be times when one-half of 1 per cent or three-fourths of 1 per cent would be sufficient, and there may be of course times when it would be 1½ per cent. The Senator's amendment, however, would not affect that; but if the Senator's amendment is adopted, no matter what condition may arise or what the situation of the money market may be, they would be compelled to charge at least 1 per cent.

Mr. OWEN. Will the chairman of the committee agree to one-half of 1 per cent, that the same rate fixed for the savings banks should apply to these lines of business?

Mr. SIMMONS. I would very much prefer to have the Senate vote upon the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was rejected.

Mr. HOLLIS. Mr. President, it is very evident that the Senate intends to pass the bill in its present form. If I felt that Senators were interested in the financial affairs of the Government, I should offer some other amendments. For example, I would limit the rate of the bonds to be issued by the central banks to 5 per cent. It is evident that they will come in direct competition with the Government bonds. It is evident that under the terms of the bill the five directors of the bank may issue them at any rate that they care to fix. I think we ought to limit it. I feel that the bond provision of the bill ought to be stricken from the bill altogether. The bonds issued in this way will surely plague the flotation of the Liberty loan bonds. They will be in direct competition with the Government. Many people will not buy liberty loan bonds because they know that these bonds will shortly be for sale at a higher rate. They must be for sale at a higher rate in order to sell at all, because while the question is discussed here as to whether these bonds will be the moral obligation of the Government, they certainly are not the direct obligation of the Government, and no investor will pay as much for them as he would pay for the bonds of the Government. If the Government is coming to the relief of distressed capitalists and financiers, as it is under the bill, the best way for the Government to do so is to borrow the money or get it in taxation and advance the money to the capitalists. That is very much the better way, instead of going through this rigmarole of organizing a central bank, giving them authority to issue bonds, and if the bonds are not salable allowing the banks to put them up as security for rediscount to the Federal reserve bank. I would very much prefer it that way.

The Senator from Oklahoma [Mr. OWEN] has presented to the Senate an amendment. I do not know whether he intends to present it for the consideration of the Senate to come to a vote.

Mr. OWEN. Mr. President, I presented the amendment in the form of a substitute, but I know the futility of discussing it to empty benches and then having the Senate come in and sustain the committee. There are only about a dozen Senators now present. For that reason, although chairman of the Banking and Currency Committee, I am really precluded from discussing it, because I have no audience. The arguments which I would make would not reach the ears of the Senate. The only way in which the Senate may be reached is through its parliamentary eyes and ears comprised of its committees, is to have measures submitted to its committee for examination, and have the committee report upon the bill. Knowing that perfectly well—as everybody knows, familiar with Senate procedure—and the Committee on Banking and Currency having, of course, had no opportunity whatever of passing upon this war finance corporation bill, establishing this great bank and amending the reserve act, that committee has not been able to make its suggestions to the Senate as a committee, and realizing, as I keenly do, the futility of discussing it when the Senate can not or does not hear it, under the circumstances I do not feel inclined to take the time of the Senate to discuss it at all, except casually, in trying to make some minor amendments.

Mr. HOLLIS. Then I will explain the amendment of the Senator in a word, because the Senator's plan would be infinitely better than the one the Senate is about to adopt. Under the Senator's plan the Government in extending this relief to capitalists and financiers would extend it through the Federal Reserve System. It would merely make the Federal reserve bank the Government fiscal agent for the purpose of advancing these sums to those who wanted to procure them through their member banks. That is, a man who wanted money for a proper purpose would go to his member bank as he goes now to his regular banking house. That bank would look into the proposition, and, if it thought he ought to have the money, it would loan it to him. Then the member bank could go to the Federal reserve bank in the district and turn the obligation of the borrower, with the indorsement of the member bank, over to the Federal reserve bank, and out of the war fund placed by the Treasury at the disposal of the Federal reserve bank for that purpose the loan would be made. It would not weaken the Federal Reserve System, because there would be no obligation of the Federal reserve bank to pay the money back to the Government. The Federal reserve bank, through the machinery already in existence, through its agents and through the member bank, would loan the Government money on securities that the member bank and the Federal reserve bank thought were sound. That is in place of having five directors of a central bank we would have the directors of each Federal reserve bank and the directors of the member banks. There is no infirmity in that system. If it were adopted we would avail ourselves of the existing machinery. That is all paid for by the Federal reserve bank. The Federal reserve banks are a paying institution now. They are earning dividends for the Government,

and they could well afford to do this. I believe they would be glad to do it rather than to have their funds in competition with the funds of this great central bank. I think that could be done. I have heard no objection to it.

The plan was submitted to the Secretary of the Treasury the other day, and he merely said that he preferred this way, because he had had a chance to consider it, and the other plan had not been brought to his attention so that he cared to give an opinion upon it.

I think I ought to say at this time, before the debate closes on the bill, that my reference day before yesterday to a distinguished gentleman who appeared before the Banking and Currency Committee was not to the Secretary of the Treasury. The Secretary of the Treasury was perfectly frank. He said that he was in charge of the Government financing for the war, that he took the responsibility of wanting this measure, and if this measure was not given to him, but if some other measure were given, he did not want to take the responsibility for it, but he would go ahead and do the best he could. His attitude was perfectly fair. He did not say the bill should not be discussed. That suggestion came from another source.

Now, there are many omissions in this bill. It has not been worked over carefully. The microscope should have been put on it. For instance, there is not authority in the bill for the Bureau of Engraving and Printing to get out the bonds that will be issued under it. That can not be done without an authorization, because this is a private corporation, although the funds are contributed to the capital of the corporation. The American Bank Note Co., that will probably be represented on this corporation, will get the contract for printing and engraving these bonds and securities. It can not be done by the Government unless we authorize it. There is no provision in the bill whatever for examining or auditing this bank. These five gentlemen take over the \$500,000,000, they sell the \$4,000,000,000 of bonds, they handle the money as they please, merely making a report under the amendment of the Senator from Maine [Mr. HALE] to Congress once a quarter. There is no requirement that the five directors who are to handle this four billion of money should give a bond to the Government. They are merely appointed and confirmed by the Senate. They handle this money exactly as they please. They loan it at such rates as they please. They issue bonds at such rates as they please. They give no bond whatever for the performance of their duty. They need not even be citizens of the United States. We will not permit a man to be a director of a national bank without being a citizen of the United States. There is no restriction on the amount of loan that can be made to any one person or corporation whatever. They can loan all the capital of the bank and all its resources to one corporation or to one person if they see fit. The bonds are sold to the public. They are claimed to be as good as United States bonds, and the assets to secure the bonds are in the absolute possession and control of unbonded officials. There is no prohibition upon receiving commissions or fees as the result of any loans that they may make.

I venture to hazard a guess that a great bank of that kind can not be safely put into business under the provisions that are contained in the 12 pages of the act devoted to that purpose.

But, as the Senator from Oklahoma has said, the bill as it comes before the Senate has had the sanction of the committee that has been intrusted with it, and it is useless to offer amendments that are not satisfactory to the committee. I, therefore, refrain from doing so. I shall, however, when the bill gets into the Senate, reserve the amendment with reference to the requirement that the directors of the corporation shall devote their entire time to the business of the corporation and that they shall before taking office cease their connection with any other financial institution.

Mr. GRONNA. Mr. President, I share the opinion of the Senator from New Hampshire [Mr. HOLLIS] and the Senator from Oklahoma [Mr. OWEN], but I have not opposed any of the provisions of this bill. I have, however, given it some attention. I believe, as the Senator from New Hampshire has stated, that in the interest of economy and good administration it would have been better to have done this work through the Federal reserve banks, but I shall not oppose the final passage of the bill.

I desire to remind the Senate, however, that the so-called corporation about to be created is nothing more nor less than a Government bank. I want to remind the Senate and the country of the fact that this legislation is communistic; that it is socialistic. It is a measure which would make Carl Marx and other great socialists turn in their graves. We are taking four hundred or five hundred million dollars of money from the Treasury of the United States to finance this corporation. It will be administered by officials of the Government. We are further authorizing this so-called corporation—which is nothing

more nor less than the Government itself—to expand its operations, to issue bonds to the extent of eight times the amount of the capital stock so called.

In a few days there will be before this body—I think it will be here, for I understand it will be passed by the other body—a bill providing that the Government of the United States shall appropriate some \$10,000,000 out of the Treasury to be invested in farm securities to help the farmers of the country procure feed and seeds. I am quite sure when that measure comes to this body many of the Senators who have so eloquently spoken in favor of this bill will construe it as being fraught with the gravest danger and characterize it as being socialistic, but Mr. President, that is not their contention when we take four thousand five hundred million dollars of the people's money to assist corporations. There is not a Senator here who will say that the pending measure is for any other purpose than to assist corporations. I find no fault with that; I believe that in this hour of peril it is our duty to assist public-utility corporations, banking corporations, and others, but I simply want to remind the Senate of the fact that they will soon have the opportunity of voting on another measure, which will be for the purpose of assisting individual citizens of the United States and not merely corporations which have no souls.

Mr. OWEN. Mr. President, I desire to offer an amendment to the bill, and I make the point that there is no quorum present.

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

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

Baird	Hollis	Martin	Smith, Ga.
Beckham	Johnson, Cal.	New	Smith, Mich.
Calder	Johnson, S. Dak.	Norris	Smoot
Curtis	Jones, N. Mex.	Overman	Sterling
Dillingham	Jones, Wash.	Owen	Stone
Fernald	Kellogg	Page	Sutherland
Fletcher	Kendrick	Phelan	Thomas
France	Kenyon	Pittman	Tillman
Frelinghuysen	King	Reed	Trammell
Gallinger	Kirby	Saulsbury	Underwood
Gerry	Knox	Shafroth	Wadsworth
Gore	Lewis	Sheppard	Walsh
Gronna	Lodge	Sherman	Warren
Hale	McCumber	Shields	Watson
Harding	McKellar	Simmons	Wolcott
Henderson	McNary	Smith, Ariz.	

The PRESIDENT pro tempore. Sixty-three Senators have answered to their names. There is a quorum present. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. OWEN. Mr. President, I wish to move an amendment to section 7 to this effect:

The members of the capital issues committee shall be appointed by the President of the United States, by and with the advice and consent of the Senate.

We have amended the bill so as to provide that the board of the corporation which is to manage these great funds shall be confirmed by the Senate, but the power to restrict all credits is very much more important than the power to grant limited credit through this corporation. I think that the Senate of the United States ought to have a voice in saying who this committee shall be, and that they ought to have the opportunity of advising and consenting to its membership.

The parliamentary status of this matter, as I understand, is that section 7 went over subject to amendment to-day, if we might think wise to offer amendments.

Mr. SMITH of Michigan. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Michigan?

Mr. OWEN. I yield to the Senator.

Mr. SMITH of Michigan. I should like to ask the Senator if his amendment is intended to include the appointment on this committee of the Federal Reserve Board members?

Mr. OWEN. Oh, yes.

Mr. SMITH of Michigan. They have already been appointed by the President.

Mr. OWEN. But the "capital issues committee" under this act will be a legal body established by Congress with entirely different functions, and the members of that new legal body should be nominated by the President and confirmed by the Senate.

Mr. SMITH of Michigan. Such members of the Federal Reserve Board as will be designated for service upon this committee have already been appointed by the President and confirmed by the Senate.

Mr. OWEN. Not for a position on the "capital issues committee," which is a new legal entity.

Mr. SMITH of Michigan. I quite sympathize with the purpose of the Senator from Oklahoma, in so far as it relates to

the members of the committee who have not previously been appointed by the President.

Mr. KNOX. Mr. President, may I inquire of the Senator from Oklahoma, would they not automatically cease to be members of the Federal Reserve Board if they were nominated and confirmed for a new office?

Mr. OWEN. I think they ought to be so nominated and confirmed, because the members of the Federal Reserve Board have a tremendous task on their hands now. They have charge of 8,000 member banks and of 12 great Federal reserve banks. I think that they ought, if they become members of the "capital issues committee," to give their entire time to this new work. It will be of very great importance—of commanding importance.

Mr. GALLINGER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from New Hampshire?

Mr. OWEN. I yield.

Mr. GALLINGER. My attention was diverted for a moment, and I desire to ask, Does the amendment which the Senator from Oklahoma has offered provide that the President shall appoint the members of the committee?

Mr. OWEN. That was the amendment that I intended to offer.

Mr. GALLINGER. Has the Senator offered the amendment?

Mr. OWEN. I have not yet offered it.

The PRESIDENT pro tempore. The Chair will say to the Senator from Oklahoma that at present the Chair does not think his amendment would be in order. The bill has not yet been reported to the Senate. The amendment will be in order when the bill reaches the Senate.

Mr. OWEN. Permit me to call the attention of the Chair to the agreement which was made last night that section 7 if it went over until to-day would be subject to further consideration.

The PRESIDENT pro tempore. When the bill got into the Senate, the Chair understands.

Mr. OWEN. Then, I shall reserve the right to offer the amendment when the bill arrives in the Senate to strike out the words "of whom at least three shall be members of the Federal Reserve Board" and to insert "the members of the capital issues committee shall be appointed by the President of the United States, by and with the advice and consent of the Senate." If that fails, then I shall offer an amendment to insert "the members of the capital issues committee shall be appointed by the President of the United States, by and with the advice and consent of the Senate."

Mr. GALLINGER. Mr. President, lest I might not be present when this matter is considered, when the bill arrives in the Senate I want to say that I think the effort I made to have this provision go over until to-day was fully justified, in view of the amendment which the Senator from Oklahoma proposes to offer. I think it is important that the President shall appoint these men, and I shall take great pleasure in voting for the amendment proposed by the Senator from Oklahoma when it is presented to the Senate.

Mr. McCUMBER. Mr. President, I desire to ask the Senator from Oklahoma whether or not in his amendment he desires to strike out the provision which reads:

There shall be appointed by the Federal Reserve Board—

Not by the President, but—

by the Federal Reserve Board, with the approval of the Secretary of the Treasury, a capital issues committee—

Three members of which shall be members of that board?

Mr. OWEN. Mr. President, the motion which I intend to make will be to insert words to the effect that there shall be appointed by the President of the United States, by and with the advice and consent of the Senate, a capital issues committee to consist of five members.

Mr. McCUMBER. Without reference whence they are to be selected?

Mr. OWEN. Without reference whence they come.

Mr. McCUMBER. The amendment does not require three of them to be selected from the Federal Reserve Board?

Mr. OWEN. No. It would leave the President with discretion to choose them as he liked.

Mr. McCUMBER. That will kill the whole purpose of the committee amendment.

Mr. LODGE. Mr. President, the amendment offered by the Senator from Oklahoma would destroy the entire purpose of the committee amendment and what they thought it very important to bring about.

Mr. SIMMONS. Mr. President, I think the Senator from Massachusetts is laboring under a misapprehension. The Senator from Oklahoma, I think, does not offer the amendment now, be-

cause the Chair holds that it is not in order. The Senator said he would offer the amendment when the bill gets into the Senate.

Mr. LODGE. Very well.

The PRESIDENT pro tempore. The bill is still before the Senate, as in Committee of the Whole, and is subject to amendment.

Mr. HOLLIS. Mr. President, there is one verbal correction that I think the chairman of the committee will accept. On page 10, line 17, I move to strike out the word "may" and insert the word "to." The language immediately preceding is descriptive of the bonds.

Mr. SIMMONS. If the Senator will pardon me, my attention was diverted, and I will ask him to restate his amendment.

Mr. HOLLIS. In line 17, on page 10, I move to strike out the word "may" and insert the word "to." The language is descriptive of the bonds.

Mr. SIMMONS. That amendment is all right. I talked with the Senator about it the other day.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

The amendment was agreed to.

Mr. GALLINGER. Mr. President, it is a gratification to me to be able to offer an amendment to this bill which I think will not be objected to by any Senator. I call the attention of the Senator from North Carolina to page 16, line 10, where the word "corporation" has not been changed, as it has been throughout the entire bill, by spelling it with a capital C and putting it in italics. The Senator will observe that is the only place where that has not been done.

Mr. SIMMONS. I think it should be amended in that particular.

Mr. GALLINGER. I move that the word "corporation" on page 16, line 10, be spelled with a capital C and be printed in italics, as it is throughout the remainder of the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

The amendment was agreed to.

Mr. HOLLIS. Mr. President, there is one other verbal change which should be made on page 2, line 7, to correct what appears to be a grammatical mistake. At that place the word "are" should be changed to "is." The subject of that verb is the Secretary of the Treasury, and, while he is performing many functions, he is one person. It should read:

The Secretary of the Treasury, together with four additional persons (who shall be the directors first appointed as hereinafter provided), is hereby created—

And so forth.

Mr. SIMMONS. The Senator is correct, I think.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New Hampshire.

The amendment was agreed to.

Mr. CALDER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The SECRETARY. On page 6, line 15, after the word "company," it is proposed to insert "fire or life insurance companies."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York.

Mr. SIMMONS. I understand that amendment is inserted in a different place than where it was inserted yesterday.

Mr. CALDER. No; I propose to insert it a second time, so as to make the bill conform with the similar amendment adopted last evening.

Mr. SIMMONS. Is it necessary that it be inserted twice?

Mr. CALDER. Yes.

Mr. SIMMONS. Very well.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York.

The amendment was agreed to.

The bill was reported to the Senate as amended.

The PRESIDENT pro tempore. The question is on concurring in the amendments made as in Committee of the Whole, with the exception of those amendments on which a separate vote has been reserved in the Senate.

Mr. HOLLIS. I have reserved two amendments, one at the top of page 4 and the other at the bottom of page 4 and the top of page 5.

Mr. SMOOT. Mr. President, it is not necessary again to announce the reservations, is it? I have already reserved the right to offer an amendment, and I do not think that I need to do so again.

THE PRESIDENT pro tempore. If an amendment has been reserved, that is all that is necessary. The question is on concurring in those amendments upon which a separate vote has not been reserved.

The amendments not reserved were concurred in.

MR. LODGE. Mr. President, I desire now to say the few words that I intended to say a few moments ago, but which I deferred until the bill reached the Senate, with reference to the amendment proposed by the Senator from Oklahoma [Mr. OWEN].

The purpose of the committee was to put the regulation of new capital issues in the hands of the Federal Reserve Board; that was the main object of the amendment, and I think the object was a wise one. I believe that from every standpoint the Federal Reserve Board is much better fitted to deal with that subject. In the first place, they have been dealing with it already through a voluntary committee, and, in the second place, the Federal Reserve Board has the confidence of the country and is well known. It would take a long time for the directors of the new corporation to acquire and make themselves masters of the information which the Federal Reserve Board now possesses. It seems to me that it would be most unfortunate to break down the main purpose of the amendment prepared by the committee which was designed to leave this heavy duty in the hands of the Federal Reserve Board and not have another new committee.

Then, Mr. President, as we provide that three members of the committee shall be members of the Federal Reserve Board, I think it ought to be left to them to select the two additional members who are to assist them with the work. The members of the Federal Reserve Board have been before the Senate, having been appointed by the President, and have received the confirmation of the Senate. If this function is to be placed in the hands of the Federal Reserve Board, of course, to confirm them again for another office, it seems to me, would be out of the question and would raise all kinds of objections possibly which it would be well not to raise.

I hope, Mr. President, that the provision will be allowed to stand as it is. It was given great consideration by the committee, and I am firmly of the opinion that the wisest way to deal with the matter is to have for this important work an independent committee of this kind based on the Federal Reserve Board.

MR. OWEN. Mr. President, the amendment which I propose does not take from the Federal Reserve Board or any members of that board any power whatever. The President can nominate them if he thinks fit. This is avowedly an administration measure. It came here from the Treasury Department; it is unchanged so far as that feature is concerned; and if the President desires to nominate three members of the Federal Reserve Board to hold positions on the capital issues committee he will certainly be at liberty to do so.

MR. LODGE. Mr. President, will the Senator allow me to interrupt him?

THE PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Massachusetts?

MR. OWEN. Certainly.

MR. LODGE. The words as they now appear in the bill are not the words that were in the bill as it came from the Treasury Department.

MR. OWEN. In what particular do they differ?

MR. LODGE. Under the bill as it came to us from the Treasury Department the whole power was left in a board organized in the war finance corporation. We altered it entirely, and this provision as to the Federal Reserve Board is the work of the committee.

MR. OWEN. That is all right. Then, the object of the committee will not be interfered with, because it is the desire of the committee evidently that the members of the Federal Reserve Board, who are in charge of this matter now shall continue in charge, and the President of the United States undoubtedly will be in harmonious relation with the Federal Reserve Board and will be able to nominate members of that board to the Senate, but I do not think the Senate ought to abdicate its high functions as a coordinate body. Here is a committee which will absolutely control the entire credits of the United States in all new enterprises; it will affect thousands of millions of dollars, and why should the Senate of the United States abdicate its functions and transfer this gigantic power to a subordinate bureau of the Treasury, the Federal Reserve Board, and have no voice whatever as to the personnel charged with carrying this work out, for it will be these individuals at last who will carry out the law. The Senate ought to have a voice in the matter, at least to the extent of saying that those individuals are satisfactory to the Senate unless the Senate desires to abdicate its powers and relieve itself of all responsibility. I do not

think the plan proposed by the committee is a prudent policy. I think the Senate ought to be satisfied with regard to who shall be on this committee. There never was a committee given so great power in the history of this Government; there has never been established a committee that has or ever has had anything like the power being now given to this committee; but if the Senate chooses to abdicate its right of a voice in the choice of the personnel to carry the law out, I can not help it; I must be content with expressing my opinion as a Member of this body, and that duty I have performed as I have felt obliged to do.

MR. SMOOT. Mr. President, when the bill was submitted to the committee it gave the power of appointing the members of this committee to the corporation itself. I presume there is nothing in the bill that has been discussed more thoroughly by the committee than this particular item. What the Senator from Oklahoma says is true, that this committee will have almost untold power. It will be able to make or be able to break almost any institution in this country; that is, it could have done so under the original provision, although section 7 now has been greatly modified, but not modified so that this committee will not still have great power that it may exercise against a person or for a person, against a corporation or for a corporation. Therefore, Mr. President, the committee thought that the Federal Reserve Board, having the confidence of the people of the United States, having been nominated by the President and confirmed by the Senate, and having knowledge of the value of securities and of the situation generally from a financial point of view, should have the right to appoint this committee.

Again, Mr. President, I do not believe that there ought to be any political influence whatever in the appointment of this committee. It may be said that the President would not let such considerations interfere, but who knows what pressure will be brought to bear upon him by certain interests or certain politicians to appoint certain men on this committee. The Federal Reserve Board, if the responsibility is placed upon them, will appoint men in whom they have confidence, and men they know are especially qualified. Three members of that board are to be members of the capital issues committee, and the other two members of that committee outside of the Federal Reserve Board are to be appointed by the Federal Reserve Board.

Mr. President, I believe that the information in the possession of the Federal Reserve Board will be of great value in selecting the members of this committee. The Committee on Finance was so careful that they provided that a majority of the capital issues committee must be members of the Federal Reserve Board, because they wanted the people of the country to understand that the Federal Reserve Board was virtually responsible for the capital issues committee, and that they themselves would appoint men in connection with the three members of the Federal Reserve Board who would give thorough consideration to all the business interests of this country that needed assistance. I sincerely hope, Mr. President, that the Senate will not agree to the amendment offered by the Senator from Oklahoma.

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

THE PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nebraska?

MR. SMOOT. I yield to the Senator.

MR. NORRIS. At least as far as the two members of this board who are not members of the Federal Reserve Board are concerned, does not the Senator think that all the safeguards that can be thrown about their appointment ought to be thrown around it? Does he not think it would add to it if they must be confirmed by the Senate?

MR. SMOOT. I do not think it would add anything, Mr. President. I think the man that would be appointed by the President of the United States would be confirmed by the Senate whether a politician or a business man.

MR. NORRIS. Does the Senator advocate that? Has he not always considered, I think in one of the amendments to this bill, that confirmation by the Senate is an additional safeguard? Why would it not be better in this case? Why should part of the committee be selected at large, without any power of Congress, or any branch of Congress, to pass upon it?

MR. SMOOT. Mr. President, I think that in this particular case there should be no semblance of a political appointment.

MR. NORRIS. I fully agree with the Senator on that.

MR. SMOOT. And I am quite sure, with the make-up of the Federal Reserve Board, and with the knowledge that they have of the financial conditions of the country, that they are not going to make a political appointment. We can not say that. I am afraid, if the matter is left to the President of the United States. He may not want to be influenced by political considera-

tions; but the Senator from Nebraska knows the pressure that is brought to bear upon the President in making appointments, and the Senator from Nebraska knows that there are very few appointments made by the President that ever come to the Senate of the United States that the Senate refuses to confirm.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I do.

Mr. BORAH. Does the Senator think that the pressure upon the Federal Reserve Board would be less, or less effective, than upon the President?

Mr. SMOOT. I do; and not only that, the pressure would have to influence at least a majority of the board before it would be successful.

Mr. BORAH. That is according to where it comes from.

Mr. SMOOT. Well, Mr. President, I believe that it would be very unwise.

I am informed by the Senator from Oklahoma that he has not yet offered his amendment; but what I have said with relation to it stands, as far as I am concerned, as if it had been offered.

Mr. OWEN. Mr. President, I now offer the amendment. I will read the beginning of section 7:

That for the purpose of assisting in the prosecution of the war, and providing for the public security and defense, through the restriction of unnecessary capital expenditures, there shall be appointed by—

At that point I move to strike out “the Federal Reserve Board” and what follows to the end of the sentence, and to insert:

by the President, by and with the advice and consent of the Senate, a capital issues committee, to consist of five members, three of whom shall be members of the Federal Reserve Board.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

Mr. KENYON. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. GALLINGER. Let the amendment be stated.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The SECRETARY. It is proposed to strike out of the amendment agreed to on yesterday, as section 7, the words:

The Federal Reserve Board, with the approval of the Secretary of the Treasury, a capital issues committee, to consist of five members, of whom at least three shall be members of the Federal Reserve Board.

And to insert:

by the President, by and with the advice and consent of the Senate, a capital issues committee, to consist of five members, three of whom shall be members of the Federal Reserve Board.

Mr. GALLINGER. Mr. President, when the Senator from Oklahoma offered his amendment in the first place, I confess that I was laboring under a misapprehension as to its exact purpose. I have some doubt as to the amendment in the form in which it is presented now.

If the two additional members were to be appointed by the President, I could see great propriety in that; but it does not quite appeal to me that these three members of the Federal Reserve Board, who have already been appointed by the President and confirmed by the Senate and have been sworn into office, shall again go through the routine of appointment and confirmation.

So that I am a little in doubt as to the propriety of the amendment offered by the Senator from Oklahoma, notwithstanding I suggested, when it was first offered, that I thought it ought to be agreed to. I shall reserve my vote until I give it careful thought, when it is voted on.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Oklahoma, on which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. KNOX (when his name was called). I have a pair with the senior Senator from Oregon [Mr. CHAMBERLAIN]. I am informed that if he were present he would support the measure as it came from the committee. Therefore I feel justified in voting. I vote “nay.”

Mr. WEEKS (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. JAMES]. Owing to his absence, I withhold my vote.

Mr. WILLIAMS (when his name was called). I vote “nay.”

In explanation of my vote I will say that the senior Senator from Pennsylvania [Mr. PENROSE], with whom I am paired, if present would vote the same way, and therefore I am at liberty to vote.

The roll call was concluded.

Mr. SMITH of Michigan. I should like to inquire if the junior Senator from Missouri [Mr. REED] has voted?

The PRESIDING OFFICER (Mr. WALSH in the chair). He has not.

Mr. SMITH of Michigan. I have a pair with that Senator and withhold my vote.

The result was announced—yeas 37, nays 35, as follows:

YEAS—37.			
Baird	Hollis	Norris	Townsend
Borah	Jones, Wash.	Nugent	Trammell
Curtis	Kendrick	Owen	Underwood
Fernald	Kenyon	Phelan	Vardaman
Fletcher	Kirby	Poindexter	Wadsworth
France	Lewis	Pomerene	Walsh
Frelinghuysen	McKellar	Sheppard	Wolcott
Gronna	McLean	Sherman	
Hale	McNary	Sterling	
Henderson	New	Sutherland	

NAYS—35.

Bankhead	Kellogg	Pittman	Smoot
Beckham	King	Ransdell	Stone
Calder	Knox	Saulsbury	Swanson
Dillingham	Lodge	Shaftroth	Thomas
Gerry	McCumber	Shields	Tillman
Gore	Martin	Simmons	Warren
Harding	Nelson	Smith, Ariz.	Watson
Hardwick	Overman	Smith, Md.	Williams
Johnson, S. Dak.	Page	Smith, S. C.	

NOT VOTING—23.

Ashurst	Cummins	Johnson, Cal.	Robinson
Brandegee	Fall	Jones, N. Mex.	Smith, Ga.
Broussard	Gallinger	La Follette	Smith, Mich.
Chamberlain	Goff	Myers	Thompson
Colt	Hitchcock	Penrose	Weeks
Culberson	James	Reed	

So Mr. OWEN's amendment was agreed to.

Mr. HOLLIS. Mr. President, I now ask for a separate vote on the amendment by the Committee of the Whole to be found on the top of page 4, section 5.

The amendment by the Committee of the Whole is to strike out the provision that the directors shall devote their entire time to the business of the corporation, except such part of their time, if any, as shall be devoted to other governmental business. The question, as I understand it, will come on agreeing to the committee amendment, so that those who believe that the directors of the corporation should devote their whole time to the corporation's business will vote “nay.”

Mr. President, we have heard a great deal about the patriotism of the dollar-a-year men who have come to Washington and are contributing their whole time to the Government for a dollar a year. We have heard somewhat less about the young men who are drafted to serve on the firing line for \$30 or \$35 a month. They are required to give all their time to the job for which the Government has drafted them; and is it any hardship on one of these superfinanciers who are to manage this great central bank, receiving a salary of \$12,000 annually, that he shall devote his entire time to the job that he is called to perform?

There is no need to argue the matter further. It was argued at considerable length when it was voted on in the Committee of the Whole; but I appeal to the Senate to insist that this part of the bill, which was brought here by the administration, and which for some reason was cut out by the committee, shall stay in the bill; and I ask them, on this question, to vote “nay.”

The PRESIDING OFFICER. The Chair will state, for the information of the Senator from New Hampshire, that the question before the Senate is upon concurring in the amendment agreed to as in Committee of the Whole, as amended, by which a substitute was made for section 7.

Mr. HOLLIS. I had overlooked that.

The PRESIDING OFFICER. That will be disposed of before taking up the amendment referred to by the Senator from New Hampshire.

The question is upon concurring in the amendment agreed to as in Committee of the Whole, as amended, by which a substitute was made for section 7.

Mr. STERLING. Mr. President, may I ask, if this substitute now is agreed to, whether it will preclude any further amendment being offered to section 7?

The PRESIDING OFFICER. Undoubtedly.

Mr. STERLING. Then I offer the amendment, which I send to the desk, to section 7.

The PRESIDING OFFICER. The Senator from South Dakota offers an amendment, which will be stated.

The SECRETARY. After the words “United States,” in the fourth line from the bottom of the print, it is proposed to insert “nor to the securities issued by or under the authority of any State, and payable by the State.”

Mr. STERLING obtained the floor.

Mr. SIMMONS. Mr. President, may I ask the Senator where he proposes to insert that amendment?

Mr. STERLING. I am not able to designate now where the amendment would come in the substitute for section 7, as that was offered separately, and the only form in which I have the substitute is the typewritten form which was given out to Senators yesterday.

Mr. SIMMONS. It will have to go in somewhere.

Mr. STERLING. I will read the language which it will follow:

This section shall not be construed to apply to any securities issued by any railroad corporation, the property of which may be in the possession and control of the President of the United States.

Then, after these words, follows the amendment which I have just offered.

Mr. SIMMONS. Will the Senator read his amendment again?

Mr. STERLING. I will ask the Secretary to state it.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from South Dakota.

The SECRETARY. The amendment, as adopted, reads as follows:

This section shall not be construed to apply to any securities issued by any railroad corporation, the property of which may be in the possession and control of the President of the United States—

Then comes the amendment—

nor to the securities issued by or under the authority of any State, and payable by the State.

Mr. STERLING. Mr. President, just a word with reference to this amendment.

It occurs to me that this committee should not pass upon the securities of a State. By "the securities of a State," I mean the bonds issued under the authority of the State or by the State, and payable by the State. This, of course, would exclude municipal securities which I think should come under the provisions of the bill, and should be considered by the committee, and it should be determined whether or not they are necessary capital expenditures under the terms of the bill; but it seems to me, Mr. President, that it ought to be assumed in regard to State securities, State bonds, that they are necessary, else a State of the Union would not have authorized the issuance of such securities.

Mr. President, it may be urged, as it frequently is, that the committee never would exercise the power to disapprove any State bonds or securities; but I am able to refer, as an illustration, to what has occurred already.

The present advisory committee of the Federal Reserve Board has assumed the authority of passing upon State securities. We have, in South Dakota, a rural-credit law. It is analogous to the Federal rural-credit law. The law is framed along the same general lines, and provides for farm loans for the purpose of purchasing farm lands and for the purpose of improving and equipping farm lands. The Rural Credit Commission of South Dakota has made a great many loans and has issued a great many bonds in pursuance of the law of the State. It has granted applications for many more loans. There are many other applications yet to be passed upon by the rural credit commission of the State; but, anticipating that there might be objection on the part of the Federal Reserve Board, they sent to me a communication asking me to see that committee to see if subsequent issues of bonds will be approved of. I took the communication, together with the law, together with a questionnaire gotten out by the commission for the purpose of informing prospective borrowers as to the law, to the committee, and they took the matter very seriously. The question arose as to what the loans were to be made for and what was the basis of the bond issues. When informed that the loans were to be made largely for the purpose of equipping and improving farms and thereby adding to the production of food supplies they considered that that was quite a factor in the consideration of the question as to whether or not they should approve of the issuance of the bonds. I say they took the matter very seriously. They had it under advisement for a week, and finally I was informed that these bonds would be approved if issued by the State.

So, Mr. President, taking this case simply as an illustration, I think that the committee provided for in this bill should not pass upon the necessity of the issue of State bonds. I may say further that there is little danger now, under constitutional limitations in regard to the amount and the purposes for which State bonds may be issued, of an improvident or an unnecessary issue of such bonds. Therefore I think this amendment ought to prevail, and that this should be just the one class of securities, in addition to the railroad securities, upon which this committee should not be called upon to pass or assume authority to pass.

Mr. GRONNA. Mr. President—

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

Mr. STERLING. I yield to the Senator from North Dakota. Mr. GRONNA. I am very much interested in the Senator's amendment and in what the Senator says. Yesterday I called attention to conditions in my State, and stated that several of the counties in the State have been authorized, by an act of the legislature, to issue bonds. Of course that money will not be used for the purpose of refunding. It is entirely new business. I asked the question if those bonds would be acceptable, and I was told by some of the members of the Finance Committee that any member of the capital issues committee who would refuse to accept such bonds ought to be sent to some insane asylum. I was glad to have that statement, of course, but it does not really satisfy me that the bonds would be accepted by this committee. I want to ask the Senator if, in his opinion as a lawyer, this would not apply to the bonds issued by the counties the same as if they were issued by the State?

Mr. STERLING. I am inclined to think not. I do not believe that class of bonds would fall under the provisions of my amendment, for the reason that they are not payable by the State. In the amendment which I have offered the bonds are to be bonds issued or authorized by the State and payable by the State, whereas in the case cited by the Senator from North Dakota the bonds would be payable by the county or the local subdivision.

Mr. GRONNA. That is true; they would be payable by the county.

Mr. SMITH of Michigan. Mr. President—

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

Mr. STERLING. I yield to the Senator from Michigan.

Mr. SMITH of Michigan. The amendment of the Senator from South Dakota makes no attempt to restrict the State in its issuance of bonds. It, however, gives no authority to the municipality to do so.

Mr. STERLING. It gives no authority whatever.

Mr. SMITH of Michigan. In the case of the State, it frequently occurs now that States that have had no bonded indebtedness for many years have recently incurred an indebtedness purely for war purposes.

Mr. STERLING. Yes.

Mr. SMITH of Michigan. My State, for instance, has agreed to the issuance of \$5,000,000 of securities, because the legislature meets only once in two years, and this was the form in which they desired to meet certain war expenses. That having been done, however, the bill could not reach such a case nor affect even the refunding of that class of bonds, even if the amendment of the Senator from South Dakota is not adopted. It seems to me, however, that there might appropriately be a restriction upon the form of the security issued and its purpose.

Mr. STERLING. My main thought in regard to that is, I will say to the Senator from Michigan, upon the issuance of State bonds, especially when we consider their own State constitutional limitations upon the amount of bonds that may be issued and the purposes for which the bonds may be issued, it ought to be assumed that under those conditions they were necessary.

Mr. SMITH of Michigan. I wish to say this, if the Senator will permit me, that under the bill as it now stands the State of Michigan could issue its bonds and could sell them in its own way without violating the letter or spirit of this law.

Mr. STERLING. I admit that the bonds may be sold by the State, but the disapproval of those bonds by this committee would surely affect the negotiation and sale of the bonds. It might utterly prevent the sale of the bonds.

Mr. SMITH of Michigan. This committee might disapprove a security issued by the State of Michigan until it was black in the face and it would not affect the standing of that security, because the State banks and private individuals in our State would take the bonds of Michigan very quickly. The war debt is the only indebtedness we have, and Michigan bonds are perfectly good. I do not believe that the bill in its present form seriously restricts the State, and I would not want it to do so.

Mr. STERLING. Let me say to the Senator from Michigan that all States are not in so fortunate a situation as the State of Michigan. They have not the capital that his State has and there would not be the ready disposal of bonds within the State to capitalists or financial interests that there would be in the State of Michigan. Take the newer States, for example, like my own. They would have to negotiate their bonds outside the State, at the financial centers of the country.

Mr. NORRIS. Mr. President—

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

Mr. STERLING. I yield to the Senator. I yield the floor.

Mr. NORRIS. I wish to answer the suggestion that even in the State of Michigan, so well situated financially, as the Sena-

tor said, I imagine that, with the disapproval of this committee, the banks would hesitate somewhat before they invested in the securities, because the connection of this committee with the Federal Reserve System and the control that it would have through all the financial avenues of the country would well make any bank anywhere hesitate against their objection that they put any of their money into any of the bonds that had the disapproval of this committee.

Mr. STERLING. I will say to the Senator from Nebraska that I can very well conceive how that might be the case even in the State of Michigan.

Mr. SMITH of Michigan. Of course I can not let the statement of the Senator from Nebraska pass unchallenged in so far as it relates to my State, because the State owes nothing except its war debt. It borrowed \$5,000,000 for war purposes and is expending the money in the public interests. I say under this bill there would be found a ready market for those bonds. Indeed, the ink on them was not dry before they were taken, and they will be taken again, even though this bill passes.

Mr. NORRIS. This bill, of course, will not affect those bonds, but notwithstanding the financial credit and lack of indebtedness of the State of Michigan—and I admit it all; I am not finding fault at all with the Senator's State—a bank connected with the Federal reserve bank or any other big financial institution would hesitate before it used its money, no matter how plentiful it might be, to invest in securities that were condemned by this committee. It does not mean that the banks would not have the money or anything of that kind, but they are connected with the entire financial system. I am not finding fault with the financial institutions for doing it. I think it would be a natural thing that they would not want to invest their money in such securities.

Mr. SMITH of Michigan. I will say to the Senator I think there are several hundred banks in the State of Michigan that are not at all affiliated with the Federal Reserve System.

Mr. NORRIS. They are not directly affiliated.

Mr. SMITH of Michigan. They are gradually coming into the Federal System. I believe that under this bill, if it becomes a law, our State may issue the war securities and go on the market and sell them without in any way infringing this act or subjecting themselves to the disapproval of the committee.

Mr. NELSON. Will the Senator yield to me?

Mr. SMITH of Michigan. Certainly.

Mr. NELSON. I understand under section 7 of the bill as amended a State would not be obliged to present its bonds to this board in any event for approval. There is nothing compulsory about it.

Mr. SMITH of Michigan. They are not obliged to do it.

Mr. NELSON. A State, therefore, is not obliged to present its bonds before this commission. I think it would be of great advantage to the States, if they felt they had bonds that would meet the approval of the board, to submit them to the board and get their approval. It would afford them a bigger and better market than they could otherwise get. For that reason, as section 7 has been amended, if this was a matter which pertained to the State of Minnesota I should be very glad to have the board pass upon the bonds, because it would give them an extra credit in the money market to have the approval of the board.

Mr. SMITH of Michigan. The Senator from Minnesota, of course, understands that the only function of this committee is to investigate the issue, and after they have investigated the issue they may approve or disapprove, and there the matter ends, except so far as it may influence the action of the Federal reserve banks in accepting such loans or the financial corporation in loaning its money direct upon this class of securities. The Senator's suggestion that they might submit to an investigation and have their security passed upon by this committee would probably give them added prestige, and I would not set up one standard for my own State and another for the State of the Senator from South Dakota. I think in meeting the situation which now confronts us all the States are all entitled to full consideration. State expenses must be met in the manner best calculated to preserve their credit.

Mr. McCUMBER. Mr. President, I wish to ask the Senator from Nebraska [Mr. NORRIS] if he thinks for a single moment that there could be any possibility of this board tabooing by their action any issue of a State intended to be for the general benefit of the public, and especially as assistance in carrying on the war, such as is suggested by the Senator from Michigan. The very purpose of the bill and the purpose of this section, reading the very first clause, is that it is for the purpose of assisting in the prosecution of this war. The bonds that are issued by the State of Michigan are issued for the purpose of assisting in the prosecution of the war. There can be no possibility that any member of a board would think of objecting

to anything of that character any more than he would think of objecting in the case suggested by my colleague, of a State or county issue of bonds to buy seed wheat for farmers to plant their crops in 1918. One of the necessary things for the prosecution of the war is to create a sufficient amount of food to support the people of this country and our allies, and for which we are paying out enormous sums. There could be no possibility that any board would do anything further than to encourage the bonds that are spoken of by my colleague. If they were presented to such a board, the board would put its O. K. on them immediately and assist in the sale of them.

I do not think that the amendment is at all necessary. I do not think that this board could interfere in any way with any ordinary State issue unless it was so abnormally large that it threatened to invade the field of investment where the Government itself must look for the money to carry on the war.

Mr. STERLING. I should like to ask the Senator from North Dakota before he takes his seat, if the committee will not have the power under the terms of the bill to say whether or not the bonds proposed to be issued by a State are necessary or unnecessary. Under the very terms of the bill they have that power, have they not?

Mr. McCUMBER. I would not say that they would pass upon the question whether they were necessary or unnecessary. They would pass upon the question whether they were conducive to the public interest in carrying on the war, or whether they were not conducive to the public interest in the prosecution of the war, and I think they ought to have the right to do that. That is the very purpose of the bill.

Mr. STERLING. The Senator from North Dakota has now put a broader construction upon the bill than I had supposed he would. If they are to have the power which he says they have under the terms of the bill, then that is the more reason for the amendment I have proposed. Under the Senator's construction they would have the right to say not only whether the issue of the bonds of the State under the limitations of the State constitution and the restrictions there found are necessary capital expenditures or not, but whether they were conducive to the public interest in carrying on the war.

Now, in answer to the Senator from Minnesota [Mr. NELSON] just a word. He referred to the fact that the State does not have to ask the approval of its bonds by this committee. That is true, and it is true with reference to every other interest. An association or corporation does not have, in the first instance, to ask the approval nor does a municipality have to ask the approval of the committee in the first instance. They probably would all ask the approval of the committee, knowing that after the issue and before negotiation and sale it will be determined by the committee whether it is a necessary capital expenditure or not, and it having been determined that it is unnecessary there will be no sale and negotiation of those securities.

That may be well enough with reference to all other securities, and I am willing to admit it for the purpose of the argument, except the securities issued by a State of the Union. In regard to these, it ought not to be left with this committee to determine whether or not they are for necessary capital expenditures. It ought to be assumed that they are, else the State would not have issued them.

Mr. NORRIS. Mr. President, the Senator from North Dakota [Mr. McCUMBER] made quite an extended argument and prefaced it with a question which he propounded to me. The argument he made in following up the question before I had any opportunity to answer it seemed to indicate that he was of the opinion that I was finding fault with this committee for fear it would not do its duty. He said in case the State of Michigan submitted an issue to it there would not be any doubt but what the committee would put its O. K. on the bonds at once. I concede that. I never denied it. There is not any question in my mind about it. Assuming that the committee are fair-minded men, and I presume they will be, there will not be any doubt about it. But that does not do away with the right that they would have if the bill is not amended to pass on the bonds issued by a State of the Union, and that is the question involved in the amendment of the Senator from South Dakota. No State, no municipality, no corporation of any kind is required under the bill to go to this committee, but the committee has the power, connected up as it is with the financial interests of the entire Government, and with the Secretary of the Treasury, when it puts its denunciation on a bond to prevent it from circulating in the financial markets of the United States or anywhere in the world.

It is a good deal like the Food Administration. They do a great many things indirectly that the statute does not give them the right to do directly. They fixed the price of wheat this

year without any statute specifically saying that they had the power, but because of their control of elevators and mills, and under the licensing system, because of the enormous amount of grain that it takes for our Army and Navy and for the allies and the neutrals, they were absolutely empowered to say what the price of wheat should be to every man in the United States, and that is what the committee did.

Mr. WADSWORTH. For 1917?

Mr. NORRIS. I have reference to the 1917 crop. This committee would not have any technical legal authority to say to South Dakota you can not issue your bonds, but if they disapproved of them after they were issued the bonds would not sell. If that is not true, then you had better wipe this committee off of the face of the earth, because it has no other power. That is what it is there for, and that is what it will do. That is its proper function.

The amendment in effect provides that they shall have nothing to do with the bonds of a State. In other words, we conclusively presume in the case of a State that the bonds are issued for proper purposes and that the money is going to be used for a proper purpose. It seems to me it is not going too far to say when State bonds are issued we will assume conclusively that the bonds are all right. Every State has a constitution. Every State is loyal, and they have limitations in their constitutions as to the amount and the purposes for which bonds may be issued.

It seems to me, therefore, that the amendment of the Senator from South Dakota is a proper one and ought to be agreed to.

Mr. McCUMBER. Mr. President, I will ask the Senator another question, and will follow the same rule I did before in answering my own question. I do not assume at all that there will be many cases, if any, in which the committee will ever pass judgment against the issue of any State bonds, but I do not want the power there for it to do so. Suppose the State of Ohio would conclude in 1918 that it desired to expend \$500,000,000 in draining some of the swamp land in that State, a work which could not be completed for five years, or until after the war was over, and that they would not only expend that \$500,000,000 during the time the Government was making every effort in the world to raise money to carry on the war, but they would take 5,000 or 10,000 men, whose services ought to be utilized either upon the firing line or in the munition or shipbuilding plants, and set them to work digging ditches out in the State of Ohio. I believe there ought to be the power lodged in this committee to say that it is against the interest of the United States to attempt to float those bonds at this time, and I do not want to take that power away from the committee.

Mr. STERLING and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Dakota yield; and if so, to whom?

Mr. McCUMBER. I do not know who first addressed the Chair. I will yield first to the Senator from South Dakota.

Mr. STERLING. I merely wish to ask the Senator from North Dakota if he thinks the constitution of the State of Ohio or the constitution of any other State would permit such an excessive issue of bonds?

Mr. McCUMBER. As \$500,000,000?

Mr. STERLING. Yes.

Mr. McCUMBER. Yes. Ohio is out of debt, and I believe there is nothing in the constitution to prevent her from raising funds up to that amount. New York, I think, expended about \$500,000,000 in the last two years for her good roads. I know she spent over \$200,000,000, and I do not know how much more has been paid by the counties. I ask the simple question whether the power ought not to be lodged in this committee to say to a State, as well as a municipality, "Do not go into improvements at this time which can not be completed in several years and take the money of the country and the labor of the country, which we so badly need now in the prosecution of the war."

Mr. WADSWORTH. Will the Senator yield to me?

Mr. McCUMBER. I yield the floor.

Mr. WADSWORTH. Then, I just have one or two comments to make on the point raised by the Senator from North Dakota. The consideration which appeals to me as being rather important when we attempt by inference to lodge power in Federal boards or committees to prevent a State from doing what it wants in the matter of borrowing money is this: In a large majority of instances when a State seeks to issue bonds in large amounts the issuing is done following a vote of the people of the State. To my mind it would be an insufferable condition for a committee of five gentlemen at Washington to tell, for instance, the people of the State of New York, after they had voted in a popular referendum to issue \$10,000,000 of bonds for the extension of the public highways of that State, that they can not sell their bonds. To my mind that is an invasion—it is true, by an indirect method—but if I take the word of the

Senator from North Dakota, literally, nevertheless, an effective invasion of the sovereignty of the State of New York which is intolerable.

Mr. KELLOGG. Mr. President, may I ask the Senator a question? Is there any difference between a municipal security and the bonds of a State or county, as far as the invasion of the power of the State is concerned?

Mr. WADSWORTH. I do not pose as a constitutional lawyer, but it strikes me that the only sovereignty of the country is in 48 States of the Union, and the municipalities are not sovereignties. I do not want the committee here at Washington to tell the people of a sovereign State that they can not borrow money.

Mr. KELLOGG. I do not believe the Federal Government has any more power over the issue of bonds by a subdivision of a State than of the State.

Mr. WADSWORTH. That may be so; but if the power were exercised over the State, in my mind, it would be more serious than an attempt to exercise it over a municipality. Of course, the bill does not say in so many words they can exercise that power; but the Senator from North Dakota wants them to have that power, and assumes that it can be exercised by this indirect method.

Mr. McCUMBER. Only exercising it by declaring that, in their opinion, they deem it inadvisable in the interest of the country.

Mr. TOWNSEND. Mr. President, I agree with the Senator from Minnesota [Mr. NELSON]. I stated before the committee that I do not believe we have any authority to authorize the committee to prohibit the issuance and sale of bonds upon the part of a State or any subdivision thereof. The provision in the bill does not go that far. It is simply advisory, and if the law is desirable, if it is important to place a check upon the expenditures at this time, as far as the advice of a skilled committee can place a check, it seems to me that it ought to extend even as far as the State.

I repeat, I do not think it is of any consequence legally; but if this commission could discourage at this time the reckless expenditure of money, I can conceive of nothing more for the general good, more in consonance with patriotic duty, than to do that very thing. I do not believe that this goes too far.

The Senator from South Dakota himself has stated that the voluntary committee now in existence has reported to him that it would not inhibit even by indirection the issuance or sale of bonds such as he has mentioned. I can not conceive of a condition of that kind that would arise. I could also as readily conceive in any other case where a concern asked for money or asked to issue its bonds and sell them the Government would discourage them if it was not for a patriotic purpose. They may make mistakes, perhaps.

But, Mr. President, much as I deplore the necessity of this kind of legislation, and I think it is deplorable, yet I was convinced that something of this kind was absolutely necessary. The great lesson this country has got to learn, and it is learning slowly, is that of economy. It must learn the lesson that everybody has got to contribute to the success of this war and that money, which is going to be needed in large volume, should be conserved for the interests of the Government in the war. If a State thinks it is a proper time to issue bonds which require money from the people to build roads in this urgent time, and even the people themselves vote to do it, I think if the Federal Government by stating the facts to the country should discourage it, it would perform a very patriotic duty to the country at this time.

Mr. STERLING. Let me ask the Senator if he does not think the States themselves and the authorities of the several States would not be governed by some such considerations as he now mentions? They will know the conditions as to war; they will know that there should not be extravagant expenditures; and they will restrain themselves in the matter of needed improvements even in order that the country may be secure in such a time.

Mr. TOWNSEND. It is to be presumed that the States will act in that way. It might be presumed that every patriotic business man in the country will do the same thing. If every man, every State, every municipality, did its duty, we would need no legislation at all, and that would be a very happy condition; but the fact is that we need legislation in some instances. I do not wish to be invidious and speak about any particular State, because I may be mistaken about it, but the report has already come to us that some States are going to take advantage of conditions which would materially embarrass the country at this time.

I do not think this provision is anything to be afraid of. It is not compulsory. It is purely advisory. This skilled commission investigates and reports that it is not compatible with the

public interest to float certain bonds. If that will retard them and will enable the Government to obtain money that is needed for war purposes, then I am in favor of it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Dakota [Mr. STERLING].

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

Mr. SMITH of Michigan. Let the amendment be read again.

The SECRETARY. In the substitute, after the words "United States" insert the words "nor to the securities issued by or under the authority of any State and payable by the State."

The PRESIDING OFFICER. The yeas and nays are called for. Is the call seconded?

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the amendment of the Senator from South Dakota [Mr. STERLING] to the amendment. [Putting the question.] The noes seem to have it.

Mr. STERLING. I call for a division, Mr. President.

The question being put, on a division the amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on concurring in the substitute for section 7 as it has been amended.

Mr. SMOOT. Mr. President, I desire to call the attention of the chairman of the committee to an inconsistency in the section. The Senator from Oklahoma [Mr. OWEN] offered an amendment, which was agreed to, by which the President is to appoint the members of this board, by and with the advice and consent of the Senate. About the middle of the amendment, which I have in my hands, there is this provision:

The terms during which the several members of such committee shall respectively hold office shall be determined by the Federal Reserve Board, with the approval of the Secretary of the Treasury.

In view of the adoption of the amendment of the Senator from Oklahoma, it ought to read:

The terms during which the several members of such committee shall respectively hold office shall be determined by the President of the United States.

Mr. SIMMONS. I shall not object to that amendment to the amendment.

Mr. SMOOT. That would be the proper language, and I offer that amendment to the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Utah to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is upon concurring in the substitute as amended.

The substitute as amended was concurred in.

Mr. HOLLIS. Mr. President, it was stated yesterday, and I think it was agreed to by unanimous consent, that section 8 of the bill should be reexamined when the bill reached the Senate. Since then the Senate, as in Committee of the Whole, has adopted a section regarding penalties which is, as the Senator from Colorado [Mr. THOMAS] suggests, inconsistent with section 8 as adopted. Unless some Senator can suggest some reason for the retention of section 8 I ask unanimous consent that it be stricken out.

The PRESIDING OFFICER. The Senator from New Hampshire asks unanimous consent that section 8 be stricken from the bill.

Mr. SIMMONS. Mr. President, I have not thoroughly and maturely considered the question that has been raised, but I do not think that section 8 should be stricken from the bill. I think the amendment of the Senator from New Hampshire relating to the penalties to be imposed for the forgery of the bonds or the embezzlement of the funds of the corporation is confined by its terms to those specific offenses and that the adoption of the amendment does not at all militate against the reasons which led the Senate to adopt the substitute for section 8, which refers to offenses for violation of the provisions of the bill. So we have one general section in the bill which imposes penalties of \$1,000 fine or a year's imprisonment for a violation of the provisions of the bill, and then we have another section which makes certain acts against the property of the corporation—not against the provisions of the bill but against the property of the corporation—either the embezzling of its property or the forging of its securities, specific offenses and provides a specific penalty much higher than the penalty prescribed for a violation of the provisions of the bill.

It does not strike me that the two things are inconsistent; and I hope the Senate will not eliminate section 8. When the matter is in conference we shall have an opportunity to very thoroughly investigate and consider the question. If, then, we discover that I am mistaken and those who agree with me are mistaken and that there is any inconsistency, we can take care of it.

Mr. THOMAS. Mr. President—

The PRESIDING OFFICER. If the Senator from Colorado will pardon the Chair for a moment, the Chair desires to say that he is of the opinion that if the motion of the Senator from New Hampshire is now not in order, it is at least superseded. A vote was reserved as in Committee of the Whole upon the substitute for section 8. So, in due course, a vote in the Senate will be taken upon concurring in the substitute, and the question will then be determined by the Senate, without the necessity of such a motion as that now made by the Senator from New Hampshire.

Mr. HOLLIS. May that question come up now, Mr. President?

The PRESIDING OFFICER. If there is no objection, the question of concurring in the substitute for section 8 can be considered now.

Mr. HOLLIS. I ask that the substitute for section 8 be now laid before the Senate.

The PRESIDING OFFICER. Without objection, that may be done. The question now is upon concurring in the substitute for section 8, which was adopted as in Committee of the Whole.

Mr. THOMAS. Mr. President, I think if this section is inconsistent with section 2, which we adopted this morning, it is the duty of the Senate to eliminate it from the bill and not to relegate it to the committee of conference. When section 8 was being considered yesterday the junior Senator from Alabama [Mr. UNDERWOOD] made the statement that he was unable to find any section of the bill which was susceptible of criminal violation after we had stricken out section 7 or so amended section 7 as reported by the committee as to eliminate many of its features and virtually to change its scope.

Section 8 is a general section. It provides that any person who shall violate any of the provisions and terms of the bill shall be punished by a fine of \$1,000 or by imprisonment for a year or both. The best reason perhaps why that section should be eliminated is that there is no offense which can be committed under the bill to which that would relate, unless, of course, we take into consideration the amendment which was made this morning. There is no need, in other words, of placing a penal section in the bill when there is nothing to be penalized. I have not been able—and I have made a careful investigation of the bill this morning—to find any violation which can be predicated on the bill to which section 8 will apply. I think the Senator from Alabama is correct.

Mr. McCUMBER. May I call the Senator's attention to one such provision on page 5 of the amended bill?

Mr. THOMAS. Yes.

Mr. McCUMBER. On page 4, section 5, of the amended bill—that is, the print which was made on March 2—the Senator will find it. If the Senator will read the amendment at the top of that page, he will see a provision for the violation of which punishment should be inflicted.

Mr. THOMAS. The provision to which the Senator from North Dakota refers reads:

No director or officer of the Corporation shall in any manner participate in the determination of any question affecting his personal interests.

The copy of the bill which I examined this morning was not the print which I now hold in my hand. However, Mr. President, assuming that there are provisions of this bill the violation of which should be punished, and that consequently section 8 should be retained in the bill, then it should be limited to those offenses not covered by section 2 for the commission of which the offender is convicted.

Section 2, accepted upon the motion of the Senator from New Hampshire [Mr. HOLLIS] this morning, prohibits the embezzlement of the funds of the proposed bank; it prohibits the forgery of any of its securities or of its bonds, and it provides a penalty of \$5,000 fine for each of such violations. If I remember aright, it also provides for a term of imprisonment as the alternative. That is specific; it is intelligible; but section 8, previously adopted, provides that any person who shall violate any of the provisions of this act shall be subject to the penalty of \$1,000 only, or imprisonment for one year only, or both. As I said this morning, in a penal statute that construction would be followed which would be most liberal to the offender; in other words, penal statutes are always strictly construed. If both these sections remain in the bill, the manifest inconsistency of providing that offenses shall be punished by a fine of \$5,000 and that the same offenses shall be punishable by a fine of \$1,000 will cause a great deal of difficulty in the construction of the law and in its application in given cases.

Mr. HOLLIS. Mr. President, will the Senator from Colorado permit me to interrupt him?

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Colorado yield to the Senator from New Hampshire?

Mr. THOMAS. I yield the floor, Mr. President?

Mr. HOLLIS. But I should like the Senator's opinion as to this suggestion: Would it not meet the objection if section 8, as finally adopted, should be amended so that the first line should read: "That whoever shall willfully violate any of the provisions of this act in any particular not specifically provided for herein?"

Mr. THOMAS. That will cover the difficulty.

Mr. HOLLIS. If that is agreeable to the chairman, we might agree to that.

Mr. THOMAS. I am perfectly willing, Mr. President, so far as I am concerned, to waive the objection that I make to section 8 as amended if the addition which is suggested by the Senator from New Hampshire is made to it.

Mr. HOLLIS. If the Senator from North Carolina—

Mr. SIMMONS. I thought while the Senator from New Hampshire was speaking that if we should merely insert the words "the preceding provisions" or the words "not otherwise specifically provided for" it might be sufficient.

The PRESIDING OFFICER. The Senator from New Hampshire has suggested an amendment.

Mr. HOLLIS. I suggest that there be inserted the words "in any particular not specifically provided for herein."

Mr. SIMMONS. That would meet the point that the Senator from Colorado is making.

Mr. THOMAS. My only purpose is to harmonize the two sections with each other.

Mr. SIMMONS. I am perfectly willing to accept the amendment proposed by the Senator from New Hampshire.

The PRESIDING OFFICER. The amendment suggested by the Senator from New Hampshire will be stated.

The SECRETARY. After the word "act" at the end of line 1, it is proposed in the amendment to insert "in any particular not specifically provided for herein."

Mr. THOMAS. It should read "not otherwise specifically provided for herein."

Mr. WILLIAMS. "Not otherwise specifically provided for."

The PRESIDING OFFICER. The Secretary will again state the amendment.

The SECRETARY. It is proposed to insert "in any particular not otherwise specifically provided for herein," so that if amended it will read:

That whoever shall willfully violate any of the provisions of this act, in any particular not otherwise specifically provided for herein, shall, upon conviction in any court of the United States of competent jurisdiction, be fined not more than \$1,000—

And so forth.

Mr. LODGE. As I heard the amendment read it seems to me to be obnoxious to all the objections I ventured to submit to it yesterday; in other words, it is putting it back in the form in which it was, so that it will apply to the licensing provision, and I think that is dangerous legislation.

Mr. GALLINGER. I will ask that the proposed amendment be again stated.

The PRESIDING OFFICER. The Secretary will state the amendment offered by the Senator from New Hampshire to the proposed substitute.

The SECRETARY. It is proposed to amend the substitute as agreed to as in Committee of the Whole by adding after the words "this act," in line 1, the following words: "in any particular not otherwise specifically provided for herein," so that if amended it will read:

That whoever shall willfully violate any of the provisions of this act, in any particular not otherwise specifically provided for herein, shall, upon conviction in any court of the United States of competent jurisdiction, be fined not more than \$1,000 or imprisoned—

And so forth.

Mr. GALLINGER. Mr. President, I will venture to inquire whether the words "not otherwise specifically provided for" would not apply to a violation of the rules and regulations, a proposal that was very seriously objected to in the debate a couple of days ago? It so strikes me, although I may be wrong about it. If they would so apply I should not feel like voting for the amendment.

The PRESIDING OFFICER. The question recurs upon the amendment offered by the Senator from New Hampshire to the substitute agreed to as in Committee of the Whole.

Mr. SIMMONS. Mr. President, I wish to inquire of the junior Senator from New Hampshire, who offered this amendment, if he does not think that the same purpose would be accomplished, without incurring the objection presented by the Senator from Massachusetts and the senior Senator from New Hampshire, if it were made to read "that whoever shall willfully violate any of the foregoing provisions?"

Mr. HOLLIS. The words "foregoing provisions" would include counterfeiting and embezzling, because the provision relating to those acts come before this provision in the bill.

Mr. LODGE. There is the same objection to the amendment suggested by the Senator from North Carolina as to the one offered by the Senator from New Hampshire.

Mr. HOLLIS. I am ready to withdraw my suggestion, if that is agreeable to the chairman of the committee.

Mr. SIMMONS. Mr. President, I think this matter had better be left as it is. This will not be a final disposition of the matter; the conferees will have control of it, and then we can adjust it after careful consideration.

Mr. HOLLIS. Mr. President, I withdraw my amendment to section 8.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire is withdrawn. The question is on concurring in the substitute amendment for section 8, which has just been read and which was agreed to as in Committee of the Whole.

The amendment was concurred in.

The PRESIDING OFFICER. The bill is in the Senate and open to amendment.

Mr. HOLLIS. Mr. President, the amendments made as in Committee of the Whole have not yet all been concurred in. There were other amendments reserved before the bill was reported to the Senate, and I now ask for the consideration of the amendment made as in Committee of the Whole in lines 4, 5, 6, and 7, on page 4.

The PRESIDING OFFICER. The Secretary will state the amendment.

The SECRETARY. In section 5, on page 4, as in Committee of the Whole the following words were stricken from the bill, as recommended by the committee:

Shall devote their entire time to the business of this Corporation (except such part of their time, if any, as shall be devoted to other governmental business) and.

Mr. HOLLIS. Mr. President, this matter has been debated once at least, and it seems to me entirely reasonable that the members of this corporation should devote themselves to this war work solely without dividing their attention between this and some private business. The members of the Federal Reserve Board are required to do it, and, as I have already indicated to-day, soldiers who are drafted to serve in the Army at a moderate compensation are obliged to give their whole time to it. Certainly men who are appointed to perform the very important duties of this office, with a salary of \$12,000 a year, ought to give their whole time to it.

Mr. GALLINGER. Mr. President, if the recommendation of the committee is rejected, I think we ought to include in the bill a provision that United States Senators and Members of the House of Representatives shall devote their entire time to the service of the Government.

The PRESIDING OFFICER. The question is on concurring in the amendment made as in the Committee of the Whole.

Mr. SIMMONS. Mr. President, before the vote is taken, I simply wish to say I do not think this language has ever been applied except in the case of the Federal Reserve Board to any officer whose office has been created or who has been appointed by the Federal Government. This is only a temporary organization; it is not a permanent institution. The law presumes that every officer of the Government will give such time as is necessary to perform the functions and duties of the position and he swears faithfully to execute the duties of his office. I have never heard of a State putting a provision of this sort in any of its statutes and I have never heard of the United States Government putting a provision of this sort in its statutes as a qualification upon an officer appointed to a governmental position.

The PRESIDING OFFICER. The question is on concurring in the amendment made as in Committee of the Whole. (Putting the question:) The "noes" have it, and the amendment is nonconcurred in.

Mr. HOLLIS. I now ask to have laid before the Senate the amendment at the bottom of page 4 and the top of page 5.

The PRESIDING OFFICER. The Secretary will state the amendment.

Mr. SIMMONS. Mr. President, I was under the impression that the amendment, the question on concurring in which was just put, had been agreed to as in Committee of the Whole and was concurred in in the Senate.

The PRESIDING OFFICER. The Chair did not so state. It was agreed to as in Committee of the Whole and disagreed to in the Senate, so that the original language is restored to the bill.

Mr. McCUMBER. I can not understand how that can be.

Mr. SIMMONS. Mr. President, my understanding is that as in Committee of the Whole the Senate sustained the committee amendment.

Mr. SMOOT. With one amendment.

Mr. SIMMONS. Yes.

Mr. SMOOT. By inserting the word "active" before the word "of."

Mr. SIMMONS. Yes; and the Senator from New Hampshire reserved the right to ask for a separate vote in the Senate. He has asked for that vote, and I understand the Senate now sustains the committee amendment.

Mr. HOLLIS. I understand the Chair has ruled to the contrary.

Mr. McCUMBER. I think the Senate voted under a misapprehension. I think I am the only Senator who voted to concur in the amendment.

Mr. SIMMONS. Mr. President, I am inclined to think the Senator from North Dakota is correct. The vote in the Senate, as was the vote as in Committee of the Whole, was a vote to determine whether this provision should remain in the bill as originally written; and we have voted here to strike it out, contrary to our intentions. I ask unanimous consent that the vote be taken over.

Mr. HOLLIS. To that I object.

Mr. TOWNSEND. Mr. President, a parliamentary inquiry.

Mr. SIMMONS. I move that the vote whereby the amendment was nonconcurred in may be reconsidered.

The PRESIDING OFFICER. The Senator from Michigan will state his parliamentary inquiry.

Mr. TOWNSEND. Will the Chair please state the question that we voted on a little while ago?

Mr. SIMMONS. I think the Chair incorrectly stated the question.

Mr. TOWNSEND. I should like to have the RECORD show, because I thought I was voting right.

The PRESIDING OFFICER. As in Committee of the Whole it was voted, as the Chair is advised, to strike out certain words found in section 5, on page 4 of the bill, in lines 4, 5, and 6, and a portion of line 7. The question in the Senate was on concurring in the amendment made as in Committee of the Whole.

Mr. SMOOT. That is the way the Chair put it before, and we voted "aye."

Mr. TOWNSEND. What was the result of the vote? How did the Chair decide?

The PRESIDING OFFICER. The vote was negative upon the proposition as submitted by the Chair upon concurring in the amendment.

Mr. LODGE. Then, Mr. President, the Senator did not understand the question.

Mr. TOWNSEND. I voted in the negative under a misapprehension, supposing that the question had been put otherwise. I move to reconsider the vote by which the amendment was nonconcurred in.

Mr. SIMMONS. I have made that motion.

Mr. HOLLIS. Mr. President, if there was a misapprehension, I will withdraw my objection to the request for unanimous consent and agree that the vote may be taken over, if the Chair will now state it so that the Senate will understand how they are voting.

The PRESIDING OFFICER. The question is on concurring in the amendment on page 4, lines 4, 5, and 6, and a portion of line 7, made as in Committee of the Whole. As in Committee of the Whole it was agreed to strike out of the bill the lines to which the Chair has referred. Now the question is on concurring in the action taken as in Committee of the Whole.

Mr. LODGE. Those who wish to sustain the action taken as in Committee of the Whole will vote "aye."

Mr. SIMMONS. Those who wish to sustain the action of the committee will vote "aye."

Mr. LODGE. Those who are in favor of sustaining the action of the committee will vote "aye."

Mr. SIMMONS. Mr. President, I ask that the amendment be read.

The PRESIDING OFFICER. The Secretary will read the amendment, and then the Chair will put the motion.

The SECRETARY. As in Committee of the Whole, in sustaining the Senate Committee on Finance, the following words were stricken from the bill, on page 4, beginning in line 4:

Shall devote their entire time to the business of the corporation, except such part of their time, if any, as shall be devoted to other governmental business) and.

The PRESIDING OFFICER. The question is on concurring in the action of the Senate as in Committee of the Whole. [Putting the question.] By the sound the ayes seem to have it.

Mr. HOLLIS. I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. KNOX (when his name was called). Repeating the announcement that I made upon the previous roll call, I vote "yea."

Mr. TILLMAN (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. GOFF] to the Senator from Louisiana [Mr. BROOKSARD] and vote "yea."

Mr. WEEKS (when his name was called). Announcing the same pair that I announced on the previous roll call, I withhold my vote, on account of the absence of my pair.

Mr. WILLIAMS (when his name was called). Notwithstanding my pair with the Senator from Pennsylvania [Mr. PENROSE], who is necessarily detained from the Chamber—because if he were present he would vote the same way that I vote—I vote "yea."

The roll call was concluded.

Mr. WEEKS. I transfer my pair with the senior Senator from Kentucky [Mr. JAMES] to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "yea."

Mr. STERLING. Has the junior Senator from South Carolina [Mr. SMITH] voted?

The PRESIDING OFFICER. He has not.

Mr. STERLING. I transfer my pair with the junior Senator from South Carolina to the senior Senator from Rhode Island [Mr. COLT] and vote "nay."

Mr. HARDING (after having voted in the negative). I ask if the junior Senator from Alabama [Mr. UNDERWOOD] has voted?

The PRESIDING OFFICER. He has not.

Mr. HARDING. Because of my general pair with the junior Senator from Alabama, I withdraw the negative vote which I cast.

The result was announced—yeas 46, nays 28, as follows:

YEAS—46.			
Baird	King	Reed	Sutherland
Bankhead	Knox	Robinson	Swanson
Beckham	Lodge	Saulsbury	Tillman
Calder	McCumber	Sheppard	Townsend
Dillingham	McLean	Shields	Wadsworth
Fletcher	Martin	Simmons	Warren
France	Nelson	Smith, Ariz.	Watson
Frelighuysen	New	Smith, Ga.	Weeks
Gallinger	Overman	Smith, Md.	Williams
Gerry	Page	Smith, S. C.	Wolcott
Henderson	Pittman	Smoot	
Kellogg	Ransdell	Stone	

NAYS—28.

Borah	Johnson, S. Dak.	Myers	Smith, Mich.
Curtis	Jones, Wash.	Norris	Sterling
Gore	Kendrick	Nugent	Thomas
Gronna	Kenyon	Phelan	Thompson
Hale	Kirby	Poindexter	Trammell
Hardwick	McKellar	Pomerene	Vardaman
Hollis	McNary	Shafroth	Walsh

NOT VOTING—21.

Ashurst	Cummins	James	Penrose
Brandegee	Fall	Johnson, Cal.	Sherman
Broussard	Fernald	Jones, N. Mex.	Underwood
Chamberlain	Goff	La Follette	
Colt	Harding	Lewis	
Culberson	Hitchcock	Owen	

So the amendment made as in Committee of the Whole was concurred in.

The PRESIDING OFFICER. Will the Senator from New Hampshire advise the Chair of the extent of the next amendment reserved by him for a separate vote in the Senate?

Mr. HOLLIS. I will not ask for a vote on that amendment.

The PRESIDING OFFICER. The question, then, is upon concurring in the remainder of the amendments to section 5.

The amendments were concurred in.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is, Shall the bill be engrossed and read a third time?

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

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

Mr. SIMMONS. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. LEWIS (when Mr. CHAMBERLAIN's name was called). I announce the absence of the senior Senator from Oregon [Mr. CHAMBERLAIN], occasioned by personal illness.

Mr. HARDING (when his name was called). I transfer my pair with the junior Senator from Alabama [Mr. UNDERWOOD] to the senior Senator from Pennsylvania [Mr. PENROSE] and vote "nay."

Mr. LEWIS (when Mr. JAMES's name was called). I announce the absence of the senior Senator from Kentucky [Mr. JAMES], occasioned by personal illness.

Mr. KNOX (when his name was called). Repeating my announcement made on a previous roll call, I vote "yea."

Mr. LODGE (when Mr. PENROSE's name was called). The senior Senator from Pennsylvania [Mr. PENROSE] is unavoidably absent. If present, he would vote "yea."

Mr. TILLMAN (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. GORE] to the Senator from Louisiana [Mr. BROUSSARD] and vote "yea."

Mr. BANKHEAD (when Mr. UNDERWOOD's name was called). My colleague [Mr. UNDERWOOD] is unavoidably absent from the Chamber. If he were present, he would vote "yen."

Mr. WEEKS (when his name was called). I transfer my pair with the senior Senator from Kentucky [Mr. JAMES] to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "yen."

Mr. WILLIAMS (when his name was called). Repeating the announcement made by me on the previous roll call as to my vote and the reason therefor, I vote "yea."

The roll call was concluded.

Mr. OWEN. I answer "present," refraining from voting. If it were necessary for me to vote "yea" to pass this bill, I would vote "yea" rather than see the relief fail which I desire the country to have in any event, whether by this bill or by the substitute which I offered. As it is not necessary, and as the bill does not meet with my approval in its present form, and as I do not approve the manner in which it has been forced through the Senate without consulting the Committee on Banking and Currency, I withhold my vote.

Mr. SMOOT. The RECORD will show that the rule has not been complied with in the request made by the Senator from Oklahoma. The rule provides that whenever a Senator asks to be excused from voting the matter must be submitted to the Senate, and the Senate decides the question.

Mr. SIMMONS. I desire to state that the senior Senator from Arizona [Mr. ASHURST] is unavoidably absent from the Chamber. If present, he would vote "yen."

Mr. RANSDELL. I desire to announce the absence of my colleague [Mr. BROUSSARD] on account of sickness.

The result was announced—yeas 74, nays 3, as follows:

YEAS—74.

Baird	Jones, Wash.	Overman	Smoot
Bankhead	Kellogg	Page	Sterling
Beckham	Kendrick	Phelan	Stone
Borah	Kenyon	Pittman	Sutherland
Calder	King	Poindexter	Swanson
Curtis	Kirby	Pomerene	Thompson
Dillingham	Knox	Ransdell	Tillman
Fletcher	Lewis	Reed	Townsend
France	Lodge	Robinson	Trammell
Frelinghuysen	McCumber	Saulsbury	Vardaman
Gallinger	McKellar	Shafroth	Wadsworth
Gerry	McLean	Shipppard	Walsh
Gore	McNary	Shields	Warren
Gronna	Martin	Simmons	Watson
Hale	Myers	Smith, Ariz.	Weeks
Henderson	Nelson	Smith, Ga.	Williams
Holtis	New	Smith, Md.	Wolcott
Johnson, S. Dak.	Norris	Smith, Mich.	
Jones, N. Mex.	Nugent	Smith, S. C.	

NAYS—3.

Harding	Hardwick	Sherman	
NOT VOTING—18.			
Ashurst	Culberson	Hitchock	Penrose
Brandegee	Cummins	James	Thomas
Broussard	Fall	Johnson, Cal.	Underwood
Chamberlain	Fernald	La Follette	
Colt	Goff	Owen	

So the bill was passed.

DIPLOMATIC AND CONSULAR APPROPRIATIONS.

Mr. OVERMAN. I ask unanimous consent that the Senate proceed to the consideration of the Diplomatic and Consular appropriation bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 9314) making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919, which had been reported from the Committee on Appropriations with amendments.

Mr. OVERMAN. I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for action on the committee amendments.

Mr. GALLINGER. I think the bill ought to be read. It is not a long bill.

The PRESIDING OFFICER. Objection is made. The Secretary will read the bill.

The Secretary read the first page of the bill.

Mr. GALLINGER. Mr. President, I withdraw the objection I interposed with regard to dispensing with the formal reading of the bill, and, as far as I am concerned, will let it be read for action on the committee amendments.

The PRESIDING OFFICER. The Secretary will read the bill for action on the committee amendments.

The Secretary proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the subhead "Salaries of secretaries in the Diplomatic Service," on page 3, line 21, after the word "Total," to strike

out "\$202,800" and insert "\$317,905," so as to make the clause read:

Total, \$317,905.

The amendment was agreed to.

The next amendment was, under the subhead "Transportation of diplomatic and consular officers in going to and returning from their posts," on page 7, line 19, after the words "Secretary of State," to insert "at the rate of not exceeding 10 cents per mile," so as to make the clause read:

To pay the actual and necessary expenses of transportation under such regulations as the Secretary of State may prescribe, of diplomatic and consular officers and clerks in embassies, legations, and consulates in going to and returning from their posts, or when travelling under orders of the Secretary of State, at the rate of not exceeding 10 cents per mile, but not including any expense incurred in connection with leaves of absence, \$125,000.

Mr. LODGE. Mr. President, I hope that amendment will not be agreed to. It seems to me that at this time it is an unfortunate one. The men who are at these posts, obliged to come home—recalled, perhaps, as we recalled all our consuls in Turkey, for example—come home on the public business. They can not, as in normal times, travel directly by train and steamship.

Mr. OVERMAN. I will say to the Senator that if he will let that amendment go over we will go on with the bill and come back to that, if he has no objection.

Mr. LODGE. Why should it take any time to discuss the amendment? We have got to discuss it sooner or later.

Mr. OVERMAN. All right.

Mr. LODGE. I mean, why not now? I am perfectly willing to pass it over if the Senator desires, but I think we can finish the bill in a few minutes, this matter included. I am not going to speak at any length.

Mr. SMOOT. I will say to the Senator that we can not finish the bill to-night.

Mr. LODGE. Why not?

Mr. SMOOT. Because there are a number of items in the bill that will lead to discussion.

Mr. LODGE. There are only one or two other amendments here.

Mr. SMOOT. There are some items in the bill itself that are going to lead to discussion.

Mr. LODGE. Oh, well, if there is going to be discussion of a lot of items, we might as well go on with this matter now.

Mr. SMOOT. It is 5 o'clock now.

Mr. LODGE. If Senators want to adjourn, of course I will not go on.

Mr. OVERMAN. Mr. President, I understand that the Senate is weary. I understand, also, that an executive session is desired. With the permission of the Senator from Massachusetts—

Mr. LODGE. I yield, of course, for that purpose.

EXECUTIVE SESSION.

Mr. OVERMAN. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened, and (at 5 o'clock and 5 minutes p. m.) the Senate adjourned until to-morrow, Friday, March 8, 1918, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate March 7, 1918.

GOVERNOR OF ALASKA.

Thomas Riggs, Jr., of Alaska, to be governor of Alaska, vice John F. A. Strong, term expired and resigned.

UNITED STATES DISTRICT JUDGE.

Edwin Louis Garvin, of Brooklyn, N. Y., to be United States district judge, eastern district of New York, vice Van Vechten Veeder, resigned.

JUDGE OF MUNICIPAL COURT, DISTRICT OF COLUMBIA.

Michael M. Doyle, of the District of Columbia, to be a Judge of the municipal court, District of Columbia. (Reappointment.)

UNITED STATES DISTRICT ATTORNEYS.

Wilson S. Hill, of Clarksdale, Miss., to be United States attorney, northern district of Mississippi. (Reappointment.)

Bert E. Haney, of Portland, Oreg., to be United States attorney for the district of Oregon, vice Clarence R. Reames, resigned.

RECEIVER OF PUBLIC MONEYS.

John V. Killion, of Kansas, to be receiver of public moneys at Dodge City, Kans. (Reappointment.)

BOARD OF ORDNANCE AND FORTIFICATION.

Fred T. Dubois, of Idaho, to be civilian member of the Board of Ordnance and Fortification.

TEMPORARY PROMOTIONS IN THE ARMY.

CORPS OF ENGINEERS.

To be colonels with rank from January 4, 1918.

Lieut. Col. William P. Stokey, Corps of Engineers.

Lieut. Col. Lewis M. Adams, Corps of Engineers.

Lieut. Col. William D'A. Anderson, Corps of Engineers.

APPOINTMENTS AND PROMOTIONS IN THE NAVY.

Lieut. William A. Hall to be a lieutenant commander in the Navy from the 1st day of July, 1917.

Surg. William Seaman to be a medical inspector in the Navy, with the rank of commander, from the 15th day of October, 1917.

Passed Asst. Surg. George B. Trible to be a surgeon in the Navy, with the rank of lieutenant commander, from the 15th day of October, 1917.

Paymaster George P. Dyer to be a pay inspector in the Navy, with the rank of commander from the 29th day of August, 1916.

The following-named passed assistant paymasters to be paymasters in the Navy, with the rank of lieutenant commander, from the 1st day of July, 1917.

Charles E. Parsons,
William J. Hine,
Kenneth C. McIntosh,
Francis J. Daly,
Roland W. Schumann,
Franklin P. Williams, and
Leon N. Wertenbaker.

The following-named assistant paymasters to be passed assistant paymasters in the Navy, with the rank of lieutenant (junior grade) from the 1st day of July, 1917:

Josiah Merritt,
Charles G. Holland, and
Hiram P. Tudor.

Gunner Edward C. Wurster to be a chief gunner in the Navy from the 21st day of December, 1915.

Gunner Harry R. Hayes to be an ensign in the Navy, for temporary service, from the 10th day of October, 1917.

Carpenter Alfred L. Johnson to be an ensign in the Navy, for temporary service, from the 11th day of October, 1917.

The following-named warrant officers to be ensigns in the Navy, for temporary service, from the 1st day of March, 1918:

Stephen E. Haddon,
Clarence E. Jackson,
Arthur V. Holmes,
Frederick Ellison,
James K. Smallwood,
Thomas J. Malarkey,
Frederick T. Mayes,
Edward J. Murnane,
Harold H. Ralph, and
Matthew Woessner.

The following-named enlisted men to be ensigns in the Navy, for temporary service, from the 1st day of March, 1918:

Albert Woods,
Kenneth H. Stetson,
Joseph Murtagh,
John E. Pedersen,
Lansford F. Kengle,
Stanley A. Jones,
Frank A. Brandecker,
Arthur Wrightson,
Joseph A. Clark,
Arthur A. Hewitt,
William A. Lynch, and
Edward H. Smith.

The following-named ensigns of the United States Naval Reserve Force to be ensigns in the Navy, for temporary service, from the 1st day of March, 1918:

Martin F. Comeau,
Robert B. McEwan, Jr.,
Watson K. Blair,
Francis H. Cabot,
Ralph Horween, and
Harold K. Smoot.

The following-named ensigns of the National Naval Volunteers to be ensigns in the Navy, for temporary service, from the 1st day of March, 1918:

Clifford F. E. Ward,
Forest W. Allen,
Dwight L. Jennings,
Robert A. Haynie, and
Adolph Bloom.

CONFIRMATIONS.

Executive nominations confirmed by the Senate March 7, 1918.

BOARD OF ORDNANCE AND FORTIFICATION.

Fred T. Dubois to be civilian member of the Board of Ordnance and Fortification.

RECEIVER OF PUBLIC MONEYS.

Jacob A. Mayer to be receiver of public moneys at Havre, Mont.

SUPREME COURT OF HAWAII.

James L. Coke to be chief justice.

Samuel B. Kemp to be associate justice.

CIRCUIT COURT OF HAWAII.

William S. Edings to be second judge of the first circuit.

L. L. Burr to be judge of the second circuit.

UNITED STATES MARSHAL.

James L. Sims to be United States marshal, eastern district of South Carolina.

HOUSE OF REPRESENTATIVES.

THURSDAY, March 7, 1918.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Oh, Thou, who art supremely great, an imminent God, working in and through everything; creating, re-creating; upholding, sustaining, guiding all; presiding over the destiny of men and of nations;

That God, which ever lives and loves,
One God, one law, one element,
And one far-off divine event,
To which the whole creation moves—

make us, we beseech Thee, sensible of our dependence upon Thee, for life and all things; and help us to fulfill our destiny, as individuals and as a nation, as it is disclosed to us, moment by moment, hour by hour, as the years come and go; that we may be the instruments in Thy hands, for the furtherance of Thy purposes, as revealed in the life, character, and sublime precepts of the Jesus of Nazareth. Amen.

The Journal of the proceedings of yesterday was read and approved.

CALL OF THE HOUSE.

Mr. RANDALL. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

Mr. DOWELL. I object. I desire to raise the point of order that there is no quorum present.

Mr. HICKS. Will the gentleman defer that just a moment?

The SPEAKER. The gentleman from Iowa makes the point of order that there is no quorum present.

Mr. MADDEN. I ask the gentleman to withhold that for a moment.

The SPEAKER. Does the gentleman withhold his point?

Mr. DOWELL. The gentleman can have the floor when a quorum is present.

Mr. MADDEN. The gentleman is not willing to yield, then?

The SPEAKER. Evidently there is no quorum present.

Mr. KITCHIN. In order to save time why not wait until the motion is made to go into the Committee of the Whole House on the state of the Union, and then let there be a roll call on that?

Mr. DOWELL. I think this is the proper time.

Mr. KITCHIN. Then, Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

Bell	Drukker	Jones, Tex.	Mudd
Brand	Dunn	Kahn	Nolan
Britten	Eagle	Kelley, Mich.	O'Shaunessy
Butler	Fairchild, B. L.	Key, Ohio	Parker, N. J.
Byrnes, S. C.	Fairchild, G. W.	Kraus	Parker, N. Y.
Caldwell	French	Kreider	Pou
Campbell, Pa.	Glass	LaGuardia	Pratt
Capstick	Good	Lazaro	Price
Carter, Mass.	Goodall	Lea, Cal.	Purnell
Clark, Fla.	Graham, Pa.	Lee, Ga.	Ragsdale
Clark, Pa.	Greene, Mass.	Lehlbach	Robbins
Cooper, Ohio	Hamill	Lenroot	Roberts
Cooper, W. Va.	Hamilton, N. Y.	McAndrews	Robinson
Costello	Haskell	McClintic	Rowland
Crisp	Heintz	McCormick	Schall
Curry, Cal.	Hollingsworth	McCulloch	Scott, Pa.
Davidson	Hood	McLaughlin, Pa.	Scully
Davis	Huddleston	Mason	Sherley
Decker	Humphreys	Mondell	Sims
Dempsey	Husted	Montague	Small
Dies	Johnson, S. Dak.	Mott	Snell

Steele	Strong	Vare	Woodyard
Steenerson	Templeton	Vestal	Wright
Stephens. Nebr.	Tinkham	Wilson, La.	
Sterling, Pa.	Van Dyke	Winslow	

During the roll call Mr. LONERGAN took the chair as Speaker *pro tempore*.

At the conclusion of the roll call the Speaker resumed the chair.

The SPEAKER. On this roll call 330 Members, a quorum, have answered to their names.

Mr. KITCHIN. I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The Doorkeeper will unlock the doors.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Young, one of its clerks, announced that the Senate had passed without amendment bill of the following title:

H. R. 7998. An act granting the consent of Congress to the village of East Dundee and the village of West Dundee to construct a bridge across the Fox River.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 6361. An act to extend protection to the civil rights of members of the Military and Naval Establishments of the United States engaged in the present war.

THE SPEAKER'S BIRTHDAY.

Mr. CANNON. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Illinois asks to address the House for three minutes. Is there objection?

There was no objection.

Mr. CANNON. This is the birthday of the Speaker of the National House of Representatives. [The Members rose and applauded.]

I want to say just a word. I was Speaker when he was on the floor of the House, and now when I am on the floor of the House he is Speaker. While at times I do not agree with him about policies, yet, looking him in the eye, I want to say that he intends, as Speaker of the House of Representatives, to be correct in his rulings and at all times is fair and courteous. [Applause.] I wish him many recurring anniversaries, and that he may live to be a hundred years old, and then run a foot race, intellectually and physically. [Applause.]

The SPEAKER. Gentlemen of the House of Representatives, I have to plead guilty to being 68 years old. They say that a woman is no older than she looks and that a man is no older than he feels. If that is so, I am no older than I was when I entered this House 25 years ago. [Applause.] There is not a man on earth in better health than I am, for which blessing I humbly and fervently thank Almighty God. [Applause.]

To talk about the House of Representatives is always an enticing theme to me. I really believe that I am the only man living who always takes up the cudgels for the House. No man ever says anything against it when I am present that I do not get back at him. [Applause.]

Out of the 68 years of my life I have spent 23 years in this House, and they have been very active ones, too. I made more speeches in the first Congress that I was here than I have made in any three Congresses since. [Laughter.] It came about in a very peculiar way. I was nominated over a sitting Member, a fine man, very handsome, a man of intelligence and ability, a fine lawyer, who had been here for four years. We were doing everything on earth that was proper—and in the retrospect I am afraid we did some things that were improper—to carry the election. Among other things, I charged that he had not been as active during his four years here as he ought to have been, considering his ability. He countered with the proposition that a man had to be here four years before he could branch out much, or the old Members would run over him roughshod. I answered that if a man had in him the stuff out of which statesmen were made he could go to the front whenever he got ready. That pleased the audience. [Laughter.] But when I got here I found that I was under obligation to make that promise good, and hence the number of speeches I made in that Congress.

This House changes about one-quarter every two years. Amos J. Cummings, one of the most beloved men that ever sat in this House, a great newspaper man, said that the average life of a Congressman was four years. One of two things is true—either he was wrong then or time and circumstances have changed, for the average life of a Congressman here now is a

little over seven years. I think the primary elections have a tendency to increase the tenure of the sitting Member.

There are only four men here now who have been here longer than I have. Mr. CANNON has been here longer than anybody ever was. [Applause.] I am sure that I express the sentiment of every man in this House, whatever his politics or religion, or anything else may be, we all hope that he will serve in this House as long as he lives. [Applause.]

Mr. CANNON and I have had some right hot times in this House together. [Laughter.] They were not glove contests but with bare knuckles. [Laughter.] In addition to the ex-Speaker, the gentleman from Wisconsin [Mr. COOPER] and the gentleman from Massachusetts [Mr. GILLETT] and the gentleman from Virginia [Mr. JONES] have served longer than I have, and the service of my good friend from Maryland, Mr. TALBOTT, extends back almost into the twilight of fable. [Laughter and applause.] If he had stayed here all the time consecutively, he would outrank anybody that ever was here except Mr. Speaker CANNON, but he has been off and on in his service—a good deal off as well as on. [Laughter.]

It is a noble privilege to be a Member of the House of Representatives. Very few people can ever attain it, and it is a high privilege to be a Speaker of this House. There have been 36 of us, counting one man who was Speaker one day. I have a great many things to be thankful for—a good wife, good children, a boy in the Army [applause], a fine grandson 13 months old—never been sick a minute in his life. [Applause.] He looks like his granddad. [Laughter and applause.]

I am thankful for troops of friends, and nowhere is there a more loving troop than in this House. [Applause.] I thank you for this evidence of your love and affection. Mr. Speaker CANNON says that I always try to be right, and I do, and if I find I am wrong I change it. I look upon the Speakership with the same high regard that a judge of a high court should regard his judicial duties, and I would be ashamed of myself forever and eternally if I ever made a partisan ruling in this House. [Prolonged applause.]

EAST ST. LOUIS RIOTS.

Mr. MADDEN. Mr. Speaker, I wish to ask unanimous consent for permission to the special committee on the East St. Louis riots to make their report in the House, when they do make it, instead of filing it in the basket. I do not know what the report is to contain, but I assume that it will be a report dealing with the facts, and will call a spade a spade. The subject of the report is of sufficient importance to justify the widest publicity. So I ask unanimous consent that when the report is made it may be made in the House.

Mr. DYER. Reserving the right to object, Mr. Speaker, I am very anxious to have the report published. I would like to know if the gentleman intends to include in the request the publication of the testimony taken on the investigation?

Mr. MADDEN. I should be delighted to have the testimony printed. I really think it ought to be printed, and if that will lead to getting unanimous consent to my request, I will include that in my request.

The SPEAKER. The gentleman from Illinois [Mr. MADDEN] asks unanimous consent that the special committee appointed to investigate the matters at East St. Louis may make their report in open House instead of filing it through the basket. Is there objection?

Mr. MILLER of Minnesota. Reserving the right to object, I would like to ask the gentleman from Illinois if he can state to the House how much testimony has been taken and how many printed pages it will make?

Mr. MADDEN. I think the testimony is very voluminous, but very important to the people of the country, and especially to the people of my State. Every suggestion that has been made by anybody in our State is to the effect that they would like to have the testimony published.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, do I understand that the gentleman is only making a request that the testimony be printed?

Mr. MADDEN. Yes.

Mr. STAFFORD. And not made a part of the regular report?

Mr. MADDEN. No.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the special committee appointed to investigate the matters at East St. Louis shall report in open House instead of filing their report through the basket, and that the testimony be printed with the report. Is there objection?

Mr. BLACK. I object.

Mr. MADDEN. Not with the report, Mr. Speaker, but as a public document.

Mr. BLACK. I am going to object if it means the printing of all this testimony.

Mr. MADDEN. I hope the gentleman will not object to that.

Mr. BLACK. I think it is just like the testimony in the Industrial Relations matter; of no use to anybody, and I object.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent, then, that the committee make its report in the open House.

The SPEAKER. The gentleman from Illinois asks unanimous consent that when the committee makes its report it make it in the House instead of through the basket. Is there objection?

Mr. DYER. Reserving the right to object, will not the gentleman from Texas withdraw his objection to printing the testimony?

The SPEAKER. Let us get through with this request first. Is there objection? [After a pause.] The Chair hears none.

MEMORIAL EXERCISES FOR LATE REPRESENTATIVE HELGESEN.

Mr. BAER. Mr. Speaker, I ask unanimous consent that the memorial exercises for the late Representative HELGESEN, of North Dakota, be held on the 10th of March next at 12 o'clock instead of on the 24th of March.

The SPEAKER. The gentleman from North Dakota asks unanimous consent to change the date for the memorial services for the late Representative HELGESEN from the 24th to the 10th of March. Is there objection?

There was no objection.

LEGISLATIVE, EXECUTIVE, AND JUDICIAL APPROPRIATION BILL.

Mr. BYRNS of Tennessee. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10358, the legislative, executive, and judicial appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the legislative, executive, and judicial appropriation bill, with Mr. SAUNDERS of Virginia in the chair.

Mr. BORLAND. Mr. Chairman, when the committee rose last there was under consideration a point of order made by my colleague from Missouri [Mr. HAMILIN] to the increase of pay for the head of the Efficiency Bureau. I will ask the gentleman to withhold that for a few minutes, until I can discuss it.

Mr. HAMILIN. Mr. Chairman, I reserve the point of order.

Mr. BORLAND. Mr. Chairman, I want to appeal to my colleague who made this point of order to withdraw it, and I want to present if I can an aspect of the subject which may not have occurred to him. It is impossible on these isolated and sporadic cases to discuss the relative value of public services and the relative scale of salaries, and so forth. It is easy enough to say that some man's salary has been increased, and that there are a great many worthy and deserving cases that have not been increased. That kind of argument can go on forever, of course, without any particular result. I would not want to go into that, but I do want to say this in fairness to the subcommittee that drew the bill, that, as I recollect, there are only three increases of salary in this bill that amount to anything. One is the head of this Bureau of Efficiency and the other are the members of the Civil Service Commission, both of which I think are fully justified by exceptional circumstances. The committee was not disposed to increase salaries and held down rigidly every request that was made for that purpose. As to the poor clerks, the clerks that my colleague seems to be interested in, as a matter of fact, it is incorrect to say that those men's salaries have not been increased for a long term of years. While the salaries are fixed by law for the position, the personnel is fluctuating all the time, and men are constantly promoted from the lower to the higher grades, so that the salary of the low-class man does not remain fixed and stationary, and that impression is not quite an accurate one. Here is the point I desire to present to my colleague's mind: There is not a doubt in the world but that an expert accountant who is able to be at the head of the Efficiency Bureau is worth \$5,000 a year in the open market. We pay that for bureau chiefs whose work is of infinitely less value to the public than this man's work. The great difficulty about increasing this particular salary is that this man has been doing very substantial work in saving money for the taxpayers of the United States. He has actually obtained results, and he occupies a peculiar position in the Federal Government. His position is not a popular one. He does not appeal to any of the element here in Washington that is so eager to increase the salaries and add to the Federal expenses. In fact, his work is absolutely opposed and brings him

into sharp opposition with the element who desire to increase the burdens of the taxpayer.

Mr. RANDALL rose.

Mr. BORLAND. In a moment I shall yield if I have the time. That is the reason why there has been such a persistent attack upon this man who is at the head of this bureau. He has been actually getting results, like any expert accountant ought to get results in a great business institution. He has been showing where money could be saved, not by the few dollars but by the hundreds of thousands of dollars, and if he had a wider opportunity for usefulness I am confident that he could make it more and more to the advantage of the taxpayers of the United States. That very fact, the very efficiency of this man and his usefulness in cutting down public expenditures and decreasing the burden of the taxpayer, has brought him sharply into conflict with some of the elements in this community who are not anxious to reduce the burdens of the taxpayer. I am sure my colleague does not want to put himself in the attitude of being in line with that element, and yet this is a direct attack upon this man to drive him out of the public service. They want to make it so unpleasant, so unprofitable personally for a man to be efficient and save money for the American taxpayer that he will not agree to stay; that he will not be able to afford to stay. This man could go into private employment as an expert accountant and get \$5,000 a year.

Mr. WATSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. And the only thing that I know of that keeps him here is the high regard he has for the success of his work. I yield to the gentleman.

Mr. WATSON of Pennsylvania. Is it not a fact that he did eliminate 30 clerkships in the United States Treasury?

Mr. BORLAND. I could not give the exact figures in the various departments where he has been at work. He has reduced the number of clerkships, and he has promoted the efficiency of the public business. That is true also of the Post Office Department, where he has been at work, and I am quite sure that this attack, designed to drive him out of the service, is not in the mind of my colleague from Missouri [Mr. HAMILIN].

Mr. HAMILIN. Mr. Chairman, I desire to say that I have not made any attack upon this Chief of the Bureau of Efficiency. I do not even enjoy the pleasure of his acquaintance. There is nothing personal whatever in my action in reserving the point of order against an increase in his salary.

I do not know to what my colleague who has just spoken refers when he talks about certain interests who are very much opposed to this man and his work and intimates that I am aligning myself with that "certain interest," whatever it is, in seeking to drive this "efficiency expert" out of the service of the Government. I do know that I am not aligned with any interest except the public interest in endeavoring to hold down salary increases.

I repeat that I do not know to whom my colleague referred, but I have suspicion and shall assume that he had in mind when he made that insinuation the great army of clerks in the different departments of the Government, because he seems to have thoroughly convinced himself that he has a grievance against these clerks which he airs each day on the floor of the House, "lest we forget."

In reserving the point of order the only purpose I had in mind was to try to hold the balances level between the chiefs of the bureaus and the clerks who do the work.

There are certain expenses common to everybody employed here in Washington, regardless of whether they receive \$360 a year or whether they receive \$12,000 a year. A pound of meat, a pound of coffee, a pound of sugar, and all other vital necessities of life cost a man who is receiving only \$360 a year just as much as it costs one receiving \$12,000 a year. Now, until you get to the point of giving the employee enough money to meet these vital, necessary expenses you are going to hurt that fellow very badly, but after his salary reaches a point which will enable him to meet these necessary expenses and enjoy some of the comforts of life it does not make so much difference whether his salary is increased or not during the war. He is assured that the wolf can not get through the door, and if he is not able to lay up any money during war times it does not make so much difference. Now, I can not understand the theory of these gentlemen who are talking about this efficiency expert being so valuable and that if we do not give him this increase he is liable to leave the Government service and go into private life. It does not argue well for this man's patriotism for his friends upon this floor to make that threat to this House. It does not count any with me. There are any number of men who have left their private employment, have sacrificed their private businesses, and have volunteered their services and are to-day in Washington.

ton City serving this Government patriotically and faithfully for \$1 per year.

Mr. FOCHT. Will the gentleman yield?

Mr. HAMLIN. Here is a man drawing \$4,000, and his friends upon this floor say, "If you do not give him \$1,000 a year more he will leave the service of the Government." If there is any patriotism in that, it is with profit. I yield to the gentleman.

Mr. FOCHT. May I ask who may be this mysterious gentleman, what he does, and what he gets?

Mr. HAMLIN. I am glad the gentleman asked that question. I said I did not know him, and that is true. I think his name was given the other day as Brown. No doubt he is a good man, I am not saying that he is not, and perhaps he is rendering some good services, but I am saying there are plenty more men in the service of this Government who are rendering good services. He is not alone if he is rendering good service. Now, I want to call attention to another thing. He has been in the employ of this Government over two years or about two years. The chairman of the Committee on Appropriations of this House only recently called attention to a very important matter which this efficiency expert might have remedied to the good of the service. He said the system of bookkeeping in vogue in this Government was of such a character that you could not tell to save your life how the money when appropriated was expended, except that it was arranged so that you can keep tab—

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAMLIN. I ask unanimous consent for five minutes more.

Mr. MOON. May I ask if the gentleman is going to insist on his point of order?

Mr. HAMLIN. I do not think I shall.

Mr. MOON. Then why discuss it?

Mr. HAMLIN. I likely will explain before I close why I am not going to insist on the point of order. May I have five minutes more?

The CHAIRMAN. The gentleman from Missouri asks unanimous consent for five additional minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. HAMLIN. Just let me finish this sentence—that the system of bookkeeping was so arranged that you could only keep tab upon one proposition, and that was as to whether a department had expended more money than appropriated for its use.

This is what the chairman of the Appropriations Committee said:

Now, in order that that may happen we must have a reform in the methods of governmental bookkeeping. At present your governmental bookkeeping is for one purpose, and one purpose only, and that is to prevent embezzlement or misappropriation of funds, and it performs that service exceedingly well, but it performs no other. All of your appropriations are so made and your bookkeeping accounts so kept that they serve only in preventing Smith or Brown from spending money for some purpose other than that for which it was appropriated, but do not require or show economy of expenditure. There is no system by which the legislative body could take the expenditures of a previous period and from them determine whether they have been economically or wastefully expended; and as a result, in order to ascertain that, we go through a cross-examination of individuals that amounts at times to a severe grilling of them and frequently without obtaining any real result. When we find some abuse we come in and recommend a particular provision prohibiting the doing of something that we think brought on the abuse and we tie the hands, or try to tie the hands, of an incompetent administrative officer, and then wake up a few weeks afterwards and find we have also tied the hands of all the good administrative officers as well and that the bad administrative officer has usually found some method of circumventing the prohibition that we placed upon him.

Now, if you will get a system so you can know whether an administrative officer is well or badly performing his functions, then the remedy will be not to curtail his power, but to cut off his head when he does not deliver. [Applause.] When he fails to show that he is an efficient officer let him go into the discard and let some man of capacity take his place. [Applause.] That is the tendency of all modern government everywhere except here on this floor and in national matters.

Now, I think what the chairman of the Appropriations Committee said is true because it accords with my experience in investigating the expenditures of the Government. Then, what has this efficiency expert, this splendid accountant, which my colleague talks about, been doing the last two years that he has not suggested some change in the system of bookkeeping that will enable us to know something about how this money that we appropriate is being used?

Now I yield to the gentleman from Pennsylvania.

Mr. MOORE of Pennsylvania. I have been watching this matter of commissions for some time, and I understand that this particular one has cut down the expenses of certain of the departments. Does the gentleman observe that while cutting down the expenses of certain departments its own expenses have correspondingly increased?

Mr. HAMLIN. I do.

Mr. MOORE of Pennsylvania. Whereas they had \$60,000 last year, they now ask \$110,000—

Mr. HAMLIN. No; they had \$40,000 the first year, the next year \$60,000, and this year they ask for \$120,000.

Mr. BYRNS of Tennessee. In order that the gentleman from Pennsylvania may not misunderstand, I want to say the bureau had \$118,000 for the current year. There were two deficiency bills passed—

Mr. HAMLIN. I was just about to mention that.

Mr. MOORE of Pennsylvania. That does not appear in the corresponding legislative, executive, and judicial bill of last year. In the law of last year there appeared to be \$60,000 appropriated, and in the corresponding item of this bill \$110,000 is asked for—

Mr. BYRNS of Tennessee. But in the deficiency bill passed in October \$20,000 additional was added, and in the bill which passed the other day the gentleman voted for \$38,000 additional, making a total of \$118,000.

Mr. HAMLIN. Mr. Chairman, I can not afford to yield further. The statement I made is absolutely accurate, that two years ago, the first year of this Efficiency Bureau, they asked for \$40,000; then the next year for \$60,000; and this time for \$120,000; and then, as the chairman of the committee has said, there have already been two different deficiency appropriations made for this bureau. There seems to be no limit upon the amount of people they can employ. Now, perhaps that is all right. I do not know about that.

Here is the point I had in mind all the time and that I have in my mind now. We ought to be fair to all the people in the departments regardless of position occupied. Perhaps this man earns \$5,000 a year, but I say that we ought not to increase these high-salaried men unless you are going to take care of the people of the rank and file and who do the work of the departments down in the bureau. I do not know that I shall finally make this point of order. I believe I ought to make it, but I have been appealed to, and this one statement has somewhat appealed to me. I am informed from a reliable source that there will be within the next few days brought in a proposition that is intended to take care of and will take care of, perhaps, the class of people that I believe ought to have some consideration as well as these very high-salaried men. Now, if that is done it eliminates very largely my objections to this increase of salaries of the higher-ups. And for that reason, and with this statement, I shall not insist upon this point of order, yet I feel that I ought to do so.

Mr. GOOD. Mr. Chairman—

Mr. MOON. Mr. Chairman, I make the point of order.

Mr. RUCKER. The point of order is still pending, as I understand it.

Mr. BYRNS of Tennessee. I would like the point to be made, so that we can proceed.

Mr. GOOD. Mr. Chairman, have I been recognized?

The CHAIRMAN. The Chair will state the situation before the committee. The gentleman from Iowa [Mr. Good] is recognized for the purpose of debate, but the Chair wants to ascertain the status. Is the point of order made?

Mr. MOON. I made the point of order at the time the gentleman from Missouri [Mr. HAMLIN] withdrew it. He has withdrawn his point of order. Then, I reserve it.

Mr. BYRNS of Tennessee. To what?

Mr. MOON. I reserve the point of order to the \$110,000 a year, and I reserve the point of order to the increase in the salary.

Mr. GOOD. I hope the gentleman will reserve it. I would like to speak on the subject.

Mr. MOON. I am not going to say a word.

The CHAIRMAN. The gentleman from Iowa [Mr. Good] is recognized to participate in the debate.

Mr. GOOD. Mr. Chairman, if the gentleman from Tennessee will—

Mr. MOON. I understand the gentleman from Iowa [Mr. Good], being a member of the committee, as a matter of courtesy is entitled to be recognized.

Mr. GOOD. I will waive that point if the gentleman will reserve his point of order, so that I can speak.

Mr. MOON. I will do this. The gentleman from Iowa can proceed now, and then I will make the point of order.

Mr. BYRNS of Tennessee. The reservation still exists.

Mr. MOON. Yes, sir.

The CHAIRMAN. The gentleman from Iowa [Mr. Good] is recognized.

Mr. GOOD. Mr. Chairman, the President during the past few years has been called upon to make a great many appointments. I do not believe he has made an appointment during

his entire incumbency as President of the United States that is more meritorious than the appointment of Mr. Herbert Brown as chief of this bureau. While the appropriations for this bureau have been increasing, the bureau has had greatly increased duties, and it has saved many times over the amounts appropriated for it. In the office of the Treasurer alone it saved many times all of the appropriation by Congress for the bureau in reducing the number of clerks in that department. It has gone into the other departments and has, by conducting examinations, and by installing scientific methods saved a great many thousands of dollars to the Government. I personally know a number of men who have followed the business of accounting and are expert accountants. I know that if you hire an expert accountant you can not get one for less than \$20 to \$50 per day. I have never come in contact with an expert accountant who knows his business any better than Mr. Brown and the little force that he has gathered around him.

The gentleman from Missouri [Mr. HAMLIN] says that he has been in the employ of the Government for two years. Mr. Brown has been in the employ of the Government for more than 10 years. In the Sixty-first Congress he was in the employ of the Government, receiving then, in addition to his private employment—from which he had an income of almost \$1,000—\$4,000 a year. I do not believe there is any question about Mr. Brown receiving in private employment immediately more than \$6,000 or \$8,000 a year. He is worth to the Government of the United States more than he is worth to any person. I am sure that if the gentleman from Tennessee [Mr. Moon] will take this question up and look at it from a practical standpoint, from the standpoint of actual saving to the Government of the United States, as the committee that brought out this bill considered it, he would not think of making a point of order. He would only wonder that the committee had not in instances like this given even larger salaries to men of this character. I am sure I know of no Government employee or official who is more entitled to an increased salary in all the Government service than the man who is chief of this bureau. The gentleman from Tennessee I know is interested in the salaries of these lower paid clerks. But the committee has been considering the pay of lower paid clerks, and, as his colleague from Tennessee [Mr. BYRNS] has already stated, will bring out a bill to take care of them. But in the meantime I hope he will not make a point of order, because if he does he then reduces the salary that this man is paid by \$800 from the amount which he received in the Sixty-first Congress.

Mr. MOON. Mr. Chairman, my objection does not arise so much upon the mere increase of this particular salary, for I am sure I have no objection to Mr. Brown getting a proper salary, or anybody else getting a proper salary, if it is right to have it. But the objection goes further in that it is an objection to the exercise of power and jurisdiction of the Committee on Appropriations on this question, whether for one sum or another. They can not increase salaries.

Then, there is no merit, in my judgment, in this proposition anyway. This Bureau of Efficiency, which people sometimes call the "bureau of inefficiency," was a bureau in the Civil Service Department and in 1916 was established as a separate and independent bureau, and the office force that had been connected with that branch of the service, in the civil-service branch of the Government, went over to this bureau, and the money that they were limited to in the act creating them was \$12,000 for expenditure for all the purposes connected with the efficiency system. Then, the next year there comes \$40,000—a growth. And yet departments like the Agricultural Department, as I am advised, prohibit them from coming in the department to consider these questions affecting their clerks. I understand one branch of the Post Office Department does not permit it. It is not permitted to come into several of the departments; and there is no law compelling these examinations by these efficiency bureaus in any of the departments.

Then, in the next year they got \$60,000, and then, as my friend and colleague from Tennessee [Mr. BYRNS] says, these deficiencies ran the amount up to \$118,000. So you see we just have established a branch of a service that was practically an unimportant bureau in the Civil Service, and in three or four years it has grown ten times as great, so far as expenditures are concerned, as was authorized at the beginning.

My judgment is that this bureau ought to be wiped out of existence. I believe we never can have any reform or any honest government in this country until the whole civil-service fraud—because it is a fraud as it has been practiced before, and it is a fraud as it is practiced now—is wiped out of existence. [Applause.] I make a point of order against it.

Mr. BYRNS of Tennessee. Mr. Chairman, just what is the point of order?

The CHAIRMAN. The Chair was just going to ascertain. Is the point of order directed against the whole paragraph or merely against the proviso?

Mr. MOON. The point of order is directed against the appropriation of \$110,000 and against the proviso, but mainly to the proviso.

Mr. BYRNS of Tennessee. Certainly it is not good as to the \$110,000; and the proviso, Mr. Chairman, is simply a form of limitation upon the appropriation.

Mr. MOON. The proviso fixes a salary at \$1,000 greater than it was before.

Mr. BYRNS of Tennessee. The statute does not fix any salary whatever, and the proviso is simply a limitation upon the appropriation.

The CHAIRMAN. The Chair has before him the act by which this Bureau of Efficiency was established as an independent entity. The appropriation for this bureau is a lump-sum appropriation. That being so, it is perfectly competent for the House to appropriate any amount it chooses for its operations. It may appropriate one amount this year, and increase or reduce that amount next year. In other words, the amount of the appropriation is entirely in the discretion of the House. Looking to the proviso, it will be noted that the effort is made to fix directly the compensation of the head of the Efficiency Bureau. The proviso declares in terms that the compensation of this head is fixed at the rate of \$5,000 per annum. Hence the proviso limits the discretion of the bureau to fix salaries. A limitation or curtailment of the power of discretion, is certainly a change of law. It seems to me that the point of order with respect to the proviso is good, but not good as to the amount of the appropriation. The Clerk will read.

The Clerk read as follows:

For commissioner, acting as president of the commission, \$5,000; two commissioners, at \$5,000 each; chief examiner, \$3,500; secretary, \$2,500; assistant chief examiner, \$2,250; three chiefs of division, at \$2,000 each; examiners—1, \$2,400, 3 at \$2,000 each, 6 at \$1,800 each; clerks—6 of class 4, 28 of class 3, 39 of class 2, 52 of class 1, 34 at \$1,000 each, 22 at \$900 each; messenger; assistant messenger; skilled laborer, \$720; 4 messenger boys, at \$420 each. Custodian force: Engineer, \$840; general mechanic, \$840; telephone-switchboard operator; 2 firemen; 2 watchmen; 2 elevator conductors, at \$720 each; 3 laborers; 4 charwomen; in all, \$288,470.

Mr. MOON. Mr. Chairman, is that the end of that section or not? Is that the end of the paragraph?

The CHAIRMAN. It is the end of the paragraph.

Mr. MOON. Then it is time to make a point of order upon it. I make the point of order that there is legislation here increasing the salaries of the commissioners, which is out of order on this bill.

Mr. BYRNS of Tennessee. Will the gentleman reserve it for a moment until I can make an explanation?

Mr. MOON. Inasmuch as it is my good friend from Tennessee, I will reserve it.

Mr. BYRNS of Tennessee. Mr. Chairman, I do not want to take up the time of the committee, but I do think an explanation is due as to why the committee saw fit to increase the salaries of the three Civil Service Commissioners. For a number of years estimates have been submitted to the committee asking for a salary of \$7,500 for these three commissioners.

Those salaries were fixed when the law was passed back in 1880 or 1883, and at that time the salary of \$4,500 was fixed for the chairman of the commission and \$4,000 each for the other two commissioners. The salary has not been changed since the organic act was passed. For a number of years estimates have been submitted asking that these salaries be increased to \$7,500. The point has been made that the members of the Federal Reserve Board get \$10,000, that the Farm Loan Commissioners get \$10,000, that the Federal Trade Commissioners get \$10,000, that the members of the Tariff Commission get \$7,500, that the Canadian Boundary Commissioners receive \$7,500 each, and other commissioners that I could name, all created recently by Congress, have been given salaries of \$7,500 or more.

Mr. HELM. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. HELM. Were all these salaries fixed before the country was in war?

Mr. BYRNS of Tennessee. Yes; they were fixed within the last few years.

Mr. HELM. Does the gentleman think it is good policy on the part of Congress to increase every branch of United States salaries while we are in war?

Mr. BYRNS of Tennessee. I do not think so; and if the gentleman will examine the estimates upon which this bill is based he will find any number of requests for increases, and that the committee has declined to accede to those requests except in a very limited number, three or four, and only in those cases because the committee thought they were abundantly justified.

Mr. HELM. The committee cites these other cases in justification for this proposed increase. If this increase of salaries continues to go on, we will find ourselves embarrassed.

Mr. BYRNS of Tennessee. The gentleman misunderstood entirely what I was trying to do. I was simply stating the reason advanced for these commissioners in support of the estimates for an increased salary.

Mr. MOON. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. In just a moment. Let me complete the statement. The committee has declined during these years to increase the salaries, but the committee has felt that on account of the fact that the work of the Civil Service Commission has increased 300 per cent within the year, as is shown by their records of the number of papers examined and the civil-service positions newly created, it was only fair to these gentlemen to give them, not the increase asked for, but the small increase allowed in this bill.

Now, I may say that these same estimates provided for an increase for the chief examiner and for the secretary of the commission, both most efficient gentlemen, and had we not been engaged in war I think the committee would have looked with some degree of favor upon those estimates also. But the committee limited the increase to these three commissioners.

Now, I want to say just another word in reply to the gentleman from Missouri [Mr. HAMLIN]. He stated that he believed that the salaries of clerks should be increased, and that he was opposed to these increases of high salaries. I am in thorough accord with the gentleman, and my whole conduct and record here has been in line with that idea. But the gentleman from Missouri certainly spoke without information when he assumed that the clerks in the city of Washington have not received increases. I hold in my hand a statement showing that of the entire number of Government employees during the calendar year ending December 31, 1917, 46.1 per cent received increases averaging \$145 a year. There is no department in Washington in which salaries have not been increased for at least 26.1 per cent of the entire force, and in one department the increase has been as high as 131 per cent of the force during the calendar year of 1917.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. MOON. Mr. Chairman, I ask unanimous consent that the gentleman may have an additional minute. I want to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MOON. What is the salary now of the president or chairman of the commission?

Mr. BYRNS of Tennessee. Four thousand five hundred dollars.

Mr. MOON. And the salary of the other two?

Mr. BYRNS of Tennessee. Four thousand dollars.

Mr. MOON. Is it not a fact that the president of the commission gets \$4,000, another commissioner gets \$4,500, and another one \$4,000?

Mr. BYRNS of Tennessee. No; the chairman of the commission under the statute gets \$4,500 and the other two \$4,000.

Mr. MOON. I am informed that one commissioner is getting \$500 more than the other, and that member is not the chairman.

Mr. BYRNS of Tennessee. I have no information of that kind.

Mr. MOON. I have been informed by a reliable gentleman that that is the fact.

Mr. BYRNS of Tennessee. I will say that I have not the slightest information about that matter.

Mr. MOON. Mr. Chairman, I make the point of order.

The CHAIRMAN. Is the point of order directed to the salary of the three commissioners?

Mr. MOON. Yes.

The CHAIRMAN. The Chair will ask the gentleman from Tennessee [Mr. BYRNS] whether these salaries are fixed by law.

Mr. BYRNS of Tennessee. Yes.

The CHAIRMAN. And whether these salaries are in excess of those fixed by law?

Mr. BYRNS of Tennessee. Yes, Mr. Chairman; I concede that it is subject to a point of order.

The CHAIRMAN. The point of order is sustained.

Mr. BYRNS of Tennessee. Mr. Chairman, I offer the following amendment: To insert in place of the first figures "5,000," on page 31, line 9, the figures "4,500," and after the word "at," in the same line, in place of the figures "5,000" insert "4,000."

Mr. MOON. I would like to ask the gentleman from Tennessee whether any other salaries have been increased under this section?

Mr. BYRNS of Tennessee. They have not, but there were a great many requests for increase, which the committee consistently denied.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

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

Mr. BYRNS of Tennessee. Mr. Chairman, the Clerk calls my attention to the fact that I was in error when I stated that there were no other increase of salaries in this section. I do not want to misinform the gentleman from Tennessee. There are four messenger boys carried in line 16 who were getting \$360, and the committee increased the salary of these four from \$360 to \$420.

Mr. MOON. I think that is a proper increase. I wish it had been put at \$500.

The Clerk read as follows:

For additional employees for the Civil Service Commission, \$150,000: Provided, That not more than two persons shall be employed hereunder at a rate of compensation exceeding \$1,400 per annum.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I reserve a point of order to the proviso. I should like to ask the chairman of the committee if I am right in my idea of the meaning of this provision:

Provided, That not more than two persons shall be employed hereunder at a rate of compensation exceeding \$1,400 per annum.

The other employees besides the two may be paid any amount of salary that those in authority may wish to give them?

Mr. BYRNS of Tennessee. No; quite to the contrary. That limitation provides that the other employees shall receive not exceeding \$1,400.

Mr. KEARNS. What do these two persons get?

Mr. BYRNS of Tennessee. One receives \$1,600 and the other about \$1,800. They are paid out of a lump sum furnished by the President, amounting to \$240,000. They were put in the service at this salary, and the committee felt that it was hardly warranted in reducing the amount being paid them out of the lump sum.

Mr. McLAUGHLIN of Michigan. Would it not be proper and to be preferred to have the rates of compensation fixed, instead of leaving them entirely to the discretion of the high officers whose duty it is to employ the men and fix their salaries?

Mr. BYRNS of Tennessee. As evidence of the spirit of economy that has actuated the commission, I want to say that they were granted a lump sum of \$20,000 under the deficiency act of last year. The President, under the necessities of the service, gave them \$240,000 out of his emergency fund, which made \$260,000 with no strings attached to it. Yet this Civil Service Commission has obligated all of it in the employment of the required force, and have only given two salaries equal to the \$1,600 and \$1,800. The rest of the force draw \$1,400 and less.

Mr. McLAUGHLIN of Michigan. The answer of the gentleman justifies the objection to this language. I do not think that \$240,000 should be turned over in a lump sum to be used by any bureau without any restrictions whatever.

Mr. BYRNS of Tennessee. That was done by the President and not by Congress.

Mr. McLAUGHLIN of Michigan. It furnishes a better illustration of the need of limitation on the authority of the heads of bureaus than had occurred to me when I rose.

Mr. GOOD. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. GOOD. If the gentleman will look further along he will find that there is \$10,000,000 turned over without any strings to it.

Mr. McLAUGHLIN of Michigan. There may be activities concerning which we can make no restrictions, but where we can we ought to make them. I am a member of the committee that has to do with one department of the Government. The committee prepares an appropriation bill, and, among its many provisions, the bill carries lump-sum appropriations for different bureaus. I have some knowledge of how lump-sum appropriations are used, and I feel that sometimes they are used different from the expectation of the committee when the authority was given. It seems to me that it is not a proper way to make appropriations—to leave the head of a bureau absolutely without limit as to the manner in which he can use \$150,000. For that reason I make the point of order, trusting that the chairman of this committee will suggest better language.

Mr. SHERLEY. Mr. Chairman, will the gentleman withhold his point of order for a moment?

Mr. McLAUGHLIN of Michigan. I reserve the point of order.

Mr. SHERLEY. Mr. Chairman, I think it is well for the committee to understand what the effect of the point of order of the gentleman from Michigan [Mr. McLAUGHLIN] would be.

The language now restricts the expenditure of the \$150,000 to salaries that shall not be greater than \$1,400, except as to two.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, may I ask the gentleman what the amount of those two salaries is?

Mr. SHERLEY. Just a moment. The result of the point of order would be to leave the \$150,000 to be paid to any number at any rate of salary, no matter how high. The result of the point of order would be to take off the restriction and to give unlimited power. The result of the point of order would be to let down all of the bars that are thrown around expenditures and invite the abuse that the gentleman complains of. I say this in order that the gentleman from Michigan, in making his point of order, may know the effect of it.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman from Kentucky yield?

Mr. SHERLEY. Yes.

Mr. GARRETT of Tennessee. I understand perfectly the effect of the point of order, but I think the gentleman from Michigan on reflection will desire to withdraw it, because I believe it will accomplish the purpose that he does not desire to accomplish. I want to ask the gentleman from Kentucky this: I presume the reason that the lump-sum appropriation has been continued is that it is supposed that this will be more or less temporary. Am I correct in that assumption?

Mr. SHERLEY. Not only that, but there is another reason. The reason is for the protection of the Treasury of the United States.

Mr. GARRETT of Tennessee. I am not speaking of the proviso, but of the lump-sum appropriation.

Mr. SHERLEY. So am I; and I want to explain, because it raises a very important and a very interesting proposition. The reason why the committee saw fit to continue sums for additional employees, without specifying those employees and arranging them in classes, was for the purpose of making them only temporary employees, whereas if you increase all of your personnel by feeding into it these additional employees now needed you would find that at the end of the war, when the need had passed, all of your statutory rolls would be increased manyfold, in some departments three and four hundred and a thousand fold, and the difficulty of ever separating those people from the rolls and reducing your salary list to the normal condition would be infinitely greater than if we carry them in these lump-sum appropriations and check, as the committee has endeavored to do in each instance, the expenditure of money.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield further?

Mr. SHERLEY. Certainly.

Mr. GARRETT of Tennessee. I had supposed that was the reason. That is to say, it is regarded as temporary; it is not thought that at the conclusion of the war the number of employees now required will then be required?

Mr. SHERLEY. Exactly so.

Mr. GARRETT of Tennessee. And to make it thoroughly easy to dispense with the services of those, it is not deemed desirable to place them upon the roll individually?

Mr. SHERLEY. As permanent employees; and it is really for the protection of the Treasury of the United States. Any other system will result in adding manyfold to the expense of the Government in the days that are to come.

Mr. GOOD. Mr. Chairman, will the gentleman from Michigan yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. GOOD. Mr. Chairman, I appreciate what the gentleman has in mind, but I do not believe that he will find in the entire bill a lump-sum appropriation which has been treated with that same consideration to save for the Government as has been the case with the Civil Service Commission. The chairman of the commission, regarding this expenditure, said:

Most of these clerks are employed at \$900, \$1,000, \$1,200; a very few—three or four, possibly—at \$1,400; one at \$1,800. This \$1,800 man was a man who had gone out because of illness and his place had been filled by promotion, and he was brought back again.

Further on, as I recall, the other person referred to was receiving a salary of either \$1,600 or \$1,800. There are no large salaries paid out of this fund at all, and I do not believe the gentleman ought to make the point of order because the committee can not offer an amendment designating the number of clerks of each class that the commission could use under this item. I think a great deal of money will be saved by making a lump-sum appropriation in this case and by leaving the language just as the committee incorporated it in the bill.

Mr. McLAUGHLIN of Michigan. Under this lump sum is there any limit to the salary that can be paid? In some of the bureaus there is.

Mr. SHERLEY. If the gentleman will permit, they can not, except as to two, pay any of them more than \$1,400.

Mr. GOOD. And those two are employed now, one at \$1,800 and, according to my recollection, the other at \$1,600 or \$1,800, notwithstanding that under the lump sum given this department this commission could have paid as high as it wished in the exercise of its discretion. They have not abused the appropriation in the slightest, for out of this large lump-sum appropriated for clerk hire only two persons have been paid salaries of \$1,800 or over per annum.

Mr. McLAUGHLIN of Michigan. Does not the gentleman think there ought to be some limit placed on the discretion of the salary-fixing authority? Could not some limit be placed?

Mr. GOOD. There is a limit. He can not pay a salary in excess of \$1,400, with the exception of two persons.

Mr. McLAUGHLIN of Michigan. Then, as to those two should there not be some limit?

Mr. GOOD. The committee did not feel, in view of the fact this commission had not abused its right and had only paid salaries to the extent of \$1,800, that it was necessary to put a limitation on those two.

Mr. BYRNS of Tennessee. And with the further assurance on the part of the commissioners that they did not intend to increase those salaries.

Mr. STAFFORD. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. STAFFORD. In considering the merits of the proviso in limiting the discretion of the commission in the use of the \$150,000 lump-sum appropriation, whereby they can not use it in the employment of any officials except two having a salary in excess of \$1,400, will the gentleman also consider that the proviso is not subject to the point of order, because its limitation is within the precedents and does not come within the rule that forbids legislation on an appropriation bill?

Mr. McLAUGHLIN of Michigan. Well, I made the point of order with the idea it was good, and it is up to the Chair to determine whether or not it is good.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. I will.

Mr. BYRNS of Tennessee. Of course, if the point of order of the gentleman is sustained it leaves absolutely no limitation upon the lump sum.

Mr. McLAUGHLIN of Michigan. I realized when I made the point of order if it was sustained it would leave the expenditure of the \$150,000 without any limitation or restriction whatever, but I believed, of course, when that situation confronted the House it would be taken care of. I know also that if the proviso is stricken out something further must be done with the paragraph. Now, I have had some experience in seeing how lump-sum appropriations are employed and how the use of lump-sum funds has been abused. I will say also, in my judgment, no small part of the ill feeling among employees of a bureau as to salaries grows out of abuse of discretion by the chief, salaries being increased some times beyond the merit of those who receive the increases; whenever that is done there is dissatisfaction and ill feeling and demand all along the line for increase of salaries. I have known that to be the case, and, as I say, no small part of the trouble and the demands for increases, sometimes justly and sometimes otherwise, are due to the fact that lump-sum funds have not been used with good judgment by those in authority.

Mr. STAFFORD. Would it be satisfactory to the gentleman if we add after the word "provided" the words "and not higher than \$1,800"? Would that meet the objections of the gentleman?

Mr. McLAUGHLIN of Michigan. I have those words written as an amendment to be offered if my point of order is not sustained.

Mr. SHERLEY. Will the gentleman let me ask him something?

Mr. McLAUGHLIN of Michigan. I yield.

Mr. SHERLEY. The gentleman suggests that if the point of order is sustained, then he expects the House to be able to remedy the situation. Will the gentleman inform the committee—the Committee on Appropriations, at least—if no legislation, even to safeguard the Treasury, is to be permitted on the bill, how, after the limitation is stricken out which does safeguard the Treasury, we can then turn around and by legislation protect the Treasury?

Mr. McLAUGHLIN of Michigan. If the chairman of the committee and those having charge should refuse to have any-

thing further to do with the provision simply because it was amended against their wishes, the situation which the gentleman from Kentucky points out would arise.

Mr. SHERLEY. We have had two statements made here to-day, more than two, that nothing that was in the form of legislation, irrespective of merit, should be on these bills.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I withdraw the point of order with the hope that the amendment suggested by the gentleman from Wisconsin will be presented and adopted.

Mr. STAFFORD. Mr. Chairman, if the gentleman withdraws the point of order on the assumption that an amendment would be offered, I feel it is my duty to offer the amendment, and so I move to amend the paragraph by adding, after the last word, the words "and not higher than \$1,800."

Mr. BYRNS of Tennessee. Mr. Chairman, the Clerk tells me that one of these employees gets \$1,890.

Mr. STAFFORD. In view of the statement of the chairman of the committee that one clerk is now employed at a salary of \$1,890, I wish to modify the amendment so as to make it \$2,000.

The CHAIRMAN. Without objection, the modification suggested by the gentleman from Wisconsin will be agreed to.

Mr. GARRETT of Tennessee. Let the amendment be reported as modified.

Mr. MCKENZIE. Let me ask the gentleman whether or not under that amendment it would not be possible to pay all persons appointed under this \$2,000?

Mr. BYRNS of Tennessee. They could only pay two.

The CHAIRMAN. The Clerk will now read for the information of the committee the amendment as modified.

The Clerk read as follows:

Page 31, line 24, after the word "annum," strike out the period and insert the words "and not higher than \$2,000."

Mr. BYRNS of Tennessee. I submit that this provision is absolutely safeguarded. It provides that not more than two shall receive \$1,400. Now, the commissioners stated to the committee that one was receiving \$1,890, which allows the 5 per cent increase, and the other gets \$1,600, as I stated a moment ago. Now, Mr. Chairman, the commissioners stated in the hearings to the committee that they did not propose to increase the salaries of those two clerks, and that none of the other clerks were getting more than \$1,400. From the very fact that they had \$260,000 in a lump sum and have not abused their discretion, but have employed only two people at more than \$1,400, I think is a guaranty to this House that they are not going to abuse their discretion in the case of these two employees. These gentlemen are anxious to serve the public interest in every way possible.

Mr. STAFFORD. Will the gentleman yield? The gentleman knows I was in entire sympathy with the provision as reported by the committee, and having made a suggestion to the gentleman, and he having withdrawn the point of order relying upon the suggestion that the amendment would be offered, I offered it in good faith to carry out the purpose and understanding with the gentleman from Michigan.

Mr. BYRNS of Tennessee. I hope the amendment will not be adopted.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I wish to say that I have not made this objection because I feel that the salaries paid are too high. All I have had to do with the fixing of salaries bears out the statement that I am not particular about salaries. I wish them to be sufficient. I have voted for every increase within reason, I believe, that has been suggested in the committee of which I am a member. I have labored to the extent of my ability to further legislation looking to general increases of these lower salaries. I do not care whether these two are paid \$1,600, \$1,800, \$2,000, or \$2,500 if the work they do justifies such salaries as that. But I was calling attention to the latitude that is allowed the head of the bureau to pay any salary he pleases. I know that discretion exercised in some cases has not worked well, and as far as I am able I would take away that discretion and have a definite salary paid and have the amount right. I think if the words "and no salary paid hereunder shall be in excess of \$2,000," if that is proper, would be in better form than the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD], and I therefore move to amend by substituting those words, namely, "and that no salary paid hereunder shall exceed \$2,000." Only two shall be paid \$1,400 and none shall be paid over \$2,000.

Mr. SHERLEY. I want the amendment reported, and then I want to make a statement.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment to the amendment offered by Mr. McLAUGHLIN of Michigan: Page 31, line 24, after the word "annum," strike out the period and insert the words: "and no salary paid hereunder shall exceed \$2,000."

Mr. SHERLEY. Mr. Chairman, I hope that both the amendment to the amendment and the amendment may be defeated, and I hope that they may be defeated in the interest of good administration. If we were voting a huge sum, without any limitation, to this commission, and if there had been anything in its past history that warranted the belief that there were going to be extravagant salaries paid, I should be in favor of one or two courses, either restricting the salaries that could be paid or the removal of those commissioners and putting efficient administrators in their place. But the fact remains that the only leeway given at all is that they may employ two employees at a salary in excess of \$1,400. If they are fit for their jobs at all, they are fit to have that much responsibility placed in them.

I took occasion the other day in presenting the deficiency bill to call the attention of the House to the fact that many of our attempts—attempts that come all of a sudden, and come up frequently because some one has had some complaint from some employee in some department touching his salary against somebody else's—resulted in tying the hands of good men and simply giving to the bad officials an opportunity to exercise their ingenuity in evading such limitations, which they speedily proceed to do.

Now, we ought not to encumber this bill with undue restrictions. It may be very likely that there will develop some work in connection with this special fund at this time, when this Civil Service Commission has had its work increased many, many fold, whereby they may need to employ some one at a greater compensation than \$2,000. They would be unable to do it with this provision. If you are going on the theory that these men can not be trusted at all, then you ought to strike out this paragraph. Otherwise, you ought not to tie them within such narrow lines that there is no flexibility. Now, there is not a business man in the world that could run his business successfully and economically with the restrictions and the wrapping of red tape that we place around these bureaus. And the same Congress that inveighs against red tape in one breath in the next breath insists on winding its own particular brand of red tape around administrative officers.

I hope that the two amendments will be defeated.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The Clerk read as follows:

No detail of clerks or other employees from the executive departments or other Government establishments in Washington, D. C., to the Civil Service Commission, for the performance of duty in the District of Columbia, shall be made for or during the fiscal year 1919. The Civil Service Commission shall, however, have power in case of emergency to transfer or detail any of its employees herein provided for to or from its office force, field force, or rural carrier examining board.

Mr. JOHNSON of Kentucky. Mr. Chairman, on page 32, line 12, I move to strike out the word "Washington" and insert the word "the."

I have no doubt the committee will agree to the proposed amendment, but a few words of explanation might not be out of place. Throughout the bill, where the seat of government is intended to be used, sometimes "the city of Washington" is used and sometimes "the District of Columbia," and sometimes "the city of Washington in the District of Columbia." There ought to be uniformity about it, particularly since the use of the language, as it appears in the bill in many places, apparently at least, gives recognition to a historical condition which does not exist. There are peculiarities about the charter which was granted to the city of Washington, and to its repeal finally, to which I called attention last summer in some remarks. After I had done so the President of the United States changed the manner of concluding his proclamations. Therofore the proclamations of all Presidents had concluded by saying "Done at the city of Washington." Since then President Wilson concludes his proclamations by saying "Done in the District of Columbia." I sent a copy of those remarks to the distinguished gentleman who edits the Star. He wrote me a letter acknowledging receipt of it, and saying that he, too, was entirely satisfied that the seat of government was the District of Columbia. Strange to say, in 1802, when the city of Washington was first chartered, there were no limits fixed for the municipal corporation. It

just simply incorporated the city of Washington, without even saying it was in the District of Columbia, and no limit was fixed to the boundary of the corporation. It had been commonly accepted that Florida Avenue was the northern boundary of it, that the Eastern Branch of the river was another boundary, and that the Potomac River was another boundary. But that is not true.

No boundary whatever, as I stated, was ever fixed for the city of Washington when it was incorporated as a municipality. By the act of February 21, 1871, the charter of the city of Washington was repealed entirely. But the Constitution of the United States fixes the District of Columbia as the seat of government. The act of July 16, 1790, provides for the acquirement of the District of Columbia, and that act also makes the District of Columbia as the seat of government.

In 1790 the capital was in New York, and a compromise was made at that time by permitting the capital to go to Philadelphia for the next 10 years, and then to be removed to the District of Columbia in December, 1800.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Kentucky. I do.

Mr. KEARNS. Is what we call "Georgetown" here part of the seat of government?

Mr. JOHNSON of Kentucky. Georgetown, if I remember correctly, was incorporated under the British Crown in 1750, and when the District of Columbia was established it took in the city of Georgetown. Until the act of February 21, 1871, the city of Georgetown was a separate municipality, and by that act its corporate existence was repealed.

Mr. KEARNS. It is now known as part of Washington City, is it not?

Mr. JOHNSON of Kentucky. It is part of the District of Columbia.

Mr. KEARNS. Is it not a part of Washington City?

Mr. JOHNSON of Kentucky. It is not a part of Washington City, because there is no "city of Washington."

Mr. KEARNS. Then "where are we at"? [Laughter.]

Mr. JOHNSON of Kentucky. I appreciate the fact that the amendment that I have just offered does not in any wise affect the bill, and I am making it only for the purpose of inviting the attention of the committee to it, so that next year, when the bill comes to be made up again, it may be made up using the words "District of Columbia" advisedly and not inadvisedly using "the city of Washington" in lieu of "the District of Columbia."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kentucky.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Kentucky: Page 32, line 12, strike out the word "Washington" and insert the word "the," so that it will read "Government establishments in the District of Columbia."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JOHNSON of Kentucky. I ask unanimous consent, Mr. Chairman, that the two commas, the one in front of "District of Columbia" and the one after, be also taken out.

The CHAIRMAN. Without objection, the amendment suggested by the gentleman is agreed to.

There was no objection.

Mr. KEARNS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Ohio moves to strike out the last word.

Mr. KEARNS. I do so for the purpose of asking the gentleman from Kentucky [Mr. JOHNSON] a question. The gentleman from Kentucky has just made a statement that there is no such thing as "the city of Washington."

Mr. JOHNSON of Kentucky. I have.

Mr. KEARNS. The gentleman's speech has been rather interesting, and I would like—

Mr. JOHNSON of Kentucky. I will state that I made some extended remarks on that subject last summer which are in print, and if the gentleman desires I will send him a copy of them, or any other gentleman who desires to have them.

Mr. ELSTON. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from California moves to strike out the last two words.

Mr. ELSTON. Mr. Chairman, on the last two votes in the House on the Senate bill 333 yesterday I was unavoidably detained from the House. Had I been present I would have voted for the Lunn amendment and for the bill on its final passage.

I yield back the remainder of my time.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

DEPARTMENT OF STATE.

For Secretary of State, \$12,000; Assistant Secretary, \$5,000; Second and Third Assistant Secretaries, at \$4,500 each; Director of the Consular Service, \$4,500; counselor for the department, to be appointed by the President, by and with the advice and consent of the Senate, \$7,500; officers to aid in important drafting work—four at \$4,500 each, four at \$3,000 each, to be appointed by the Secretary, any one of whom may be employed as chief of division of far eastern, Latin American, near eastern, or European affairs, or upon other work in connection with foreign relations; three assistant solicitors of the department, to be appointed by the Secretary, at \$3,000 each; chief clerk, who shall sign such official papers and documents as the Secretary may direct, \$3,000; law clerk, \$2,500; law clerk and assistant, to be selected and appointed by the Secretary to edit the laws of Congress and perform such other duties as may be required of them, at \$2,500 and \$1,500, respectively; chiefs of bureaus—two at \$2,250 each, five at \$2,100 each; two translators, at \$2,100 each; additional to chief of Bureau of Accounts as disbursing clerk, \$200; private secretary to the Secretary, \$2,500; clerk to the Secretary, \$1,800; clerks—17 of class 4, 19 of class 3, 25 of class 2, 43 of class 1 (3 of whom shall be telegraph operators), 18 at \$1,000 each, 18 at \$900 each; chief messenger, \$1,000; 6 messengers; 23 assistant messengers; 2 messenger boys at \$420 each; packer, \$720; 4 laborers; 2 telephone switchboard operators; chauffeur, \$1,080; in all, \$321,320.

Mr. GARRETT of Tennessee. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Tennessee moves to strike out the last word.

Mr. GARRETT of Tennessee. I would like to ask the gentleman from Tennessee about the language in line 9 of page 33, "to be appointed by the President, by and with the advice and consent of the Senate." Is there any real necessity for that language being carried in the bill? That is a permanent place, is it not?

Mr. BYRNS of Tennessee. It is a permanent place; but, of course, Congress could abolish it at any time it chooses.

Mr. GARRETT of Tennessee. Yes; just as it could abolish the Third Assistant Secretary?

Mr. BYRNS of Tennessee. There is no law, I will say to the gentleman, stipulating that he shall be appointed by the President, by and with the advice and consent of the Senate.

Mr. GARRETT of Tennessee. There is no law for that except that it is carried in an appropriation bill?

Mr. BYRNS of Tennessee. Only as it is carried in the appropriation bill; but, of course, the gentleman will understand that under the statute which was passed March 4, 1915, the salary carried in that bill was permanently fixed.

Mr. GARRETT of Tennessee. Of course I understand that.

Mr. BYRNS of Tennessee. But there is no law providing for the manner in which this counselor shall be appointed except as carried in the appropriation bill from year to year.

Mr. GARRETT of Tennessee. Does the act provide for the appointment of a counselor?

Mr. BYRNS of Tennessee. It does.

Mr. GARRETT of Tennessee. Does that make it a permanent position?

Mr. BYRNS of Tennessee. No. That act reads as follows—section 6 of the act:

The officers and employees of the United States whose salaries are herein appropriated for or established shall continue from year to year to the extent that they shall be appropriated for by Congress.

Now, I submit that there might be some question as to the manner in which they should be appointed.

Mr. GARRETT of Tennessee. I withdraw the pro forma amendment.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

Office of the chief clerk and superintendent: Chief clerk, including \$300 as superintendent of Treasury Building, who shall be the chief executive officer of the department and who may be designated by the Secretary of the Treasury to sign official papers and documents during the temporary absence of the Secretary and the Assistant Secretaries of the department, \$4,000; assistant superintendent of Treasury Building, \$2,500; administrative clerk, \$2,000; clerks—1 \$2,000, 4 of class 4, 1 of class 3, 3 of class 2, 3 of class 1, 1 \$1,000, 1 \$900; operator of photographic copying machine, \$800; 2 messengers; 3 assistant messengers; mimeograph operator, \$720; messenger boy, \$420; storekeeper, \$1,200; telegraphers—1 \$1,400, 1 \$1,200; telephone and telegraph operator, \$1,200; 3 telephone switchboard operators; chief engineer, \$1,400; 3 assistant engineers at \$1,000 each; 8 elevator conductors, at \$720 each, and the use of laborers as relief elevator conductors during rush hours is authorized; 8 firemen; coal passer, \$600; locksmith and electrician, \$1,400; captain of the watch, \$1,400; 2 lieutenants of the watch, at \$900 each; 65 watchmen; foreman of laborers, \$1,200; 7 chauffeurs, at \$720 each; and the transfer to said positions of six laborers from the rolls of the chief clerk's office is hereby authorized independently of the civil-service rules; skilled laborers—2 at \$840 each, 2 at \$720 each; 2 electricians, at \$1,200 each; wireman, \$900; 45 laborers; plumber, \$1,100; painter, \$1,100; plumber's assistant, \$600; attendant for emergency relief room, \$660; 85 charwomen; carpenters—2 at \$1,000 each, 1 \$720. Winder Building: Engineer, \$1,000; 3 firemen; elevator conductor, \$720; 4 watchmen; 3 laborers (1 of whom, when necessary, shall assist and relieve the elevator conductor); forewoman of char force, \$480; 8 charwomen. Cox Building, 1709 New York Avenue: Two watchmen—firemen, at \$720 each; laborer,

Auditors' Building: Forewoman of char force, \$480; 25 charwomen; elevator conductor, \$720; 5 laborers (1 of whom, when necessary, shall assist and relieve the elevator conductor); 2 female laborers, at \$480 each; skilled laborer, \$840; in all, \$204,520.

Mr. HAMLIN. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Missouri moves to strike out the last word.

Mr. HAMLIN. I want to ask the chairman of the committee about some new items in this paragraph. I see an Assistant Secretary, two additional Secretaries, page 33, at \$5,000 each. What is the occasion for increasing that force?

Mr. BYRNS of Tennessee. They are authorized by law. The gentleman will remember—and, by the way, that is the preceding paragraph—

Mr. HAMLIN. Yes. I beg the gentleman's pardon; it is.

Mr. BYRNS of Tennessee. The gentleman will remember that under the act of 1917 two additional Assistant Secretaries were provided for in the Treasury Department.

Mr. HAMLIN. Are these those that were provided for?

Mr. BYRNS of Tennessee. Yes.

Mr. HAMLIN. Here is an administration clerk at \$2,000, on top of page 37. What is the necessity of that clerk?

Mr. BYRNS of Tennessee. That is a new place. That clerk has charge of requisitions and supplies. The chief clerk of the Treasury Department made this statement to the committee: He said that when these requisitions came into his office from the various bureaus in the departments, he had no one to make a personal investigation to determine whether or not they ought to be allowed in whole or in part, and he needed some man of administrative ability whom he could send to the bureaus to ascertain the facts. For instance, if a bureau made a request for an additional desk, or a chair, or a typewriter, or any other supply, he wanted a man he could send to the bureau to make a personal investigation as to the need of it.

Mr. HAMLIN. If the man does his whole duty he will earn his money.

Mr. BYRNS of Tennessee. The committee thought so.

Mr. HAMLIN. That is true, and I withdraw the pro forma amendment.

The Clerk read as follows:

Bureau of War-Risk Insurance: For expenses of the Bureau of War-Risk Insurance, authorized by the act approved October 6, 1917, and prior acts, as follows: For salaries of the director and commissioners, and of such deputies, assistants, accountants, experts, clerks, and other employees in the District of Columbia or elsewhere, as the Secretary of the Treasury may deem necessary, \$3,000,000; rental of quarters, \$140,000; stationery and miscellaneous expenses, including not exceeding \$100 for law books and books of reference and subscriptions to periodicals, and not exceeding \$150 for street car tickets, \$60,000; printing and binding to be done at the Government Printing Office and necessary printing of forms, etc., for use abroad may be done abroad, \$200,000; furniture, equipment, and supplies, \$150,000; traveling expenses, including not exceeding \$4 per diem in lieu of subsistence, \$40,000; purchase, maintenance, and repair of a motor-driven passenger-carrying vehicle, \$1,000; in all, \$3,591,000.

Mr. WALSH. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman in charge of the measure a question. Has the gentleman any information as to the salaries that are paid the experts that will be paid out of the \$3,000,000 lump-sum appropriation, and what kind of experts are they going to employ?

Mr. BYRNS of Tennessee. If the gentleman will look at the hearings on page 187, he will find a complete list of the salaries provided for in this bill.

Mr. WALSH. I notice that the experts apparently are employed as insurance experts, except experts in the nature of legal assistants. Do I understand that this table that is set forth in the hearings represent the salaries that have been fixed by somebody else and which are to be paid to these gentlemen?

Mr. BYRNS of Tennessee. Yes; they were fixed by the director, with the approval of the Secretary of the Treasury. I think the director and the commissioner and members of the advisory board were the only salaries fixed in the act.

Mr. WALSH. Are any of these people under the classified civil service?

Mr. BYRNS of Tennessee. I understand all the clerical positions in the War-Risk Bureau are being filled through the Civil Service Commission.

Mr. WALSH. Under this provision they need not be.

Mr. BYRNS of Tennessee. I do not want to be understood as saying that all of these positions have been filled through the civil service, particularly those so-called experts to which the gentleman refers. I understand they have been appointed without the civil service.

Mr. WALSH. The only class that has been within the civil service are the clerks?

Mr. BYRNS of Tennessee. I do not think that all of them were originally appointed under civil service, because the gentle-

man will remember that during a number of months—since the war began—the Civil Service Commission was unable to furnish a sufficient eligible list, and authority was given to various bureaus to make appointments temporarily pending the examination. The gentleman will find, if he will examine the act, that section 17 provides that, with the exception of the director, the commissioners, and such special experts as the Secretary may from time to time find necessary for the conduct of the war, all of the employees shall be appointed from such eligibles supplied by the Civil Service Commission in accordance with the civil-service law. As I stated, I think it is entirely possible that there were clerks appointed temporarily, in the beginning of the organization of the bureau, with the understanding that they would subsequently take the civil-service examination and stand or fall thereby.

Mr. GILLETT. But it would not be a competitive examination, would it? They would have to pass a class examination.

Mr. BYRNS of Tennessee. The gentleman may be correct in that; at any rate, they were required to stand the examination prescribed by law.

Mr. WALSH. Is it not a fact that these positions have been filled from the list made up by the Civil Service Commission from the applications that have been filed, and that the applicants have been rated upon the experience and qualifications which they set forth in their application blanks, and that they did not have to assemble anywhere and take the civil-service examination?

Mr. BYRNS of Tennessee. No; all these clerks placed here had a civil-service examination.

Mr. WALSH. A competitive examination?

Mr. BYRNS of Tennessee. I am not certain that it has been competitive in the sense that the gentleman uses the term. They have been required to stand the regular civil-service examination provided for clerks.

Mr. WALSH. That may be true concerning this bureau, but I think the custom is for the applicant to file an application, in which he is required to set forth his experience and his qualifications and his education, and he is rated by the commission upon the facts stated in the application; that they do not have to assemble at any point and proceed to answer the questions upon examination.

Mr. BYRNS of Tennessee. I will say to the gentleman that I know that is true as applied to certain positions, but I never heard that that practice was followed with reference to clerical positions.

Mr. HAMLIN. Right on that point I may be able to give the gentleman a little information. I know of some clerks who have gone into this particular bureau who took the regular competitive civil-service examination.

Mr. BYRNS of Tennessee. Yes.

Mr. HAMLIN. And they were appointed on their examination. I do not know whether all of them have been or not, but I know that appointments are being made through the Civil Service Commission from those who have stood the competitive examination.

Mr. BYRNS of Tennessee. My statement as to the possibility of clerks being appointed temporarily pending the examinations applied only to the appointments made when this bureau was first organized.

Mr. HAMLIN. I know that.

Mr. BYRNS of Tennessee. But the gentleman is entirely correct in his statement that competitive examinations are now being held.

Mr. HAMLIN. And they are appointed in that way now.

Mr. BYRNS of Tennessee. Yes.

Mr. STAFFORD. Will the gentleman from Massachusetts yield?

Mr. WALSH. I yield to the gentleman from Wisconsin.

Mr. STAFFORD. The fact is that in the organization of this bureau, as in many other additional activities thrown upon this Government by reason of our entry into the war, the Civil Service Commission were without a list of eligibles to fill the positions. It was necessary, therefore, to fill them with temporary employees. Those temporary employees were given tentative employment, subject to the subsequent examination which would show them to be qualified for those positions.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. STAFFORD. I ask unanimous consent that the time of the gentleman from Massachusetts be extended five minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the gentleman from Massachusetts have five minutes additional. Is there objection?

There was no objection.

Mr. STAFFORD. Will the gentleman yield further?

Mr. WALSH. I yield to the gentleman from Wisconsin.

Mr. STAFFORD. Certainly at the present time, and for some time past, the Civil Service Commission has been in a position to furnish all the additional help from the civil-service rolls, and the War-Risk Bureau is not employing any temporary employees at the present time, but is employing those selected from the civil-service register to supply the additional employees needed from time to time as our Army is increased, imposing greater burdens upon that bureau.

Mr. FESS. Will the gentleman yield?

Mr. STAFFORD. If the gentleman from Massachusetts [Mr. WALSH] will permit me, I will yield to the gentleman from Ohio.

Mr. FESS. Will the gentleman from Massachusetts permit that?

Mr. WALSH. I will permit it.

Mr. FESS. I think the gentleman from Wisconsin understands the situation fairly well, and therefore I want to ask him what is the ability of the War-Risk Insurance organization to take care of the cases that come before it, with reference to expedition? I have an immense amount of correspondence as a result of the delay in the War-Risk Bureau, and I wish to know whether the delay is because of the recent organization, and the lack of clerical help, or whether it is due to failure to file the necessary facts upon which to base the insurance? I have so much correspondence that the obtaining of information sufficient to give definite answers has been an embarrassment.

Mr. STAFFORD. As the gentleman knows, this War-Risk Bureau is only five months old. It was created under the act of October 6 last. It had from the very start a herculean task to perform. As the days went on the work multiplied so enormously that no human agency could keep the work current until sufficient help was obtained, and still more necessary, modern labor-saving devices which would expedite the work of the bureau. The delay has been due in a way not only to the want of help but largely to the need of a system whereby they could plan for and expedite this work. They are devising a plan of utilizing labor-saving machinery whereby they can stamp with one process five or six different pieces of paper or cards, that will serve for five different operations in the allotment of pay and the like. The chief of the bureau, Mr. De Lanoy, came before our subcommittee, as well as before the subcommittee on deficiencies, and I know he impressed me, and I think he impressed other members of our committee very favorably by his statement as to the progress of the work. If the work is not current now, he stated that it would be current in a short time. As with the gentleman from Ohio [Mr. FESS], so with myself and others, we have been receiving letters which we have submitted to them; yet, so far as the replies to my letters are concerned, the delay has not been unnecessarily long. The chief of the bureau, Mr. De Lanoy, states that replies will be given attention as speedily as possible; but gentlemen must realize that here is not only a great insurance bureau, but a pension bureau, and it has been subject to all the delays incidental to a new organization; but they are getting the machinery together, and in a very short time they will be up with their work and able to give satisfaction, I hope, to those who come under the provisions of this law.

Mr. GARRETT of Tennessee. If the gentleman will permit me to make this statement in connection with what the gentleman from Wisconsin [Mr. STAFFORD] said, I had a letter from the War-Risk Bureau this morning, in which it is said that there are 1,200,000 applications on file.

Mr. WALSH. About \$12,000,000,000 worth of insurance.

Mr. HAMLIN. Will the gentleman permit another suggestion? I think that a great deal of the trouble and annoyance which they have had comes from the fact that the soldiers do not understand that they must make application for the allotment of this pension, and therefore the Government can not take up and consider that part of it. That seems to be the trouble in my section.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BYRNS of Tennessee. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts [Mr. WALSH] have five minutes more. I do not think he has had any part of the last five minutes.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the time of the gentleman from Massachusetts be extended five minutes. Is there objection?

There was no objection.

Mr. WALSH. I thank the gentleman for securing for me an extension of time. There are one or two other questions I should like to ask in connection with this item. I notice that appar-

ently the Secretary of the Treasury is authorized under this item to employ these various experts, clerks, and other employees in the District of Columbia or elsewhere, and that when the director was before the committee he stated that they had not given very much consideration to the matter of establishing branch offices with headquarters in the various States, but he conveyed the impression, I think, from a fair reading of his statement, that they intended to have a sort of flying squadron, as he said, which would presumably move about the country and establish headquarters temporarily at different places. Has the gentleman any further information as to that, other than what is contained in the hearings?

Mr. BYRNS of Tennessee. Mr. Chairman, I will say to the gentleman that, of course, these applications which come from soldiers are based, some of them, on the fact that they have a wife, others that they have so many children, others that they have dependent mothers, fathers, brothers, or sisters, and it is necessary to have some one make a personal investigation in order to determine whether or not the facts stated are true. It was stated by the director that there were cases where the soldier had been married three or four times, and those matters have to be investigated. They can not be investigated in camp, and it is the idea of the director, as I understand, to appoint a State agent and to have whatever force may be necessary in the various States to make these investigations and determine the accuracy of the applications which are submitted. The gentleman will realize that that is absolutely necessary in order to protect the Treasury and to see that justice is done in every case.

Mr. WALSH. I realize that, of course, but I also appreciate how easy it is to build up a great organization with branch offices in the various States, with different officials that would in many respects resemble the various pension bureaus or offices that were abolished some years ago. I believe that if there is any such intention as that in this large appropriation it ought to be carefully guarded. I do not think we ought to permit this very important and valuable bureau of the Government to become top-heavy, because I think that when it gets on a proper footing it can be administered economically and efficiently in the city of Washington. If it is not, it certainly will not be for lack of room for quarters.

Mr. BYRNS of Tennessee. I will state to the gentleman that it was called to the attention of the director that it would be inadvisable to establish extensive branch offices in the various States, and that there was really no necessity for the establishment of such offices. The gentleman will remember that a number of years ago we had pension agencies in the various States, and Congress subsequently discontinued them and brought the forces in charge to the Pension Office here. Those things were brought to the attention of the Director of the War-Risk Bureau, and he stated that he had no intention of building up any such organization; but he did say that it would be necessary to have some one in the various States who could make the investigations to which I have referred. He said his bureau was in a state of formation; that it was impossible for him to indicate or to know just what would be necessary and just what he would have to do in order to have these investigations conducted, but he assured the committee that it was not his intention to build up any great organization in any State. I may say to the gentleman that I was personally, and I think the whole committee was, very much impressed with the Director of the War-Risk Bureau. He is a business man of excellent ability and has a very clear and a very high conception of the obligations which rest upon him. The director and the commissioner are men of a high order of ability. They are exceedingly efficient and are building up a very efficient organization.

Mr. WALSH. But the gentleman realizes how easy it is for that sort of thing to become fixed?

Mr. BYRNS of Tennessee. I appreciate that.

Mr. WALSH. I would like to ask the gentleman a little about the furniture. Does the gentleman know anything about the method followed in purchasing furniture, either for this department or which will be purchased?

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TOWNER. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. TOWNER: Page 41, line 21, after the figures "\$3,591,000," strike out the period and insert a colon and the following words:

"Provided, That all clerks and employees hereafter to be appointed in this bureau shall be from the classified service."

Mr. BYRNS of Tennessee. Mr. Chairman, on that I reserve a point of order.

Mr. FOSTER. Mr. Chairman, I make the point of order.

Mr. TOWNER. Mr. Chairman, will the gentleman reserve the point of order?

Mr. FOSTER. It is subject to a point of order.

Mr. TOWNER. That may be true; but I ask the gentleman to reserve it.

Mr. FOSTER. I shall reserve it for a few minutes; yes. If the gentleman is going to make a long talk, I shall not.

Mr. TOWNER. Mr. Chairman, I would like to have the attention of the chairman of the committee. Much of the matter referred to in this proviso has already been discussed and explained by the chairman of the committee. The appointments that have been made so far, as I understand, outside of the classified service, have been temporary appointments?

Mr. BYRNS of Tennessee. In so far as the clerical force of the bureau is concerned.

Mr. TOWNER. That is what I understood. It is the intention, I understand, that hereafter appointments shall be made from the classified service?

Mr. BYRNS of Tennessee. Exactly.

Mr. TOWNER. In accordance with the language of the act?

Mr. BYRNS of Tennessee. That is correct.

Mr. TOWNER. Of course, knowing as many of us do that appointments have been made outside of the classified service, notwithstanding the provisions of the act, it is a source of some curiosity to us to know why that has been done.

Mr. BYRNS of Tennessee. Mr. Chairman, will the gentleman pardon me there?

Mr. TOWNER. Certainly.

Mr. BYRNS of Tennessee. I want to read to the gentleman a short statement from Mr. De Lanoy, right on that point. Mr. De Lanoy, as the gentleman knows, is the director of this bureau. He was asked about the employees:

Mr. Goop. What about the other employees?

Mr. De LANOY. They are all civil-service employees, sir, following the law. We obtained permission from the Civil Service Commission in the great rush and pressure that we were under not long ago, to take on temporaries, as they call them; stenographers and typewriters, with a proviso that they must pass an examination within 60 or 90 days, and then if they did not measure up to the proper standard, they would have to go. That tided us over. The Civil Service Commission was unable to supply these employees from the rolls.

The chairman of the Civil Service Commission also made a similar statement.

Mr. TOWNER. Mr. Chairman, the explanation is satisfactory and I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

Mr. WINGO. Mr. Chairman, I move to strike out the last word. I should like to ask the gentleman from Tennessee a question. I notice in the hearings in the statement of the persons employed by the bureau a large number of men drawing \$2,000, \$2,400, \$2,500, \$3,000, and \$4,000.

The director of the bureau announced in the beginning of the organization that with the exception of the members of the advisory board, the commissioners, deputy commissioner, and men of that character, there would not be any places for the employment of extraordinary men above \$1,800. Can the gentleman explain, or did the director explain to the committee, why he was forced to pay \$2,000 and \$2,500 and \$3,000 for those men?

Mr. BYRNS of Tennessee. I will say that the director stated that it was impossible to secure insurance experts, men possessing knowledge—

Mr. WINGO. But I am not talking about experts. The gentleman did not catch my question. Take, for instance, the assistant chief clerk. He does not have to be an insurance expert. Take the superintendent of mails and files, chief of supplies, chief of information, chief of the stenographic section, and men like that. I had in mind a very high-class man who was offered an \$1,800 position because he was informed that was the limit and no one could be appointed above that.

Mr. BYRNS of Tennessee. Well, the gentleman will note that there are very few who are paid above \$2,000.

Mr. WINGO. But the inference was at that time there would be only six or eight drawing more than \$1,800 outside of the commissioners themselves, and I was wondering what was the occasion for his having changed his plan in respect to that?

Mr. BYRNS of Tennessee. The gentleman will notice that there is—

Mr. WINGO. I will give the gentleman a concrete case: There is a man drawing \$2,500 in his present position who was perfectly willing and anxious to go into this service. He is an expert in particular lines of work and who could fill about two-thirds of the positions that are designated in the first list on page 187 of the hearings. He was told that they were limited to

\$1,800 for this class of men. Subsequently he picked up a man of less ability, and that man was put on at over \$2,000, while this man of extraordinary experience was rejected because he was not permitted to pay him over \$1,800 under his organization scheme.

Mr. BYRNS of Tennessee. The bureau is not limited, I will say to the gentleman, in the amount he shall pay for these experts. The gentleman will notice there are only about 29 or 30 who are paid exceeding \$1,800—

Mr. WINGO. Yes.

Mr. BYRNS of Tennessee. And I think when you consider the fact that this represents a force of 2,900 employees—

Mr. WINGO. The gentleman misunderstands me.

Mr. BYRNS of Tennessee. That it makes a good showing.

Mr. WINGO. I agree that they ought to pay them the salaries. I took the position at the time they ought to pay men of that type more than \$1,800 or you could not get them. In this short time I could not discuss that, but at some subsequent time I am going to get about 30 minutes and give concrete facts and statements and put in the RECORD certain information with reference to the matter.

Mr. BYRNS of Tennessee. I want to call the attention of the gentleman—

Mr. WINGO. I was just trying to ascertain why it was that finally they changed their plan. Was it a necessity in order to get men of this type?

Mr. BYRNS of Tennessee. Well, of course, I can not inform the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNS of Tennessee. I ask that the gentleman have three minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BYRNS of Tennessee. I take it that when he could not employ this friend, who was urged by the gentleman, at a salary exceeding \$1,800 that at the time he felt that he could not do so—

Mr. WINGO. The gentleman misunderstands me. He did employ men at a larger salary than \$1,800.

Mr. BYRNS of Tennessee. I want to say this to the gentleman: That the director of that bureau has built up this great organization—which will ultimately consist of 2,900 employees—and that the average salary is only \$1,080.

Mr. WINGO. The gentleman misunderstands me.

Mr. BYRNS of Tennessee. So the director has been remarkably economical. I may say also that he has not been actuated or controlled by political influence. He has a most efficient organization, although some no doubt have been disappointed at not securing positions.

Mr. WINGO. I am not complaining about his paying too high salaries—

Mr. BYRNS of Tennessee. Another thing; this bureau in itself has more employees than some of the departments, and a salary of \$2,500 to an assistant chief clerk is not an unusual salary.

Mr. WINGO. I am not objecting to it. I say I think he ought to have it.

Mr. BYRNS of Tennessee. The gentleman referred to it, and I do not think it is subject to criticism.

Mr. WINGO. At the time this organization came into being I thought that the chief of the stenographic section should have a salary of \$2,400. I see he is given \$2,000. I thought that the salary of the assistant disbursing clerk should be \$2,400. I now see he is given \$2,250. As to the man who is chief of information I thought at the time that they could not get a competent man for less than \$2,400. It is now \$2,250. Yet they turn down a man who applied for one of these positions, because they said they could not pay more than \$1,800. I am glad that he saw finally he had to pay proper salaries in order to get men qualified to do the work of this character; indeed, I am sorry he did not ascertain it sooner so as to prevent some of the delays from which we are now suffering.

The man I have in mind was one whose ability to fill one of these positions was admitted, and regret expressed that the director was not permitted to pay more than \$1,800 for men of this character; yet, subsequently, men of no greater ability, and at least in one instance of less ability, were appointed at salaries ranging from \$2,000 to \$3,000. Of course, I am aware of the political influence that was responsible for such conduct. At a later date I shall go into detail as to that.

Mr. RUCKER. Mr. Chairman, I rise in opposition to the pro forma amendment, and I want to ask the gentleman in charge of the bill a question. I hope I can have the attention of the chairman of the committee. Some question has been raised here about compensation of experts in the War Risk Insurance

Bureau—and let me say I am not antagonizing these appropriations at all, because, as far as I have information, they are meritorious.

I understood the gentleman from Tennessee [Mr. BYRNS] to say that some item under consideration probably applied to expert insurance men. Now, the question I want to ask is this: What use has the bureau for an expert insurance man? I understand that under the law every soldier is eligible to insurance without medical examination. The amount for which the policy can be written is fixed by law. It can not be less than a specified sum, and in multiples of 500 up to a certain figure, and it can not go beyond that. The rate of premium is fixed and determined, or can be determined by any business man, and the query to my mind is: What use has the bureau for an expert, so called?

Mr. BYRNS of Tennessee. The gentleman knows that this is a very complicated law.

Mr. RUCKER. It may be that you need an expert to interpret the law, but you do not require the services of an expert insurance man to write those policies.

Mr. BYRNS of Tennessee. There are all kinds of allowances made, depending upon this condition and that condition.

Mr. RUCKER. I realize that; but let me ask another question. It is true that that bill, unfortunately, did not come from the gentleman's committee, and he did not have a chance to prepare it, or he would have prepared it well, but do I understand the gentleman to say that the great committee which did report that bill reported such a conglomeration that an expert is needed to interpret it?

Mr. BYRNS of Tennessee. Oh, no.

Mr. RUCKER. Or is so confused that we have to have experts to tell what Congress did?

Mr. BYRNS of Tennessee. Oh, no. I was not criticizing the Committee on Interstate and Foreign Commerce.

Mr. RUCKER. I understand the gentleman did not by direct statement.

Mr. BYRNS of Tennessee. I am quite sure it was drawn as carefully and as clearly as it was possible for it to be drawn, but the gentleman knows that it covers a multitude of subjects.

Mr. RUCKER. Let me say to the gentleman that I am not antagonizing this feature of the bill, but I do insist there ought to be a better reason for these high-priced salaries than to talk about their being experts, because I do not think they have any occasion for experts.

Mr. BYRNS of Tennessee. Now, the gentleman knows, and if he will examine the hearings he will find, that out of this entire force, as I said awhile ago, including the director, including the members of the advisory board, including the commissioners, the actuaries, the chief clerk, and the chief of division, and the experts—only about 30, I think it is—have been employed at a salary exceeding \$1,800. Now, I submit to the gentleman that is not a very great number of experts. And the director stated, if the gentleman will pardon me, that he must have experts who have some knowledge of insurance and experience in making settlements, and so forth, and also some who have some legal information. He could not procure men possessing these qualifications for a less sum.

Mr. RUCKER. If the gentleman has concluded, I hope I may use a part of my time.

I said, and I repeat, that I am not criticizing the number of gentlemen who draw \$2,000 or \$2,500. I am assuming they are worth it, and I believe they are worth it, but it seems to me, in defense of the bill we ought to have a better reason than to say that it is because they are experts, when the particular work to which his attention is directed does not require expert service at all.

Mr. HAMLIN. Mr. Chairman, I desire to submit a request for unanimous consent. I want to ask permission to extend and revise some desultory remarks that I made some time ago.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, I withdraw my pro forma amendment.

Mr. MONDELL. Mr. Chairman, I move to strike out the last two words.

I have no desire or disposition to indulge in captious criticism of the manner in which appointments have been made since the beginning of the war, particularly to the new and the growing and enlarging bureaus of the Government. I realize that under these circumstances, under the conditions that have existed, it has not been possible at all times to select and to secure all of the help needed from those who have regularly passed civil-service examinations. But I do think that it would be enlight-

ening and helpful to have a little plain talk on the subject of the manner in which appointments have been made.

It is all very well for the gentlemen at the head of these bureaus, which are supposed to be under civil service, to use the language of "camouflage" in their statements as to the way in which appointments have been made. The fact is, the plain, unvarnished fact, that these new bureaus and these enlarging departments have been vitalized as glorified plum trees for the use and benefit of Democratic Representatives and Senators. I do not know of any Republican, I have not heard of any, who has secured these temporary appointments. So far as I am personally concerned, I have not sought any of them, and therefore I have not been disappointed. I am not complaining because of the fact that those appointed have been in the main or probably wholly appointed on recommendation of Democratic Members of the House and Senate. But I think it is just as well for some one to state that fact. There has been a good deal of very polite conversation and discussion here with regard to this matter, which is all very well in its way. The fact remains that there has been no effort—well, I will not say that; I will not say there has not been any effort—to comply with the civil-service rules. I presume there has been an honest effort on the part of some officials and probably some effort on the part of all, but I do not think that many of the men in charge of the War-Risk Bureau, for instance, have made any very special effort to comply with the civil-service law. They have appointed about everybody bearing recognized Democratic credentials, so far as my information goes, and largely young and inexperienced people, who were recommended by the proper folks, bearing indorsement from approved Democratic sources. Let us assume for the purpose of the discussion that that is all right. Let us understand about it, however, and let the country know about it if the country is interested in it.

We on this side have had nothing to do with it, and it has been largely without very much regard to civil service. What I fear—and I have some information on which to found that fear—is that the appointments to a very considerable extent have not been with very great regard for merit or qualification. It has been, I imagine, largely a question of who recommended the appointee. From the standpoint of patronage it has been a perfectly glorious time to be a Democratic Congressman.

Of course, I expect gentlemen on the other side, one after another, to arise and declare that they personally have not participated in this game of patronage; but if they have not, then they have allowed their colleagues to get away with something that legitimately, under the rules of the game as it has been played under the present administration, belongs to them. No gentleman arises in his seat to make the declaration I suggested, so I assume that all of the gentlemen here present have participated.

Mr. SHERLEY. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. SHERLEY. If it is the rule of the game, why is the gentleman complaining if, under the rules of the game, he has not been a participant?

Mr. MONDELL. I have made no complaint. I have merely stated the fact.

Mr. SHERLEY. You were just voicing an appetite, then, instead of a complaint? [Laughter.]

Mr. MONDELL. If the gentleman had listened to me, he would have realized that I simply rose to perform a duty. [Laughter.] Some one ought to perform it, after all the polite and somewhat obscuring talk we have heard on the subject.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. Mr. Chairman, I ask for five additional minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. MONDELL. After all the polite and somewhat befogging talk we have had upon this subject of appointments, it seemed to me but proper that some one should speak for a moment in words which would outline the situation as it is, and not as it would seem to be from some of the evidence presented before the committee and from some remarks that have been made on the floor.

I was about to remark when interrupted by my friend from Kentucky that it has been a perfectly glorious time to be a Democratic Member. If any of the gentlemen have any deserving constituents in their districts that are not now feeding at the public crib, it is an evidence of their lack of energy and activity in securing the jobs, which, in the division of the spoils, they seem to be entitled to.

Mr. GLASS. Might it not be an absence of taste for that sort of business?

Mr. MONDELL. Well, there may be gentlemen who do not have a taste for that sort of thing; and if there are any such, I am perfectly willing to yield to any such gentleman to now declare his lack of taste for patronage.

Mr. GLASS. I do not hesitate to declare mine, and I do not think it is anything creditable to anybody to say that he spends his time here looking for jobs.

Mr. MONDELL. Well, no Republican has put in his time in that way I am confident. If any have they have probably had no rewards for their trouble. I do not think, however, there is anything wrong about a man's getting positions for his constituents. I do not criticize anyone for doing that. I think if there are opportunities for public service and people are qualified and seek that service, it is the duty of Members of Congress to assist them in securing it. I am criticizing no one. I am simply putting into the RECORD a statement of the fact. I am not quarreling with the fact, but it occurred to me that it was well to have the fact stated while we were discussing these matters.

Mr. SHERLEY rose.

Mr. MONDELL. Did the gentleman from Kentucky desire to ask me a question?

Mr. SHERLEY. Oh, no. I was just waiting until the gentleman had concluded his desultory remarks.

Mr. MONDELL. I had about concluded. The Government has needed a great many new employees. It has been impossible to secure them from the civil-service lists as rapidly as they have been needed. It is quite the natural thing for the party in control to make appointments on the recommendations of its members. I am not quarreling with that at all. But let it be understood; let it be known. I congratulate you gentlemen on your opportunities and on the heroic manner in which, so far as I am informed, you have availed yourselves of those opportunities. I hope that all those whom you have recommended will perform their service well, to the benefit of the whole country, and to the winning of the war.

The CHAIRMAN. The time of the gentleman from Wyoming has again expired.

Mr. SHERLEY. Mr. Chairman, the committee and the country will feel like congratulating the distinguished gentleman on the moderate tone of his speech. Considering the pain that one with his political antecedents and appetite must undergo in seeing any enlargement of the public service without being able entirely to control its personnel, he has given an exhibition of self-restraint upon which I desire to heartily congratulate him. [Applause.]

Evidently the gentleman thinks that instead of having many of the heads Republicans, we ought to have the heads and those under them Republicans. It so happens that at the head of some of the very largest bureaus that have undergone the greatest expansion have been appointed men not because they were Republicans, but men because they were patriotic and proper citizens, but who nevertheless are Republicans and are administering those offices.

Mr. MONDELL. Will the gentleman be good enough to name some?

Mr. SHERLEY. I might name Mr. Garfield. I presume you claim him. [Laughter.]

Mr. MONDELL. I invited a former chairman of the Committee on Appropriations to put the names in the RECORD and he declined.

Mr. SHERLEY. One moment. As I said once before, it is so hard to define what is a Republican in good standing now that it is difficult to say what particular Republican will be admitted into association with a particular group of other Republicans. But I had hoped that as the result of the great amount of publicity we have seen lately there would be a getting together of those various wings of the party whereby you would be able to include so distinguished and prominent a gentleman as Mr. Garfield in your ranks. Now, there is your friend, Mr. Willcox. [Laughter.] Of course, he brings up such unpleasant memories that I do not like to mention his name now, but I could go on enumerating a number of these distinguished gentlemen who supposedly belong to your party. [Laughter.]

Mr. STAFFORD. He received a deserved reward.

Mr. SHERLEY. Perhaps so.

Mr. MONDELL. Will the gentleman furnish us a list of men who have been appointed to superior positions of honor and responsibility, with a good salary attached, whom he calls Republicans?

Mr. SHERLEY. I will if the gentleman will give me such a definition of Republicanism as will enable anybody to classify them. [Laughter.]

Mr. MONDELL. I said as you will define them.

Mr. SHERLEY. I am not willing to undertake to determine who shall be considered in good standing in your party. I have no desire to have such a responsible job devolved on me, or to undertake to answer for the future; but whenever you furnish the definition I will be glad to supply the list. [Laughter.]

Mr. GILLETT. The gentleman in response to a question of my colleague has been able to mention two men whom he calls Republicans who have been given places in this administration, and I guess he mentioned all anyone could recollect. One of those, Dr. Garfield, was a supporter of Mr. Wilson. I do not call a man who voted for the President a Republican; and, at any rate, I do not call it an act of nonpartisanship in this administration to appoint such a man. It is no recognition of Republicans. It is an act of gratitude, of course. [Laughter.]

Mr. SHERLEY. I suppose you explain Mr. Willcox's appointment on the ground of gratitude. We certainly are grateful to him as a party. [Laughter.]

Mr. GILLETT. Exactly. If there is one Republican to whom I think the Democrats ought to feel grateful it is Mr. Willcox. Therefore the two gentlemen whom the gentleman from Kentucky [Mr. SHERLEY] has mentioned are two men whom it seems to me were clearly appointed not as an act of nonpartisanship but as a mere act of gratitude by the President. They were just the ordinary cases of patronage—giving an office in return for favors done.

Mr. SHERLEY. Will the gentleman yield?

Mr. GILLETT. Yes.

Mr. SHERLEY. I want to suggest to him that I hope the party will be equally generous to Mr. Hays in the future.

Mr. GILLETT. You will not have any occasion to be.

The CHAIRMAN. The pro forma amendment will be withdrawn without objection, and the Clerk will read.

The Clerk read as follows:

Federal Farm Loan Bureau: Four members of the board, at \$10,000 each; secretary, \$4,500; assistant secretary \$3,000; 4 private secretaries, at \$2,000 each; chiefs of divisions—bond division \$3,000, statistical division \$3,000, appraisal division \$3,000, charter and reports division \$3,000; assistant chief, bond division, \$2,500; custodian of securities, \$2,500; 5 examiners of securities, at \$2,400 each; 12 registrars, at \$4,000 each; chief examiner, \$5,000; irrigation expert adviser, \$4,800; clerks—3 of class 3, 5 of class 2, 9 of class 1, 7 at \$1,000 each, 6 at \$900 each; stenographers—4 at \$1,200 each, 1 \$1,000; messenger; 4 assistant messengers; in all, \$186,820.

Mr. BYRNS of Tennessee. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BYRNS of Tennessee: Page 42, line 4, strike out "five" and insert "seven," and in line 10, strike out "\$186,820" and insert "\$189,220."

Mr. BYRNS of Tennessee. That is simply to correct an error.

Mr. WINGO. Right on that point, Mr. Chairman, I should like to ask the gentleman a question. What does the gentleman understand the duties of these examiners of securities to be?

Mr. BYRNS of Tennessee. These examiners of securities are men who are required to have legal information and banking information—

Mr. WINGO. I am not talking about their qualifications, but what "securities" does the Farm Loan Board hold?

Mr. BYRNS of Tennessee. If the gentleman will be patient for a moment I will tell him. These examiners are required to have legal information and also some banking experience. Roughly their duties are to investigate the securities that are taken by all of these 12 land banks. These securities are sent in here by the local banks which make the loans. These examiners of securities are expected to examine them closely and see whether or not the law has been complied with, whether the loan was justified upon its face, and whether every step necessary to comply with the law was taken, and upon their statement is based the action of the farm-loan commissioners in determining whether or not these farm-loan banks are entitled to issue bonds upon the loans so made. If they are rejected, of course the securities are turned back to the banks, and the banks must carry the loans themselves or correct them in accordance with the law.

Mr. WINGO. Are these men legal examiners?

Mr. BYRNS of Tennessee. As I have just stated, they are legal examiners, and it was stated by the Federal Farm Loan Commissioner that they must have some banking information, also. At least that has been required in making the appointments.

Mr. WINGO. They do not examine any stocks or bonds, or anything of that kind, do they?

Mr. BYRNS of Tennessee. They do not examine any stocks or bonds; no.

Mr. WINGO. Is the farm-loan bank authorized to invest in any securities except land securities?

Mr. BYRNS of Tennessee. No.

Mr. WINGO. So that really they are lawyers? Is that what the gentleman understands?

Mr. BYRNS of Tennessee. I do not know whether they are all graduates of law or not.

Mr. WINGO. They are supposed to have at least a reasonable amount of legal intelligence.

Mr. BYRNS of Tennessee. Yes.

Mr. WINGO. Will the gentleman tell me whether or not these are the gentlemen who have undertaken to determine what is necessary in abstracts of title?

Mr. BYRNS of Tennessee. No; these gentlemen have nothing to do with that. Their duties are confined exclusively to the examination of securities.

Mr. WINGO. Will the gentleman tell me what official named herein is responsible for the present requirements with reference to abstracts?

Mr. BYRNS of Tennessee. I can not state that to the gentleman, unless it is the board itself. Of course, as the gentleman knows, each bank has a legal adviser. Now, I take it that the broad question as to what is necessary in the way of abstracts of title was in the end left with the entire Farm Loan Board.

Mr. WINGO. So the gentleman thinks the only duty of these men is to see whether the loans have been properly made, and whether or not bonds are to be issued on securities which have been taken by the bank, which, of course, are nothing but mortgages on land?

Mr. BYRNS of Tennessee. Their duties are to examine these securities, which are sent in here by thousands from these banks, and to pass upon them.

Mr. WINGO. They are sent in here to Washington, are they?

Mr. BYRNS of Tennessee. They are sent in to Washington.

Mr. WINGO. All these mortgages?

Mr. BYRNS of Tennessee. All these mortgages are sent in to Washington, and they are here examined, and if approved by the Farm Loan Board, then that particular farm-loan bank is authorized—

Mr. WINGO. To make the loans?

Mr. BYRNS of Tennessee. No; the loans are made in advance, as I just said.

Mr. WINGO. That was what I understood.

Mr. BYRNS of Tennessee. As I have stated, when loans are improperly made they are turned back to the bank, and the bank has to carry them itself, and is not permitted to issue bonds upon them unless the securities are corrected so as to comply with the law.

Mr. WINGO. Who is the attorney for this board? What is his designation?

Mr. BYRNS of Tennessee. The board has no attorney expressly provided for it. One of the commissioners is an attorney.

Mr. WINGO. Who is that?

Mr. BYRNS of Tennessee. Judge Lobdell.

Mr. WINGO. Yes; that is true; but they have no advisory attorney here?

Mr. BYRNS of Tennessee. No.

Mr. FESS. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the committee upon what basis is the rating of salaries in these new bureaus, such as the one under consideration, made so much higher than the salaries in some of the old established institutions of the Government, like the Library of Congress, for example? Do we understand that the men who are capable of taking these positions must be of a higher grade of ability than the men who are in the research work in the Library of Congress, for instance? I have looked over the rating of salaries for the Farm Loan Board and see that they are very much higher.

Mr. BYRNS of Tennessee. If there is any difference in the salaries provided for in the new bureaus and those carried in the old bureaus, I take it that it is due in some measure to the time when they were fixed, because the gentleman knows that a dollar does not go so far now as it did a number of years ago. I want to say that in fixing these salaries it is necessary for the Farm Loan Board to compete with banks and trust companies in order to secure competent and capable employees. The gentleman will notice that when it comes to the clerical force that they are provided for in the same grades carried in other bureaus, but when it comes to men required to have some expert knowledge they have been compelled to pay them salaries somewhat in excess of the high-paid clerks.

Mr. FESS. I am not penurious about the matter and do not want to make any comparisons without foundation.

Mr. BYRNS of Tennessee. I agree with the gentleman that, so far as the salaries in the Congressional Library are concerned, many of them are ridiculously low. That has been my opinion ever since I have been a member of this committee. This committee has undertaken, with reference to some of the very low salaries, to raise them.

Mr. FESS. I am glad to know that.

Mr. BYRNS of Tennessee. We have raised them to a slight extent; but I will say that it is not the province of the Appropriation Committee to enter into the work of revising the entire salaries of any particular bureau, because that is legislation which Congress can enact in the usual way if it sees fit to do so.

Mr. FESS. I want to make an observation, if the Chairman will indulge me, that the war bureau has to do with the handling of wealth and securities and things of an unusual money value, and ask whether the salaries would likely be greater than those that have reference purely to educational work. That seems to run through the entire gamut of society. However, I do not think it is quite well founded, because the amount of money required to prepare one for research work is tremendously expensive and ought to be recognized by the payment of better salaries.

Now, in this increase of the number of employees that must go through the civil service I presume there has been a great demand for help put upon the civil service and a great deal of labor in getting these people ready. I have wondered whether there has not been a little abuse there growing out of the increased demand. I have in mind this instance that I would like to have the chairman know.

The head of one bureau called a man to assist him. I know these facts, or at least I have been told by persons in whom I have confidence, so that I can give the names of the head of the bureau and the man, if desired. The man called was very much desired because of the character of the work he had already done, which was very well known. He was told that he would have to take an examination. An examination was taken, and he ascertained when the report came in that he had failed to pass. In making some investigation he found that his own papers had been graded by some high-school assistants who had been called in to do this work.

I can see how a list of examinations might be graded by a high-school boy, but in a case of this kind it seemed that here was a great abuse of the civil service in calling in that kind of service that would require more than mere verbal knowledge.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BYRNS of Tennessee. I ask unanimous consent that the gentleman may have three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FESS. That sort of a performance I think is an abuse wherever it was done, and especially where the one whose examination must show some expert knowledge.

Mr. BYRNS of Tennessee. Do I understand the gentleman to say that the papers were graded by a high-school student?

Mr. FESS. That is what I understand, some assistant that was called in.

Mr. BYRNS of Tennessee. I am surprised to hear that. I agree with the gentleman in his criticism of that sort of action. I will state to the gentleman that the chairman of the Civil Service Commission stated to the committee that, in order to dispose of a great amount of work and a great number of papers, he had employed public-school teachers of the city to work in the evenings, paying them for two or three hours' time, in order to dispose of as many papers as possible. I did not understand that anyone had employed a high-school student.

Mr. FESS. I think it might be well to make an investigation to see whether the high-school teachers did not pass it over to the students.

Mr. BYRNS of Tennessee. If they did, it was an improper thing to do. However, I may say that the school-teachers who have been doing the work did it in order to get extra pay, for, as the gentleman is aware, their salaries are ridiculously low.

Mr. FESS. Oh, I would not object to their doing the work.

Mr. BYRNS of Tennessee. And the work was done at the office of the commission and not at their home.

The CHAIRMAN. The time of the gentleman from Ohio has expired. The pro forma amendment is withdrawn, and the question is on the amendment offered by the gentleman from Tennessee.

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

The Clerk read as follows:

Office of Supervising Architect: Supervising Architect, \$5,000; executive officer, \$3,250; technical officer, \$3,000; drafting division—superintendent \$3,000, assistant superintendent \$2,750; mechanical engineer-

ing division—superintendent \$2,750, assistant superintendent \$2,400; structural division—superintendent \$2,750, assistant superintendent \$2,400; superintendents—computing division \$2,750, repairs division \$2,400, accounts division \$2,500, maintenance division \$2,500; files and records division—chief, \$2,500, assistant chief \$2,250; head draftsman, \$2,500; administrative clerks—8 at \$2,000 each; 4 technical clerks, at \$1,800 each; clerks—9 of class 4, additional to 1 of class 4 as bookkeeper \$100, 4 at \$1,700 each, 14 of class 3, 6 at \$1,500 each, 13 of class 2, 8 at \$1,300 each, 21 of class 1, four at \$1,100 each, 7 at \$1,000 each, 3 at \$900 each, 2 at \$840 each; photographer, \$2,000; foreman, duplicating gallery, \$1,800; 2 duplicating paper chemists, at \$1,200 each; foreman, vault, safe, and lock shop, \$1,200; 5 messengers; 2 assistant messengers; messenger boys—1 at \$600, 2 at \$480 each, 2 at \$360 each; skilled laborers—4 at \$1,000 each, 7 at \$960 each, 1 at \$900, 1 at \$840; laborers—1 at \$660, 1 at \$600; in all, \$221,020.

Mr. WALSH. Mr. Chairman, I move to strike out the last word. In this item for the Supervising Architect it appears possible that there is no deserving Democrat in the country who is competent to be appointed Supervising Architect. For the last two years, I think, or more this office has been vacant and the duties have been performed by the executive officer, Mr. Wetmore, a very competent and courteous official, and one who is fully able to perform the duties of the Supervising Architect. While I am not calling attention to this in the hope that perhaps some nondeserving Republican may be appointed to this office, I think it is unfair in a great department like this that we should appropriate for a Supervising Architect the sum of \$5,000 and leave that position vacant and impose upon the executive officer, without increase in salary, in addition to the duties of his position, the work of the Supervising Architect. It may be that by reason of the order issued by the Secretary of the Treasury, under date of December 26, 1917, to the effect that no matter what the Congress of the United States might decide, no matter how much money they should appropriate or what authorizations they should issue, the Supervising Architect, or the Office of the Supervising Architect, was ordered to cease work and directed that no new buildings were to be placed under contract unless their urgency was established to the satisfaction of the Assistant Secretary in charge. In other words, if Congress should deem a new building urgent and authorize an appropriation and authorize the acquisition of a site, the Secretary of the Treasury decrees that that money should not be expended unless some Assistant Secretary of the Treasury is satisfied as to its urgency. All expansion of buildings he orders, where the urgency is established to the satisfaction of the Assistant Secretary, are to be placed on the market for bids, and then he also decrees that no additional sites are to be selected until further orders are given by the Secretary. It would seem that an order such as this goes a little beyond the bounds of an Executive order, and Congress is the proper body to determine the urgency of a building or the urgency of acquiring sites, and also that we are the proper body to determine whether such buildings should be constructed.

With these few preliminary remarks, I now desire to ask the gentleman in charge of the bill if he has any information respecting the reason why the office of Supervising Architect is now vacant, and has been vacant for the past two or three years; and, further, whether there is any likelihood that an official will be found in the near future to fill that office?

Mr. BYRNS of Tennessee. Mr. Chairman, I will say to the gentleman from Massachusetts [Mr. WALSH] that I have no information as to why that office is not now filled. My recollection is that it has been vacant for at least a year, and possibly longer. In reply to the statement of the gentleman that it may be due to the fact that no competent and deserving Democrat can be found to fill the place, I want to say that that is clearly a mistake, because if the Secretary of the Treasury would call on me I could name several exceedingly competent and deserving Democrats from my own district, and I am sure other gentlemen could do likewise. I take it the reason this position is not filled now is due to the fact that there is not any great existing need for a Supervising Architect, particularly at this time. The gentleman has just referred to an order curtailing the work of this bureau. The executive officer, who is a very competent gentleman, and who has been in the service for many years, has taken care of the office with entire satisfaction. Inasmuch as the failure to make this appointment results in a saving to the Treasury of \$5,000 each and every year, I assume the gentleman is not disposed to offer any serious criticism of the failure to fill the office.

Mr. WALSH. Mr. Chairman, my criticism or suggestion was that it seemed to me unfair to the executive officer, Mr. Wetmore, that he should have these additional burdens and responsibilities placed upon him when we provide by law for an official to assume those responsibilities, and that if we are going to conduct that office without a Supervising Architect we might well provide that he should be the head of the office and compensate him accordingly.

Mr. BYRNS of Tennessee. His duties now are not nearly so onerous as they would have been a year or two ago, because the department, as the gentleman has just indicated, has suspended the erection of Federal buildings throughout the country, except where there is a peculiar and important reason for putting them up.

Mr. MONDELL. But Mr. Wetmore has been serving at a time when there was a great deal of activity in the office.

Mr. BYRNS of Tennessee. I think that is true.

Mr. MONDELL. And has been filling the position with great credit.

Mr. BYRNS of Tennessee. I think the gentleman is entirely correct in that statement.

Mr. MONDELL. I think when the time comes to make an appointment—and I am not insisting upon it at this time—it would be a commendable thing to appoint the present Acting Supervising Architect.

Mr. BYRNS of Tennessee. That may be entirely true; but I want to say to the gentleman that the fact that here is an office that pays \$5,000 a year which remains unfilled is a refutation of the gentleman's remarks awhile ago, in which he accused the Democrats of being overanxious to secure places in the Government.

Mr. MONDELL. Oh, if the gentleman will allow me, not at all. The opportunity was lacking in this particular case. That is the real reason.

Mr. BYRNS of Tennessee. The Secretary of the Treasury, who is a distinguished Democrat, has had the authority to fill this place ever since it became vacant.

Mr. MONDELL. I have no doubt but that that distinguished and astute gentleman had very excellent reasons for not calling on the faithful to present candidates for this particular position, and we are somewhat enlightened in regard to that by the remarks the gentleman has just made himself to the effect that he thought he could find two or three candidates who could fill the office acceptably from his own district.

Mr. BYRNS of Tennessee. I am quite sure of that, and I have no doubt that the gentleman has some one in his own State who could fill the position acceptably. I have not requested the appointment of anyone.

Mr. MONDELL. I have not been looking up any material recently.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. REAVIS. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee if it is not a fact that during the time the Office of Supervising Architect has been vacant the architectural work has been done outside of the department? Have not the plans and specifications for Federal buildings which have been constructed during the vacancy which is now existing in this office been drawn outside of the department?

Mr. BYRNS of Tennessee. I will say to the gentleman my impression is—in fact, my very clear understanding is—that plans and specifications are drawn in the Office of the Supervising Architect, except, possibly, in one or two instances.

Mr. REAVIS. The gentleman who is now in charge of the department is not an architect?

Mr. BYRNS of Tennessee. No.

Mr. REAVIS. That is what I wanted to know.

Mr. BYRNS of Tennessee. He is provided, of course, with quite a number of draftsmen who are not carried in this bill but are carried in the sundry civil bill.

Mr. REAVIS. Mr. Chairman, what I have to say probably is not pertinent to the pro forma amendment I have made, and, as a Republican, I may be somewhat offside in saying what I have in mind. I have encountered a great deal of the inefficiency complained of in several of the departments in Washington, particularly with reference to departments directly connected with military activities. I feel, however, that it is only fair for me to state that my experience with the War-Risk Bureau has demonstrated that there is not a more accommodating, a more efficient department in Washington. I have never gone to them that I have not been treated with the utmost courtesy, and I have never gone there upon an errand asking for information that it has not been promptly furnished me. I felt it was fair to them, inasmuch as it was my experience, that I state this. I could only wish that other departments were as efficient as I have found the War Risk Bureau to be. They are undertaking a tremendous work, a work that is in a new field so far as this Nation is concerned. Largely by the activities of that department over 90 per cent of a million and a half of soldiers in the American Army are to-day insured. I have gone to them in one instance in particular where I made a request for service that was exceedingly difficult to perform. Mr. De Lanoy, who was at the

head of the bureau I went to, put several of his assistants to work on it and I had the information before night that I had no expectation of getting within a week. This brief statement is purely voluntary, but I felt it was due, inasmuch as they have been subject to some criticism here, to state that my experience with them indicated to me at least that they are both accommodating and efficient. [Applause.]

Mr. MONDELL. Mr. Chairman, I do not know whom the gentleman from Nebraska [Mr. REAVIS] had in mind when he said there had been some criticism of the War-Risk Bureau. I have been paying some attention to the discussion, and I can not recall having heard any special criticism of the bureau, though I did say something of their practice in the matter of appointments. I will say this, however, that my experience with the bureau has not been along the line of the happy experience of the gentleman from Nebraska, probably due to the fact that the cases I have called to their attention were of a character with respect to which it was impossible just at the time to give the desired information. I have no doubt but what they have tried to do the best they could under the trying circumstances and conditions under which they have organized and gotten under way.

Referring again for just a moment to the general matter of appointments, let me say that no one on this side complains because under a Democratic administration appointments outside of the civil service are made from among the faithful. It is true, in other days of war a great administration called men of other parties than that of the President to the councils of the Nation, but I have no criticism to offer because that has not been done under this administration. What strikes me as being rather remarkable, and in a way regrettable, is that in the midst of a great war, when those charged with responsibility should be giving all their time and attention to matters connected with the war and the winning of it, some one about the administration has found the time and the inclination to search the country with a fine-tooth comb, in connection with appointments to the few commissions where the law requires that at least a part of the membership shall be of another political party than that of the majority, to find appointees who, whatever they may be are not Republicans, even by their own definition. In all such cases some one has found time in the midst of war and its stress, alarms, and trials to search the country over to find some one who, according to some peculiar classification might be called a Republican, all the time exercising very great care that those so selected were in no case Republicans by the test and proof of having supported Republican candidates and Republican policies.

Mr. BORLAND. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. BORLAND. Have not we the word of the newly elected chairman of the Republican committee that there are no factions now in the Republican Party? Does the gentleman mean to inform us there are real factions in the Republican Party and the Republicans are in very doubtful shape?

Mr. MONDELL. No; there are no factions, but the President has found men who were descendants of Republicans or who at one time were said to be Republicans, but who, at least in late years, have been supporting Democratic candidates, gentlemen who organized Wilson clubs and aided in the election of the President who he has seen fit to name as the Republican representatives on boards and commissions.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, I ask for two minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Now, speaking seriously, when the Congress says that a commission shall be bipartisan, would not it reflect good taste and indicate good intent really to make it bipartisan and put on the commission some one definitely and beyond question of the minority party? Is it not extraordinary that in time of war men should find time or have the inclination to turn aside from the great affairs of the Nation and spend time hunting up folks whose appointment does not fairly and honestly meet the intent of Congress? In my opinion it does not reflect credit on anyone, that sort of political camouflaging, especially at a time when the minority is stanchly supporting the administration. This searching the country over as though there were not competent men of the opposition to find some one who supported the party in power, who may, however, by some peculiar and questionable definition invented for the occasion be classified as a Republican, does not strike me as being a very commendable or honorable employment.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. MONDELL. I yield.

Mr. BYRNS of Tennessee. I submit to the gentleman from Wyoming that is the misfortune of the Republican Party, the fact that there are so many different kinds of Republicans that it is impossible to get the appointment of the particular kind whom the gentleman might characterize as a Republican.

Mr. MONDELL. No; the party is suffering from no such misfortune. It is the misfortune of the peculiar frame of mind of the men who stoop to do those things.

Mr. FESS. Mr. Chairman, I move to strike out the last word. I rise in opposition to the pro forma amendment.

I am not inclined to make any criticism of any character of inefficiency that might grow out of the creation of new bureaus or the enlargement of old ones, since such observations frequently fail of any good purpose on the scale of mere criticism. And I am free to overlook some of these lapses, if they are inevitable, from lack of preparation, or if they are not serious. But once in a while we have brought to our attention some things that ought really never to take place, which demand public attention to induce greater care in public service.

I hold in my hand an envelope sent from my home town by the father of a boy in the ranks, now overseas, who was here in the engineering training camp at the American University grounds. This letter was returned to the father and marked in red ink, "Deceased," and in another place on the envelope the word written out, "Died." These parents were in the most agonized condition of mind, and, not having heard anything of serious illness, they took it up with me at once, to know why that, if the soldier had passed away, the parents had not been notified. The envelope was postmarked at the home office November 28 and at the receiving office February 9. Before I could make an investigation they had received a letter from their son overseas, which of course relieved them of further anxiety. I sent an inquiry at once to The Adjutant General, asking him about this boy, and he referred the matter to the headquarters of the American University Camp. Under date of March 2, 1918, was received a letter, as follows:

The man alluded to herein is a member of Company E, Second Battalion, Twentieth Engineers, which organization left this camp for over-seas duty about November 10. No reason is known at this camp for the word "Died" on the inclosed envelope. It is the practice at this camp to forward all mail for members of organizations which have left for overseas to the foreign station of the organization. The enlisted men who handled mail at the time this letter was received have departed for overseas. There is no record at this camp of the death of W. W. Drake. Every effort is made to see that all mail for men of organizations which have occupied this camp is forwarded to its proper destination and to exercise every consideration for all personal inquiries made of this camp.

It is evident that the boy is all right, because they have received at home a letter from him. But I think that a thing of this kind is totally inexcusable and ought not to have any basis for an apology. Had it taken place at the front no one would be greatly surprised, or in camps where thousands of men are stationed, but it should not occur where small groups are collected. And while, as I say, at this time one does not want to seem to be frivolous in criticism, because of the tremendous work the War Department has to do, here is a case that certainly ought not to have occurred. I do not offer this as hypercritical criticism in time of war, neither did I call attention to the exasperating delays of the war-risk insurance work in adjusting the family allowances for the sake of mere faultfinding, since I am not unaware of the tremendous work this bureau must shoulder, but simply as a suggestion that more care be given to matters now of importance when the public is being called upon to give its undivided support to the country.

The Clerk read as follows:

Auditing accounts abroad: For salaries and expenses incurred under section 12 of the act of September 24, 1917, including traveling expenses, per diem not exceeding \$4 in lieu of subsistence for officers and employees absent from Washington, rent, cablegrams and telegrams, printing, law books, books of reference, periodicals, stationery, office equipment and exchange thereof, supplies, and all other necessary expenses, \$700,000, of which not exceeding \$25,000 may be expended at Washington for the purposes of this section, but no officer or employee shall receive for duty in Washington any compensation other than his regular salary.

Mr. WALSH. Mr. Chairman, I move to strike out the last word. What is the idea of the provision in lines 9 and 10? Can the gentleman state that this is for auditing accounts abroad with a limit of \$25,000, of the \$700,000, that may be expended in Washington?

Mr. BYRNS of Tennessee. That is to take care of the additional work thrown on the office in order to handle the accounts as they are sent here after they have been audited abroad.

Mr. WALSH. Well, they have already increased the allowance in the comptroller's office for the work here, have they not?

Mr. BYRNS of Tennessee. That is quite true; but the idea was to keep this particular work separate from the other work

of the bureau. I will say to the gentleman that this work is being performed by the Comptroller of the Treasury and the Auditor of the War Department jointly. They requested that this amount be set apart for use here in Washington to take care of these particular accounts.

Mr. WALSH. That is the only reason for that limitation?

Mr. BYRNS of Tennessee. That is the only explanation I can give the gentleman.

Mr. WALSH. And that is probably for services and not purchase of equipment?

Mr. BYRNS of Tennessee. That is for personal service.

The Clerk read as follows:

Office of Auditor for Post Office Department: Auditor, \$5,000; assistant and chief clerk, \$3,000; law clerk, \$3,000; expert accountant, \$3,000; four chiefs of division, at \$2,250 each; four assistant chiefs of division, at \$2,000 each; three principal bookkeepers, at \$2,000 each; clerks—25 of class 4, 43 of class 3, 49 of class 2, 51 of class 1, 12 at \$900 each; skilled laborers—5 at \$540 each, 11 at \$720 each, 5 at \$660 each; messenger boys—5 at \$540 each, 4 at \$480 each, 5 at \$420 each; 9 male laborers, at \$660 each; forewoman, \$480; 19 charwomen; in all, \$324,520.

For compensation, to be fixed by the Secretary of the Treasury, of such number of employees as may be necessary to audit the accounts and vouchers of the Postal Service, \$297,130: *Provided*, That not exceeding \$43,200 may be used for the payment of compensation to said employees absent on leave.

Mr. FESS. Mr. Chairman, I move to strike out the last word. Is it not rather unusual for the compensation of any of these clerks to be fixed by the head of the department rather than by act of the committee?

Mr. BYRNS of Tennessee. Those who are employed under this lump sum are paid on a piecework basis. They are not paid regular stipulated salaries, but they are paid according to the work done.

Mr. FESS. That explains it.

The Clerk read as follows:

Secret Service Division: Chief, \$4,500; assistant chief, who shall discharge the duties of chief clerk, \$3,500; clerks—2 of class 4, 1 of class 3, 2 of class 2, 2 of class 1, 1 \$1,000; assistant messenger; in all, \$20,120.

Mr. FESS. Mr. Chairman, I move to strike out the last word. It is not possible that \$20,120 is all the money expended in the interest of the Secret Service?

Mr. BYRNS of Tennessee. This is just the office force, I will say to the gentleman. The field force is carried in the sundry civil appropriation bill.

Mr. MADDEN. There is over \$20,000,000 spent every year in the Secret Service in one way or another.

Mr. BYRNS of Tennessee. The gentleman refers to the entire Government and not to the Treasury Department.

Mr. MADDEN. Before the war, and in times of peace, we spent over \$20,000,000 in Secret Service work. This has only to do with counterfeiting.

Mr. BYRNS of Tennessee. And the customs, too, and also the protection of the President. But the field force in this particular bureau is carried in another appropriation.

Mr. FESS. The Secret Service work since the war began must have increased tremendously over what it was before the war.

Mr. BYRNS of Tennessee. It has, in the Department of Justice. There has been no great increase of the Secret Service in the Treasury Department, but there have been a great many additional special agents appointed in the Department of Justice. Then I am reminded that the intelligence service of the Army and Navy has been largely increased.

Mr. FESS. It probably would not be advisable to make public the amount of money expended under this particular service. I wondered whether we had access to the amount.

Mr. BYRNS of Tennessee. I am quite sure that the Attorney General would be very glad to furnish the gentleman with that information. He made statements along that line as to the number of special agents employed at the time of his hearing, but stated that he preferred that no publicity should be given to the facts. I may say that the sundry civil bill carries a specific appropriation, although it does not attempt or undertake to provide how many special agents there shall be.

Mr. FESS. That line of service is very effective, is it not, just now?

Mr. BYRNS of Tennessee. It is. They are doing a splendid work under the leadership of the chief of the special agents in the Department of Justice.

Mr. FESS. It is all-pervasive, reaching every part of the United States?

Mr. BYRNS of Tennessee. Yes. It reaches every section of the country, and other countries also.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

Office of Surgeon General of Public Health Service: Surgeon General, \$6,000; chief clerk, \$2,250; private secretary to the Surgeon General, \$1,800; statistician, \$2,000; technical assistant, \$2,000; assistant editor, \$1,800; librarian, \$1,600; clerks—4 of class 4, 5 of class 3, 8 of class 2 (1 of whom shall be translator), 14 of class 1, 6 at \$1,000 each, 3 at \$900 each; messenger; 3 assistant messengers; telephone operator, \$720; 2 laborers, at \$540 each; in all, \$74,150.

Mr. BORLAND. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Missouri moves to strike out the last word.

Mr. BORLAND. Mr. Chairman, legislation is very badly needed to permit the President to rearrange and reassign the various bureaus and offices between the executive departments. In fact, that legislation ought to go further in giving him the right to consolidate a great many bureaus. Most of these bureaus which the Committee on Appropriations finds in existence in certain departments were fixed there years ago, at a time when the Cabinet was very much smaller and the duties, of course, were purely incidental.

As to this office of the Surgeon General of the Public Health Service, nobody on earth can give any reason why that should be in the Treasury Department. There is some reason why the Coast Guard should be in the Treasury Department, because originally that was the Revenue-Cutter Service, designed to prevent smuggling, and it was an aid in the collection of the revenue. But that particular system of detecting smuggling has practically passed out of existence. Smuggling by fast clipper ships, sailing vessels, does not take place any more nowadays. Every vessel on the ocean approaching our shores is known to the Government hours before it reaches port, so that nothing of that sort or character can occur. There is not a particle of reason why that service should not be under the Department of Commerce, or possibly under the Navy Department. It certainly should not be under the Treasury Department.

The same is true of this office of Public Health Service. I will call the attention of the House to the fact that we keep making appropriations year after year for these various bureaus that may be in great danger of overlapping. In fact, practical experience has shown that they are in danger of overlapping the duties of other bureaus, and the reason for that is very largely due to the fact that one bureau happens to be under one department and another bureau happens to be under another department. As I say, I think that legislation ought to go fully to the extent of permitting the consolidation of any two or more bureaus, so as to reduce the number of bureaus and increase the efficiency of the departments.

Whenever any new proposition comes up the simplest way for Congress to solve it is to create a new bureau, entailing a new and permanent expense on the people. That new bureau usually starts out with some popularity; it seems to answer a public demand; and it is a good way to assure the people that their rights are being taken care of. Then when another proposition comes up we always create another bureau, and that immediately has a popularity.

Here is one temptation these bureaus have: Every bureau that is under the charge of a live and ambitious man—and I hope most of them are, and some of them seem to be—has a tendency to enlarge its own jurisdiction. It reaches out and sees fields of usefulness that it can cover, where it can render useful service. It attempts to absorb those fields, although they may sometimes be partially and sometimes be wholly within the legitimate sphere of other bureaus of the Government. There are a number of overlapping activities now in the departments, too many for us now to enumerate, but there are large numbers of them that ought to be eliminated at this time when we are at war and when we are trying to have the highest efficiency in the Federal Government. Now is an excellent time for us to have a complete readjustment and reassignment of these bureaus and abolish, I think, quite a number of them.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. Yes.

Mr. STAFFORD. Is there any law that forbids the head of a department from merging the activities of one bureau with another, or from rearranging the respective bureaus and merging their work with that of other bureaus?

Mr. BORLAND. There are some laws that evidently forbid it, because some laws create special bureaus specially.

Mr. STAFFORD. If the gentleman will permit further, for instance, since the war broke out, in the Navy Department the Division of Naval Militia Affairs has been consolidated—

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STAFFORD. I ask unanimous consent, Mr. Chairman, that the time of the gentleman from Missouri may be extended three minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. STAFFORD. It has been consolidated with the Bureau of Navigation. When I was a member of the Committee on the Post Office and Post Roads I remember distinctly that it was stated that the head of the Post Office Department had authority to consolidate the activities of the respective bureaus and transfer the work of the Fourth Assistant's office to the First Assistant's office. That was done frequently, so that I do not think that there is any law that forbids the rearrangement of the bureaus or the consolidation of them if the head of a department sees fit to do so.

Mr. BORLAND. I do not think the matter is quite so simple as the gentleman from Wisconsin seems to think it is. Doubtless there are some bureaus that are created by Executive order which can be abolished or changed by an Executive order.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. BORLAND. In a moment. But there are a large number of bureaus created by specific acts of Congress over which heads of the departments would have no such power.

Mr. MADDEN. The gentleman's idea is that we would have better economy if we would coordinate the work?

Mr. BORLAND. I think so.

Mr. MADDEN. There would not be any trouble about the head of the bureau deciding to have 10 men instead of 15 if he could do the work with 10?

Mr. BORLAND. Unless human nature is reformed, there is no possibility of that thing happening.

Mr. MADDEN. They could do it, could they not?

Mr. BORLAND. It does not happen. What happens is just this: We go on creating new bureaus for new activities. We leave all the old ones in existence. Just now we are creating a large number of new activities of the Government, some of which we hope will pass out of existence when this war is over; but that hope may not be justified in the realization. Most of them will hang on tenaciously for years after this war is over. Wherever a man is put at the head of a bureau, however small, insignificant, or obsolete it may be, the inclination of human nature is to attempt to convince the public that it is an important factor and that there is some very important work that it can do for the public. If there is not any work to be found in its immediate activity, the head of that bureau will immediately search for new activities that he thinks he can perform. That is a very creditable trait in these men. It shows that they are active and ambitious public servants.

Mr. DUPRÉ. Is the gentleman speaking academically, or is he referring particularly to the Public Health Service?

Mr. BORLAND. I have no particular reference to the Public Health Service, although its activities have been wonderfully expanded; but I have been very strongly in favor of their being expanded. But I am not in favor of their being under the Treasury Department.

Mr. BYRNS of Tennessee. What department ought they to be under?

Mr. BORLAND. The Department of the Interior.

Mr. BYRNS of Tennessee. Why?

Mr. BORLAND. That is where they belong.

Mr. MADDEN. Mr. Chairman, I move to strike out the last 10 words. Replying to the remarks of the gentleman from Missouri in reference to tendencies in the public service, the tendency at the present time is not toward economy but rather toward extravagance. In my judgment, the coordination of the bureaus would not result in any degree of economy.

Mr. BORLAND. Mr. Chairman, will the gentleman pardon me just a moment?

Mr. MADDEN. Yes.

Mr. BORLAND. In all the years I have served with the gentleman I have failed to find any suggestion of a great economy that did meet the gentleman's views. His views on economy are rather abstract.

Mr. MADDEN. I have never wasted much of the time of the House, as a rule, in arguing how you could create a more economical administration of national affairs by the coordination of bureaus. The gentleman says he hopes that if the thing which he describes can be done, we will get greater efficiency and certain economies. There is nothing in the world to prevent the bureau chiefs now from instituting economies if they have the public interest at heart. I am inclined to agree with the statement made by my friend from Missouri [Mr. BORLAND] that when the war is over all these new activities will linger on, because those on the floor of the House and the Senate

who were responsible for the appointment of most of these people in the bureaus and departments will insist that their political patronage shall not be curtailed. And I have no doubt that the gentleman from Missouri will be one of these, for I assume that he is very close to the throne and that he has not hesitated to ask the king for a proper division of the patronage from Missouri. As long as the character of service which the gentleman renders remains, with his time partially taken up with camouflage on the floor and the rest of the time trying to find jobs for his constituents, we will not reach that stage of economy to which the country is entitled.

I would like to join the gentleman in a movement for economy if I knew what he had in mind.

Mr. BORLAND. I can suggest one to the gentleman.

Mr. MADDEN. The purpose which the gentleman has in mind is kept so well covered up that a novice like myself is never able to discover it. He is very adept at words, and he understands how to express words to cover up his thought so well that when he concludes one of these speeches intended to elucidate a complicated situation, it is more complicated than it was before. So I am always at a loss to know just exactly what position I ought to take, if I am to base my reasoning on the offerings of the gentleman in the way of new reforms. Economy can be instituted only at the fountain head, and if the men who are in control of the executive branches of the Government want economy, the economy will follow as a matter of course, because they will not employ three men where one man will do the work, and I fear that in many cases to-day we have three men doing one man's work and sometimes three men not doing one-third of one man's work. They are in the way of one another. When you walk through the hallways in some of the public buildings you have to push your way through to get by the messengers in the hallways, but if you stop to inquire from any messenger whom you meet in the hallway what is the name of the officer in the next room to where he is sitting, he will not be able to tell you.

Mr. LINTHICUM. Why is it that it takes so long, then, to get a reply to inquiries for information in these places?

Mr. MADDEN. The reason it takes so long is that nobody there knows anything. That is the reason we are not getting anywhere.

Mr. LINTHICUM. Has the gentleman any suggestions to make?

Mr. MADDEN. What is the use of making suggestions to people who do not understand intelligent organization? It would be throwing suggestions to the winds to make them to the gentleman from Baltimore.

The CHAIRMAN. The pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

Contingent expenses: For stationery, including tags, labels, and index cards printed in course of manufacture, for the Treasury Department and its several bureaus and offices, \$62,200, and in addition thereto sums amounting to \$235,800 shall be deducted from other appropriations made for the fiscal year 1919, as follows: Contingent expenses, Independent Treasury, \$6,000; contingent expenses, mint at Philadelphia, \$700; contingent expenses, mint at San Francisco, \$300; contingent expenses, mint at Denver, \$800; contingent expenses, assay office at New York, \$700; materials and miscellaneous expenses, Bureau of Engraving and Printing, \$6,000; suppressing counterfeiting and other crimes, \$700; Public Health Service, \$3,500; Quarantine Service, \$1,000; preventing the spread of epidemic diseases, \$600; expenses of Coast Guard, \$5,000; general expenses of public buildings, \$6,000; collecting the revenue from customs, \$40,000; miscellaneous expenses of Internal-Revenue Service, \$50,000; expenses of collecting the income tax, \$70,000; stationery and miscellaneous expenses, Bureau of War-Risk Insurance, \$45,000; and said sums so deducted shall be credited to and constitute, together with the first-named sum of \$62,200, the total appropriation for stationery for the Treasury Department and its several bureaus and offices, with the exception of field officers located in foreign countries, for the fiscal year 1919.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. I would like to ask the chairman of the subcommittee what this language, line 10, page 54, means, "general expenses of public buildings, \$6,000."

Mr. BYRNS of Tennessee. That is an item carried in the sundry civil bill. The gentleman will see that this is only a transfer of \$6,000 of that fund to the contingent expenses for the Treasury Department for the purchase of stationery through one central agency. There is an appropriation made in the sundry civil bill for general expenses to pay draftsmen, superintendents of public buildings, inspectors, traveling expenses, office rent, expenses of superintendent, and so forth, in the field service.

Mr. COOPER of Wisconsin. Those are all appropriations for a specifically named purpose. This is for general expenses for buildings. That covers a good deal of ground.

Mr. BYRNS of Tennessee. That refers to the title under which the general appropriation is made. The gentleman will understand that this is not an additional appropriation, but a

transfer of a portion of that fund for the purchase of stationery, and it is carried under the head of general expenses because that is the title under which it is carried on the books of the Treasury.

Mr. COOPER of Wisconsin. I understand. If that is carried under that head on the books of the Treasury, would anyone looking at the books know what that money was to be used for? If this is a specific appropriation for the purchase of stationery, why does it not say so?

Mr. BYRNS of Tennessee. The account is carried under the head of general expenses of public buildings. The sundry civil bill names the purposes.

Mr. COOPER of Wisconsin. But this is the legislative, executive, and judicial appropriation bill.

Mr. BYRNS of Tennessee. Precisely; but this does not make any additional appropriation. It simply transfers \$6,000 of that fund to the contingent expenses of the Treasury, so that stationery may be purchased through one general supply committee.

Mr. COOPER of Wisconsin. I still think, notwithstanding the very clear and lucid statement of the gentleman from Tennessee, that that is not a good way to appropriate money. The transfer of appropriations ought to be made perfectly clear, so that anyone reading it would know what the particular money transferred and appropriated is to be used for.

Mr. BYRNS of Tennessee. If the gentleman will read the beginning of the paragraph, he will find that it is "for stationery, including tags, labels, and index cards." The only way to transfer it was to use the same language that was used in making the general appropriation.

Mr. HAMLIN. Mr. Chairman, if gentlemen will permit me, I made a statement the other day that my observation led me to think that they had some kind of a system in the department whereby they would transfer one fund to another fund, borrow it out of another fund, and then pay it back. That statement was contradicted. I thought I was right about it. It seems to me that the statement just made by the gentleman from Tennessee to the gentleman from Wisconsin rather bears out that idea.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HAMLIN. Mr. Chairman, I move to strike out the last word.

Mr. BYRNS of Tennessee. If there is any such practice it is in plain violation of law. Now, this appropriation here is an entirely different proposition. Here is a paragraph which is for the purchase of stationery for various bureaus of the Treasury Department. The sundry civil bill carries an appropriation for general expenses for public buildings amounting to more than \$500,000. The legislative bill does not undertake to increase the amount, but simply transfers \$6,000 of that to the contingent expenses of the Treasury for the particular and sole purpose of purchasing stationery. It is purely in the interest of economy to have the stationery purchased through one head.

Mr. HAMLIN. I was not criticizing the action of the committee. Now, one other thing. I was impressed the other day by the statement of the gentleman from Kentucky [Mr. SHERLEY] in regard to the methods of bookkeeping down there. I think he was eminently correct in that. My experience is that nobody on earth, even the efficiency expert that we have talked about, could tell very much about how this money is expended by looking at the books of the Treasury Department. I would like to get the gentleman's idea, if he has looked into the matter carefully, as to whether or not the impression I have in regard to it is correct. Now, I found at one time what I thought was conclusive evidence that there was this shifting about, borrowing and paying back, and so forth.

Mr. SHERLEY. Mr. Chairman, if the gentleman will yield, this is what I meant to convey and what I think is true. The system of bookkeeping is accurate enough to prevent the misuse of funds—

Mr. HAMLIN. That is, one department paying out more money than is appropriated for it.

Mr. SHERLEY. Or paying it out for other than what it was appropriated for. The system of bookkeeping is not such as to enable one to determine from a statement of the expenditures whether work is economically performed or not. For instance, the system of bookkeeping would prevent money that was appropriated for a specific purpose, like those enumerated for contingent expenses, being expended for some other purpose.

There is no system of bookkeeping which would show you whether contingent expenses, or purchases made for matters enumerated under the item of contingent expenses, were economically made or not. Modern methods of bookkeeping do permit that ascertainment from a review of them.

Mr. HAMLIN. Mr. Chairman, I will ask the gentleman whether it is not true that there is some kind of a system whereby a part of a fund, for instance, a contingent expense fund, in case of shortage in another fund, might be transferred to that fund and afterwards transferred back, so that in the end the aggregate expenditure does not exceed the sum appropriated. Is there a shifting of funds?

Mr. SHERLEY. This is the situation. The law requires the allotment of funds over a certain period so as to prevent the creation of deficiencies, and permits, under certain contingencies, a rearrangement of allotments to a certain extent. In such instances there is permitted the taking of sums from one fund for expenditure under another fund. Then there are also cases where, under the terms of appropriations, certain percentages of funds for one purpose may be made available for other purposes, and in such instances there can be borrowing, but there is no right to do it except where there is express provision of law.

Mr. HAMLIN. There ought to be some system that would prevent that.

Mr. SHERLEY. Unquestionably.

Mr. HAMLIN. Because great harm could come from that. I withdrawn the pro forma amendment.

The Clerk read as follows:

For investigation and experimentation and to secure better methods of administration, with a view to increased efficiency or to greater economy in the expenditure of public money, including necessary traveling expenses, in connection with special work, or obtaining of better administrative methods in any branch of the service within or under the Treasury Department, including the temporary employment of agents, stenographers, accountants, or other expert services either within or without the District of Columbia, \$15,000.

Mr. WALSH. Mr. Chairman, I move to strike out the last word. This item is for investigation and experimentation and to secure better methods of administration, with a view to increased efficiency or to greater economy in the expenditure of public money, or in the obtaining of better administrative methods in any branch of the service. I notice in looking through the hearings that in spite of all the new bureaus and commissions and offices and departments that have been created, growing out of the war emergency, all that the department has been able to expend of this sum last year was about \$3,000. It seems to me that in view of the showing made by the gentleman who appeared before the committee it is not necessary to appropriate \$12,000 a year to enable a man to run hither and yon to find out whether he can approve the expenditure of public money. Certainly in these days there is not any need of increasing efficiency in the expenditure of the public money. There may be a need of greater economy, but it is a significant fact that in the expenditure of the appropriation for endeavoring to secure greater economy in the expenditure of public money they have practiced apparently a very great economy in that item and have spent only \$3,000. I would like to ask the gentleman having charge of the bill if he really believes that in view of the great emergency it is necessary to carry this appropriation this year for the purpose set out in the hearing by the gentleman who appeared representing the department?

Mr. BYRNS of Tennessee. Mr. Chairman, I think so, I will say to the gentleman. This appropriation has been carried since 1910, for the purpose of securing better methods of administration in the department. I may say that the first appropriation was in 1910 in the deficiency act, and was for \$25,000, and that for the next two years \$75,000 was carried for this purpose. It was then reduced to \$20,000 and is now \$15,000. It is true that the chief clerk of the Treasury Department stated that only \$3,000 had been expended at the time of the hearing, which was about the middle of the fiscal year, but he also stated that it was expected to consume either all or a portion of the remaining fund during the remainder of the fiscal year for the purpose of improving administration methods in the department.

Mr. WALSH. I thought we had a Bureau of Efficiency for that.

Mr. BYRNS of Tennessee. That is true, a Bureau of Efficiency which is organized for the purpose of securing better administration and more efficient administration in all of the departments; but this very small sum of \$15,000 is appropriated in order to enable the Secretary of the Treasury within his department to organize and put into effect better administrative methods.

I may say to the gentleman that there has been a committee in the Treasury Department composed of a number of bureau chiefs who have been making investigations and recommendations with a view of improving the service, and some improvements were made last year as a result of their report. It may be, and is true, as the gentleman says, that only \$3,000 was expended the first six months of the year, but the chief clerk

says that that fund will be put to good use between now and July, and they were anxious to have it carried for another year. I submit to the gentleman that a dollar that is spent wisely for the purpose of securing better administration in any of the departments is not improperly spent or extravagantly spent.

Mr. MADDEN. Is the gentleman talking about public money? Mr. BYRNS of Tennessee. Yes.

Mr. MADDEN. Talking about money being spent wisely? Mr. BYRNS of Tennessee. Of course.

Mr. GILLETT. Mr. Chairman, I seem to have a recollection, I may be mistaken, of the Treasury having refused to allow the Bureau of Efficiency to work in their department. Was not that so? I did not know but this was a substitute for it.

Mr. BYRNS of Tennessee. That, I think, was true. I do not know whether it amounted to an express refusal, but there was some question raised two or three years ago; but I will say to the gentleman that since that time, as he knows, the Bureau of Efficiency has been doing a great deal of work in the Treasury Department, the War-Risk Bureau, the Internal-Revenue Service, and also in the Treasurer's office.

Mr. GILLETT. I had a vague recollection this was instead, but I may be mistaken.

Mr. BYRNS of Tennessee. No; this has been carried since 1910.

Mr. WALSH. Mr. Chairman, I move to strike out the paragraph. The hearings disclose that the Bureau of Efficiency has undertaken some of this work in the Treasury Department, and apparently this item is carried in order that the Treasury Department do its work itself, and I submit that it can not achieve as valuable results by having it done by its own officials as it can by an independent bureau. One of the wonderful accomplishments last year, I note, which was brought about, was that they bought a comptometer in the auditor's office. Now, apparently by way of criticism of the Bureau of Efficiency, it was stated it has been working in the Internal Revenue Department, and in the words of the gentleman who appeared before the subcommittee:

"The Internal Revenue Bureau was reorganized and turned upside down," and this appropriation sought to be justified was so that they can send men out in the field to travel around.

Now, I believe that while we have adopted a policy of having a bureau for this particular purpose that we ought to leave it to that bureau, and if their appropriation is not sufficient increase it, but I do not believe we can get the result from the appropriation left to the official in control of the department which is seeking to reorganize or under the direction of an official when in the performance of his work it may be necessary for him to criticize his superior officers or make suggestions reflecting on their judgment or methods of administration. I do not believe that sort of an official will be as free to make recommendations as one under an independent bureau or department of the Government. They only spent \$3,000 last year, and here is an opportunity, in view of the amount we have given the Bureau of Efficiency this year, to save \$12,000. Why, that would hire 12 extra janitors for some of the committees of the House at \$1,000 per annum, or several barbers to operate on the gallery corridors or the carpet of the House. Here is an opportunity, I submit in all seriousness, to economize in this department and not in any way to hamper the efficiency or the investigations and the experimentations that may be made upon any office or official, and therefore I submit that the appropriation can be dispensed with and that it will be true economy if we eliminate it this year.

Mr. BYRNS of Tennessee. Mr. Chairman, I hope this amendment will not be adopted. It has been carried for seven or eight years and, as a matter of fact, is the only fund provided not only for the purpose indicated, but out of which the Secretary of the Treasury may pay traveling expenses.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption for a question?

Mr. BYRNS of Tennessee. I will.

Mr. COOPER of Wisconsin. Is not the work that is provided for or contemplated to be done under the provisions of this paragraph work that is now being done by the Bureau of Efficiency?

Mr. BYRNS of Tennessee. Oh, undoubtedly the Bureau of Efficiency is doing work.

Mr. COOPER of Wisconsin. But is not this a duplication of work?

Mr. BYRNS of Tennessee. I will say this to the gentleman: The Bureau of Efficiency, with the very little force it has at its command, \$110,000 being carried in this bill—and to which I was surprised to note there was some objection raised by one or two Members—can not possibly investigate all of these departments and make all the investigations necessary in order

to put into effect improved methods of administration. For instance, the Bureau of Efficiency for nearly four years has been at work in the Post Office Department with part of its force and has not yet fully completed the work of establishing efficiency ratings. They have been at work in the War-Risk Bureau; they are now in the Internal-Revenue Office; they have been in the Pension Office and in the Treasurer's office; but I submit that with 10 departments it is impossible for that bureau to do all this work for some time to come.

Mr. COOPER of Wisconsin. Have they in the four years they have been at work made any recommendations leading to efficiency?

Mr. BYRNS of Tennessee. Yes, indeed; in the Post Office Department alone they have reduced employees more than 190, with an average saving of over \$173,000 every year.

Mr. COOPER of Wisconsin. May we say that this would be a duplication of work and that it might interfere possibly with the work of the Bureau of Efficiency? One hundred and ten thousand dollars of annual appropriation is a considerable appropriation.

Mr. BYRNS of Tennessee. That is true.

Mr. COOPER of Wisconsin. They ought to make the investigation with \$110,000.

Mr. BYRNS of Tennessee. That is true, and I submit to the gentleman they have made, as I attempted to show here Tuesday, extended investigations. In the Indian Bureau they have saved a considerable sum by way of interest, it is estimated, for the Indians.

Mr. COOPER of Wisconsin. The Bureau of Efficiency?

Mr. BYRNS of Tennessee. The Bureau of Efficiency, as a result of its investigation of the methods of accounting and disbursing in the field service.

Mr. COOPER of Wisconsin. Why could they not be permitted to do this work in the Treasurer's department?

Mr. BYRNS of Tennessee. Undoubtedly, I say to the gentleman, the Bureau of Efficiency, if they had the time and had the force and the number of men qualified to do the work could go into this department and all the departments of this Government; but it is going to take many years with the limited force given to the Bureau of Efficiency to do this work. Now, I take this position, that here is the small sum of \$15,000 appropriated for this particular purpose. The gentleman from Massachusetts [Mr. WALSH] says only \$3,000 has been expended in the first six months, but if he will read further in the hearings that the chief clerk says he expects to spend an additional amount during the balance of the year.

Mr. COOPER of Wisconsin. Who will have charge of this investigation in the Treasury?

Mr. BYRNS of Tennessee. The Secretary of the Treasury, who acts through a committee appointed in the department.

Mr. COOPER of Wisconsin. Exactly. The Treasury officials, or the bureau chiefs, probably, or other men belonging to that particular department. Of necessity it will be impossible for the Secretary of the Treasury to give the slightest attention to it. The duties which have been imposed upon him by law are so manifold, onerous, and important that it would be impossible to think of his looking after this at all.

Mr. BYRNS of Tennessee. I said through a committee. It is impossible for him to give it his personal attention. That committee is headed by Judge Warwick, the Comptroller of the Treasury, who has under his jurisdiction the passing of accounts of this Government.

Mr. COOPER of Wisconsin. How many men in the employ of that department does the gentleman think the employees of that department are going to recommend to be discharged or done away with? It is going to take outside influence and outside investigation to do that.

Mr. BYRNS of Tennessee. It does not necessarily mean the discharge of employees. And I do not think that is the scope of this appropriation. It means better administration.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNS of Tennessee. I hope the amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. WALSH].

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. WALSH. Division, Mr. Chairman.

The committee divided; and there were—ayes 19, noes 23.

So the amendment was rejected.

Mr. DUPRÉ. Mr. Chairman, I have made a private suggestion to the gentleman in charge of this bill, that to-day being the Speaker's birthday, and he will never have the opportunity to celebrate his sixty-eighth birthday again, it would be opportune for the committee to rise.

Mr. SHERLEY. I hope the gentleman will not press that suggestion. We have a bill here of 155 pages—

Mr. DUPRÉ. Mr. Chairman, have I the floor?

Mr. BYRNS of Tennessee. I hope the gentleman will not insist on that. I will state to the gentleman that we can proceed through the Internal Revenue Bureau here without trouble.

Mr. MOORE of Pennsylvania. Let us hear, on this side, what the gentleman is proposing?

Mr. DUPRÉ. What is the gentleman's suggestion?

Mr. BYRNS of Tennessee. I am trying to persuade the gentleman from Louisiana [Mr. DUPRÉ] to permit us to proceed with the bill a little further.

Mr. MOORE of Pennsylvania. Does the gentleman propose to go beyond page 62 to-night?

Mr. BYRNS of Tennessee. I will state to the gentleman that if we should reach page 62 and the gentleman, or any other gentleman desires it, so far as I am concerned I will be glad to pass that until to-morrow.

Mr. MOORE of Pennsylvania. The gentleman will consent to rise if we get to page 62?

Mr. BYRNS of Tennessee. Well, I have just stated I would be very glad to pass the Subtreasury item until to-morrow.

Mr. MOORE of Pennsylvania. If the gentleman from Louisiana withdraws his objection, will the gentleman move to rise when we get through with page 62?

Mr. DUPRÉ. I would not withdraw my suggestion, but I have not pressed it beyond that stage.

Mr. MOORE of Pennsylvania. The gentleman from Louisiana and myself, I think, are interested in having some gentlemen here when we reach page 63.

Mr. SHERLEY. If the gentleman will permit, there is no desire to-night to press the controverted matter in this bill, which is that relating to the Subtreasuries. Here is a bill of 155 pages. We are getting to the point in the legislative program where, if we do not make more progress, we are going to have a considerable congestion and jam before the fiscal year ends. Everybody wants to adjourn Congress as early as possible. It is the delays such as this, not noticed, that in the aggregate make impossible the getting through of the work of Congress in good season.

Mr. DUPRÉ. Mr. Chairman, I understand I have the floor.

Mr. SHERLEY. I hope the committee will continue the consideration of the bill until we strike some controversial matter, and then it can either be passed over or the committee can rise.

Mr. DUPRÉ. I want to say, Mr. Chairman, that the reason why we do not make more progress is the hectoring we receive occasionally from the gentleman from Kentucky.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

For salaries and expenses of collectors of internal revenue, deputy collectors, surveyors, clerks, messengers, and janitors in internal-revenue offices, \$3,565,000: *Provided*, That no part of this amount be used in defraying the expenses of any officer, designated above, subpoenaed by the United States court to attend any trial before a United States court or preliminary examination before any United States commissioner, which expenses shall be paid from the appropriation for "Fees of witnesses, United States courts."

Mr. MOORE of Pennsylvania and Mr. WALSH rose.

The CHAIRMAN. The gentleman from Pennsylvania will be recognized first.

Mr. MOORE of Pennsylvania. Mr. Chairman, this paragraph provides a lump-sum appropriation of \$3,565,000 for the purpose of paying salaries and expenses for those employed in the office of the Collector of Internal Revenue. Does the gentleman from Tennessee have detailed information as to the manner in which this money is expended?

Mr. BYRNS of Tennessee. I will say to the gentleman that the committee has information as to the manner in which it is expended by districts, and also the number of people that are employed under it, and the rates of pay.

Mr. MOORE of Pennsylvania. Can the gentleman enumerate the number of men and women employed through this appropriation?

Mr. BYRNS of Tennessee. At the present time the bureau has 1,450 persons employed.

Mr. MOORE of Pennsylvania. Fourteen hundred and fifty persons?

Mr. BYRNS of Tennessee. Yes.

Mr. MOORE of Pennsylvania. They are employed throughout the United States, or in the District of Columbia?

Mr. BYRNS of Tennessee. This is the field force.

Mr. MOORE of Pennsylvania. What range do the salaries take, from the highest to the lowest?

Mr. BYRNS of Tennessee. From \$4,500 for the collectors down to \$300 for the janitor.

Mr. MOORE of Pennsylvania. May I ask why, inasmuch as all other salaries are set out in detail, this lump-sum provision is made in this particular case?

Mr. BYRNS of Tennessee. The collectors' salaries are fixed by law, as the gentleman knows.

Mr. MOORE of Pennsylvania. Yes; and therefore under ordinary conditions they would be specifically reported in an appropriation bill.

Mr. BYRNS of Tennessee. I can not say to the gentleman why it has not been done, but it has never been the practice. It is simply a matter of custom to make a lump-sum appropriation. It has been done for years. I will say to the gentleman that so far as the deputy collectors are concerned, those salaries range from \$2,500 down to the sum I named awhile ago, a great majority of them being at \$1,200.

Mr. MOORE of Pennsylvania. This appropriation is for \$3,565,000, and following it comes an appropriation of \$1,200,000, and following that an appropriation of \$3,000,000, and following that one of \$8,000,000, all for the one office.

Mr. BYRNS of Tennessee. That is true; and there is an additional appropriation for the administration of the narcotic law, amounting to over \$300,000.

Mr. MOORE of Pennsylvania. We give all those salaries in great detail for offices that are created by statute, and we have points of order constantly with regard to attempted increases which could not be made here. I would like to know whether, under this lump-sum appropriation system, where such vast sums are involved as in this case, it does not come within the discretion of the appointing power to increase or to reduce the salaries without the knowledge of Congress?

Mr. BYRNS of Tennessee. Of course, it would be possible to set them forth here specifically; but, as I stated, it has never been the custom to do it, and the latitude that has been given to the Internal-Revenue Commissioner, both under Republican and Democratic administrations, never has been abused.

I submit to the gentleman that with the tremendous amount of increased work devolving upon the Internal Revenue Commissioner's office at this time, it was practically impossible for the Internal Revenue Commissioner to estimate with any degree of certainty how many employees he will need for the next year.

Mr. MOORE of Pennsylvania. In the Department of Agriculture the employees are checked up, so that we know what they get, except in certain instances where lump-sum appropriations are made for groups of men or particular branches of the service; but here is an instance in which for one bureau of the Treasury Department we appropriate in a lump sum substantially \$16,000,000—that is my rough guess of the total—which is at the disposal of the appointing power.

Mr. BYRNS of Tennessee. I will say to the gentleman that so far as the Department of Agriculture is concerned, I understand that all its lump sums are available for salaries.

Mr. MOORE of Pennsylvania. Has the committee information in print, from the Collector of Internal Revenue or the Treasury Department, specifying the various employees who are paid within the limitations of approximately \$16,000,000 lump-sum appropriations.

Mr. BYRNS of Tennessee. The committee has that information. I will say to the gentleman that the Commissioner of Internal Revenue has submitted through the Secretary of the Treasury to Congress a statement showing just how he will expend the money appropriated, giving detailed information as to the number of employees, the salaries which will be paid, and so forth. This information is in the book of estimates, and is accessible to the gentleman or any other Member of the House.

Mr. MADDEN. Mr. Chairman, I regret very much to disturb this delightful colloquy by making the point of no quorum present.

Mr. BYRNS of Tennessee. I am very sorry the gentleman will not let us read the bill a little further.

Mr. MADDEN. You have done so well to-day—

Mr. BYRNS of Tennessee. We have not done as much as we did yesterday.

Mr. MADDEN. Oh, you have done very well indeed.

The CHAIRMAN. The gentleman from Illinois makes the point of no quorum present. Evidently there is no quorum present. The Clerk will call the roll.

Mr. BYRNS of Tennessee. 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. SAUNDERS of Virginia, 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. 10358) making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1919, and for other purposes, and had come to no resolution thereon.

SOLDIERS' INSURANCE.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to take up at this time and pass Senate joint resolution 133.

Mr. DYER. Let it be reported and see what it is, Mr. Speaker.

The SPEAKER. We will find out what it is. The gentleman from Texas [Mr. RAYBURN] asks unanimous consent for the present consideration of a Senate joint resolution, which the Clerk will report.

The Clerk read S. J. Res. 133, authorizing the granting of insurance under the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917, on application by a person other than the person to be insured, as follows:

Resolved, etc. That insurance under the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917, shall be granted by the Bureau of War-Risk Insurance on application made by the person to be insured or, subject to such regulations as the bureau may prescribe, by any other person.

The SPEAKER. Is there objection?

Mr. MADDEN. Mr. Speaker, reserving the right to object, I should like to have the gentleman from Texas explain whether this is simply to provide for the application for insurance of men who are in the trenches, and who are not able to make a personal application, by some one on their behalf?

Mr. RAYBURN. It is. The right to take out this insurance expires April 12. The law now is that the soldier himself must make the application, or if another person makes application, the soldier must indorse the application. That is impossible for some men now in the service, because some have been captured by the Germans, and they have no chance whatever to make the application themselves or to indorse the application that may be made for them. This would cover such cases as that. I feel it would be a great injustice to these men not to give them any chance whatever to take out this insurance.

Mr. DYER. Is that the only exception—those who may be prisoners?

Mr. RAYBURN. No; this is general.

Mr. DYER. Relatives of the man in France could make the application.

Mr. RAYBURN. Yes; but this does not change the law at all. It does not change the law as to whom the insurance shall go. It does not allow anybody to speculate on the insurance with reference to these soldiers.

Mr. FOSTER. It only permits those to make the application who might be benefited under the law.

Mr. CANNON. The gentleman says "the indorsement of the soldier," but you might not be able to get at him.

Mr. RAYBURN. This is to do away with that requirement.

Mr. CANNON. So that any relative or one who is interested in him, or through selfishness, might make the application.

Mr. RAYBURN. Selfishness would not have anything to do with it, because the law provides that this insurance shall only go to a certain class of people, and this does not change that at all.

Mr. CANNON. I can see how it might be abused, and still I am not going to object to it.

Mr. GILLETT. Let me ask the gentleman, has this been reported by the Committee on Military Affairs?

Mr. RAYBURN. No; but it has been reported by the Committee on Interstate and Foreign Commerce. It passed the Senate a few days ago.

Mr. GILLETT. As I heard it read it provides that anybody can make the application for the soldier.

Mr. RAYBURN. Yes.

Mr. GILLETT. Then why does it not allow anyone to do it for speculation?

Mr. RAYBURN. Because the law says that the insurance can go to nobody but certain ones. I will read the law if the gentleman wishes.

Mr. GILLETT. I understand what the gentleman means. But why does not it allow anybody—I do not know that they would have any motive for doing it, but without regard to whether the soldier was in a condition to do it himself or not, I wondered whether it ought not to be limited so that it would apply to the soldier who could not do it himself.

Mr. RAYBURN. That would involve a lot of proof that would put some in a position that we do not want to put them in.

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, along the line suggested by the gentleman from Massachusetts, take the case of a soldier who might not wish to take out insurance to the full amount. For instance, if the soldier only wished to carry \$2,000 somebody might take out insurance for the additional amount up to \$10,000. Why should the Government carry it for \$10,000 for the beneficiary who would receive the insurance. I realize that there is a necessity in the case instanced by the gentleman from Texas where the soldier could not obtain the insurance because he is a prisoner, or some condition like that. But why should it not be restricted to these exigent conditions. I presume the gentleman is not in favor of allowing even relatives or a stranger to take out insurance to the full amount designated to the beneficiary in the existing law should the soldier not approve.

Mr. RAYBURN. I should not say I was in favor of that; but if we pass this we have got to set aside some of these things. I think it would do the soldier a greater injustice if he was a captive and could not take out the insurance than it would to put more insurance on him than he wanted to take out.

Mr. WALSH. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. WALSH. Is it not covered by the regulations of the department?

Mr. STAFFORD. These regulations would grant them the privilege of allowing a stranger to take out the maximum amount for the benefit of the designated beneficiary. Why can not you restrict it so as to provide for those who are not in a position to take it out for themselves?

Mr. RAYBURN. That would call for proof, and it would be April 12 before the proof could be developed.

Mr. STAFFORD. We could throw the protecting arm over such soldiers. I do not think any person here wishes to allow a stranger, or even a relative, to take out the full amount of insurance on a soldier's life if the soldier does not wish it. The Government is not in the business for that purpose.

Mr. RAYBURN. I understand that; but this is a proposition to try to accommodate the soldiers who are in a position where they can not apply for themselves.

Mr. STAFFORD. But we are amending the law for all time.

Mr. RAYBURN. He does not have to keep it up.

Mr. STAFFORD. But the stranger is the one to keep it up; it is not the soldier. The stranger can take out insurance for the beneficiary.

Mr. SEARS. Does not the soldier have to pay the insurance?

Mr. STAFFORD. Not at all, under this provision. The soldier may pay it, but under this a stranger might.

Mr. RAYBURN. It is subject to regulations of the Treasury Department, and I do not think the Treasury Department would make an order allowing a stranger to do it.

Mr. STAFFORD. From the testimony of Mr. De Lanoy, he prophesied that this war insurance was going to grow so that we would be in the business for all time.

Mr. RAYBURN. We are, so long as these men live.

Mr. STAFFORD. And that it will be branched out to take in others than the soldiers.

Mr. RAYBURN. I do not think that comes in this proposition; but as long as these men live, under the law now, and they want to pay their premiums, we are going to have this bureau.

Mr. STAFFORD. I see the necessity for throwing the protecting arm of the Government around these soldiers, but—

Mr. RAYBURN. I do not see any excuse for limiting this thing, except in one way—and I do not know that that would be wise—and not allow anybody outside of a permitted class to make application for the soldier.

Mr. STAFFORD. Will the gentleman withdraw this until to-morrow? I do not think there will be any objection to its consideration.

Mr. CANNON. Could a creditor take the insurance?

Mr. RAYBURN. Yes; but this is not assignable to a creditor.

Mr. CANNON. Can a creditor take out the insurance to secure himself?

Mr. RAYBURN. No; he could not secure himself, because this insurance is not assignable.

Mr. CANNON. The law designates who can be the beneficiary?

Mr. RAYBURN. Yes.

Mr. STAFFORD. Will it not be assignable after the termination of the war?

Mr. RAYBURN. Not as long as it is Government insurance.

Mr. STAFFORD. Would the gentleman have any objection to withdrawing this and bringing it up to-morrow?

Mr. RAYBURN. No; except that I fear the gentleman from Tennessee [Mr. BYRNS] will object, as he will know it will take as much time then as now.

THE SPEAKER. Is there objection?

MR. STAFFORD. For the present I object.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to **MR. CLARK** of Florida for one week, on account of important business.

ADJOURNMENT.

MR. BYRNS of Tennessee. **Mr. Speaker**, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 17 minutes p. m.) the House adjourned until to-morrow, Friday, March 8, 1918, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

MR. HADLEY, from the Committee on the Merchant Marine and Fisheries, to which was referred the bill (H. R. 2617) to ratify the compact and agreement between the States of Oregon and Washington regarding concurrent jurisdiction over the waters of the Columbia River and its tributaries in connection with regulating, protecting, and preserving fish, reported the same without amendment, accompanied by a report (No. 360), which said bill and report were referred to the House Calendar.

MR. SAUNDERS of Virginia, from the Committee on the Merchant Marine and Fisheries, to which was referred the bill (S. 1549) to require numbering and recording of undocumented vessels, reported the same without amendment, accompanied by a report (No. 361), which said bill and report were referred to the House 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. SMITH** of Idaho: A bill (H. R. 10548) to increase the productive agricultural area of the United States by the reclamation of arid and swamp lands; to the Committee on Irrigation of Arid Lands.

By **MR. MILLER** of Minnesota: A bill (H. R. 10549) to amend the war-risk insurance act; to the Committee on Interstate and Foreign Commerce.

By **MR. CARY**: A bill (H. R. 10550) to provide for national ownership and Government operation of transportation systems, for the just compensation of their owners, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By **MR. WELTY**: A bill (H. R. 10551) to authorize the appointment of a board of engineers to make a preliminary location, survey, and plans for a ship canal connecting the waters of Lake Erie and the Ohio River on the line of the Miami and the Erie Canal from Toledo to Cincinnati, Ohio, and to estimate the cost thereof; to the Committee on Railways and Canals.

By **MR. O'SHAUNESSY**: A bill (H. R. 10552) fixing the compensation of United States customs inspectors; to the Committee on Ways and Means.

By **MR. SEARS**: A bill (H. R. 10553) to promote military training by providing scholarships for students enrolled in public institutions of higher learning, and for other purposes; to the Committee on Appropriations.

By **MR. BLANTON**: A bill (H. R. 10554) to amend an act entitled "An act to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products," approved August 10, 1917; to the Committee on Agriculture.

By **MR. DENT**: Joint resolution (H. J. Res. 261) to reimburse soldiers and officers for uniforms and equipments lost on board the *Tuscania* February 5, 1918, and in other like cases; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By **MR. BOWERS**: A bill (H. R. 10555) granting an increase of pension to David Wilhelm; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10556) granting a pension to Sarah M. Collett; to the Committee on Pensions.

By **MR. BYRNS** of Tennessee: A bill (H. R. 10557) granting a pension to Annie E. Arnold; to the Committee on Pensions.

By **MR. CARY**: A bill (H. R. 10558) for the relief of Mathew Horrigan; to the Committee on Military Affairs.

By **MR. COX**: A bill (H. R. 10559) granting a pension to Mathias Klingel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10560) granting a pension to Archable Dougherty; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10561) granting a pension to Henry W. Wright; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10562) granting a pension to Daniel Johnson; to the Committee on Invalid Pensions.

By **MR. ELLIOTT**: A bill (H. R. 10563) granting a pension to Exira C. Gilmore; to the Committee on Invalid Pensions.

By **MR. FOCHT**: A bill (H. R. 10564) granting a pension to Sarah M. Doan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10565) granting a pension to Clarence W. Durr; to the Committee on Pensions.

By **MR. GANDY**: A bill (H. R. 10566) granting an increase of pension to Henry G. C. Rose; to the Committee on Invalid Pensions.

By **MR. JOHNSON** of Washington: A bill (H. R. 10567) granting an increase of pension to Jonathan M. Valentine; to the Committee on Invalid Pensions.

By **MR. KRAUS**: A bill (H. R. 10568) granting an increase of pension to Winfield S. Stalnaker; to the Committee on Invalid Pensions.

By **MR. MCARTHUR**: A bill (H. R. 10569) granting an increase of pension to Henry Lee; to the Committee on Pensions.

By **MR. MAPES**: A bill (H. R. 10570) granting an increase of pension to Martin De Groot; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10571) granting an increase of pension to Daniel W. Spring; to the Committee on Invalid Pensions.

By **MR. POWERS**: A bill (H. R. 10572) granting an increase of pension to Alexander P. Settle; to the Committee on Invalid Pensions.

By **MR. PURNELL**: A bill (H. R. 10573) granting an increase of pension to William A. Huffine; to the Committee on Invalid Pensions.

By **MR. ROWE**: A bill (H. R. 10574) granting an increase of pension to John P. Simonds; to the Committee on Invalid Pensions.

By **MR. SLEMP**: A bill (H. R. 10575) granting an increase of pension to Arrena T. D. Beverly; to the Committee on Invalid Pensions.

By **MR. CHARLES B. SMITH**: A bill (H. R. 10576) granting an increase of pension to John B. Williams; to the Committee on Invalid Pensions.

By **MR. TILLMAN**: A bill (H. R. 10577) to pay \$600 to A. M. Webb, heir of Benjamin C. Webb, for property taken and used by the United States Army during the Civil War; to the Committee on War Claims.

Also, a bill (H. R. 10578) granting a pension to Frank Flaherty; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10579) granting an increase of pension to Rebecca M. Beorden; to the Committee on Pensions.

Also, a bill (H. R. 10580) granting a pension to Easter A. Cantrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10581) granting a pension to Mrs. H. A. L. Tanner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10582) granting an increase of pension to Abiather F. Crane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10583) granting an increase of pension to Luther Beal; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10584) granting a pension to Mace H. Corsbie; to the Committee on Pensions.

By **MR. WELTY**: A bill (H. R. 10585) to extend letters patent No. 618762; to the Committee on Patents.

Also, a bill (H. R. 10586) to extend letters patent No. 42279; to the Committee on Patents.

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): Petitions of Springfield (Mass.) Chamber of Commerce and Woman's Christian Temperance Union of St. Albans, W. Va., against increase in second-class postage; to the Committee on Ways and Means.

Also (by request), petition of Albany County Bar Association against section 2 of the proposed prohibition amendment; to the Committee on the Judiciary.

Also (by request), petition of Boise Commercial Club, Boise, Idaho, favoring passage of House bill 9928, a long-and-short-

haul bill; to the Committee on Interstate and Foreign Commerce.

By Mr. BYRNS of Tennessee: Papers accompanying H. R. 10557, granting a pension to Annie E. Arnold; to the Committee on Pensions.

By Mr. CARY: Petition of Northern Hemlock and Hardware Manufacturers' Association, of Oshkosh, Wis., favoring appropriation for keeping up work of the laboratory; to the Committee on Agriculture.

By Mr. DALE of New York: Petition of Thomas Potter Sons & Co., of New York, favoring passage of the daylight-saving bill; to the Committee on Interstate and Foreign Commerce.

By Mr. DILLON: Memorial of board meeting of the South Dakota Division of the Farmers' Union, relative to dealing with those who shirk their duty toward their country; to the Committee on Military Affairs.

Also, memorial of Sunday School of the First Methodist Episcopal Church of Mitchell, S. Dak., favoring national prohibition; to the Committee on the Judiciary.

Also, petition of Travelers' Club, Chamberlain, S. Dak., against increase in second-class postage; to the Committee on Ways and Means.

By Mr. FLYNN: Resolution of the board of governors of the International Allied Printing Trades Association, protesting against the second-class postage provision of the war-revenue act; to the Committee on Ways and Means.

Also, memorial of International Photo-Engravers Union and others, against increase in second-class mailing rates; to the Committee on Ways and Means.

Also, memorial of Association of Lithuanian Patriots of America, favoring independence for Lithuania; to the Committee on Foreign Affairs.

By Mr. FULLER of Illinois: Petitions of the Sorosis Club, of Chillicothe, Mo.; the Woman's Literary Club, Evansville, Wis.; the Progress Club, Nevada, Mo.; the Arkansas Press Association, Little Rock, Ark.; the Springfield Council of National Congress of Mothers and Parent-Teachers' Association, Springfield, Mo.; the Luverne Tourist Club, Luverne, Minn.; the Wimodausis Club, of Gordon, Ga.; the Square Turn Tractor Co., Chicago, Ill.; the Illinois Woman's Press Association, Chicago, Ill.; Condon Bros., Rockford, Ill.; Mr. and Mrs. D. W. Robinson, Rockford, Ill.; and the New Century Club, of Wichita Falls, Tex., favoring the repeal of the second-class postage

provision of the war-revenue act; to the Committee on Ways and Means.

By Mr. GRAHAM of Pennsylvania: Resolution of the Pennsylvania State Chamber of Commerce, urging Congress to pass a law allowing excess-profits taxes to be paid in four installments, on the 15th of June, August, October, and December of 1918 and each year thereafter; to the Committee on Ways and Means.

Also, resolution of the Jefferson County Good Roads Association, urging the necessity of the early designation, construction, and maintenance of a system of national highways, to be built and maintained by the National Government; to the Committee on Roads.

By Mr. KENNEDY of Rhode Island: Resolutions of Providence (R. I.) Typographical Union, No. 33, favoring passage of Sherwood old-age pension bill; to the Committee on Pensions.

By Mr. MAGEE: Petition of Mr. Samuel Clayton and other residents of Skaneateles, Onondaga County, N. Y., for immediate passage of national war prohibition; to the Committee on the Judiciary.

By Mr. MILLER of Minnesota: Resolution of a mass meeting held at Big Fork, Minn., urging legislation to prohibit, for the period of the war, the manufacture of alcoholic beverages from grains as a measure for the conservation of food; to the Committee on the Judiciary.

By Mr. O'SHAUNESSY: Resolution of the Rhode Island Life Underwriters' Association, urging the adoption of a particular form of universal military training; to the Committee on Military Affairs.

By Mr. RAKER: Petition of Los Angeles County (Cal.) Medical Association, favoring legislation creating advanced rank for medical officers in the Army; to the Committee on Military Affairs.

Also, petition of postal clerks in and about Gerber and Local 148, of San Francisco, Cal., favoring increase in pay for postal clerks and letter carriers; to the Committee on the Post Office and Post Roads.

By Mr. RANDALL: Resolutions of the Pasadena Board of Trade, Pasadena, Cal., urging drastic punishment of those who attempt to destroy property, and wherever these acts can be traced to aliens or enemies of the country that the extreme punishment for treason be rigidly enforced; to the Committee on the Judiciary.